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TEA EXCELLENCE SINCE 1823

# For the Love of Tea

SUSTAINABILITY REPORT 2016

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## Dear Readers and Tea Lovers.

Ronnefeldt has been known for unequalled tea delights for 194 years. As we see it, no distance is too great and no tea plantation too remote. Since Johann Tobias Ronnefeldt founded the company in 1823, we have been guided by our love of tea. To us, this love means the highest standards when it comes to the quality and flavour of our product.

For generations, sustainability and fairness have been part of our philosophy – because we highly value nature and society. To us, this means promoting respect, trust and responsibility among each and everyone of us.

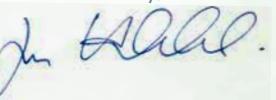
Our first sustainability report aims at showing our customers, employees and other stakeholders how seriously we take the issue of sustainability. This voluntary report takes a look at our corporate responsibility, from tea cultivation thousands of miles away from home to the shipping of our exquisite teas to customers.

We have already achieved many of the goals that are important to us as a family company, such as increasing our procurement of organically grown products, our constant monitoring of all links in the value chain and the efforts we

are making to be an employer that values its staff. And, we want to do more. In our materiality analysis, we identified economic, environmental and social issues that are relevant to us. In the future, we are going to do an even better job in addressing these issues.. Our goal for the years ahead is to achieve our objectives. Only by doing so, will we be able to continue offering our customers the world's finest teas and top quality. By mid-2019, for example, we aim to make 50% of our new products compostable and establish sustainability as a criterion for the selection of our suppliers.

This sustainability report is just the first step to implementing sustainability even further into our company. Our aim is to reveal potential for improvement and to seize it in future for further development. We look forward to presenting to you our status quo and our specific measures in this report.

Yours faithfully,



Jan-Berend Holzapfel

# Ronnefeldt at a glance

## Quality from the very beginning

The tradition of the tea trade dates back centuries. As one of Europe's oldest tea merchants, we started making history in 1823. In the early 19th century, Johann Tobias Ronnefeldt founded today's J.T. Ronnefeldt KG in Frankfurt am Main, Germany. Our production site in Wörpswede, Germany, where all our tea is processed and packaged, was added in 1993. The company has been family-owned for almost 200 years. Today, it supplies the international hotel, restaurant and catering industry, as well as the speciality retail sector in German-speaking countries.



## A diverse product range

Tea is more popular than ever before. Our product portfolio therefore offers a variety of traditional teas, including a wide range of black teas, oolong teas, green teas, white teas and infusion teas, as well as an extensive selection of rooibos and fruit teas. Our tea tasters have a passion for creating aromatic flavours all year long that bring an entire world of delights to tea drinkers and are perfectly tailored to the season and occasion. Some of our tea varieties are already available in organic quality. In addition to loose tea, we offer custom solutions designed to meet our customers' diverse needs, including the Teave-lope®, Simplicited®, Joy of Tea and Tea Couture® product lines, as well as LeafCup®, Tea-Caddy® and our exquisite Teastar® collection for the hotel, restaurant and catering industry. You need the right accessories to make a perfect cup of tea. A small part of our product line therefore includes china, samovars, kettles, presentation displays, sugar and fine baked goods.

Share of sales in total weight accounted for by each tea variety



## Great tea, step by step

We give our all for very special tea, which is carefully hand-plucked, sorted with the greatest of care and processed with dedication. Every single step of tea production is strictly monitored by us – the only way to get the best quality.

### 1. Cultivation

Cultivating tea takes the utmost care and attention to detail. A rich array of aromas and delightful diversity are what set excellent tea apart. As with wine, particular climatic conditions, cultivation methods, elevation and soil quality are crucial to the quality of leaves.

### 2. Harvesting

We believe in harvesting our tea by hand, and we pick just "two leaves and one bud". Depending on the climate and elevation, tea is usually harvested in spring, summer and autumn.

### 3. Processing

We have been dedicated to traditional, orthodox tea production since 1823. The method, which requires more time and effort than mechanical production, allows us to achieve exquisite quality for all tea varieties and offer larger leaf grades. Human skill, not industrial efficiency, is the key to creating the finest leaf tea.

### 4. Blending and testing

Our tea experts ensure consistent high quality in every cup of tea. Before we sell our products, our experienced tea tasters sample all of our teas and evaluate them in strict accordance with our quality guidelines. The selected teas are also sent to independent, accredited laboratories for contaminant testing. The teas, except single estate teas, are subsequently combined to create unique blends and packaged in such a manner as to allow our customers around the world to experience their exquisite flavour.

### 5. Distribution

Over the course of its history, Ronnefeldt has built a reputation as a renowned brand for the high-end hotel, restaurant and catering sector. The company's exquisite teas are enjoyed today in over 80 countries. To give people the chance to sample our teas at home, they are also available from brand partners, selected speciality retailers and our online shop, as well as at our flagship store at the MyZeil shopping centre in Frankfurt am Main, Germany.



#### Award

#### BESTMARKE 2015/2016

For the second time in a row, we were named the overall winner in the high-profile image study by Allgemeine Hotel- und Gastronomie-Zeitung (AHGZ, Germany's leading hotel, restaurant and catering publication) in the category "Tea", based on quality/product performance, image and service.

# On the plantation

Tea is cultivated in many parts of the world. When selecting the countries in which our tea is grown, we have high standards with regard to quality and taste. We work with our suppliers, the non-governmental organisation Ethical Tea Partnership and Childaid Network, to improve local conditions and achieve better social and environmental standards in growing regions, so that we may continue offering our customers delicious Ronnefeldt teas in the future.



## Ronnefeldt around the world



- PLANTATIONS
- RONNEFELDT SITES

We source most herbal, fruit and fruit tea blends, as well as spices and other ingredients for our blends, from German and Austrian companies. For the most part, we source aromas from a medium-sized purveyor of aromas in northern Germany. We primarily buy tea packaging and all other materials that are closely related to tea in Germany. In addition, we procure small quantities from China (china) and Morocco. All materials such as filters and paperboard are sourced locally from German suppliers. We source approximately two-thirds of our non-food items, such as china and product displays, and food items, such as biscuits and sugar, from Germany.

## Harvested and processed with love

Our love for tea starts with cultivation and harvesting, both of which take place thousands of kilometres away from our sites in Worpswede and Frankfurt am Main, Germany. For Ronnefeldt, no length is too great when it comes to discovering excellent, high-quality teas that offer unparalleled flavour. A tea's aroma depends not only on the plant itself, but also on the elevation and climatic conditions, as well as meticulous selection, care, picking and processing, to name just a few of the most important factors. We travel to tea planta-

tions around the world to check the conditions on site. The best teas are chosen with care, and the company monitors cultivation, harvesting and processing closely. Today, our tea no longer comes exclusively from traditional tea-growing regions such as Darjeeling and Assam in India, Sri Lanka, China and Japan. New Zealand and Colombia, for example, also produce excellent teas. Some tea plantations in Kenya, Malawi and Rwanda are switching their production methods to orthodox, manual techniques.

New plantations are being established in countries such as Tanzania to produce high-quality teas. We work either with experienced German importers or source tea directly from local suppliers. The key to high quality is picking "two leaves and one bud" by hand. The tea is then gently processed, mostly by hand, at nearby factories. Unlike the faster, fully automated crushing,

tearing and curling (CTC) approach to processing, these gentle, orthodox methods produce high-quality tea with a unique flavour. The tea is carefully packaged in accordance with its leaf grade (whole leaf, broken leaf or fannings) to ensure that it remains fresh and highly aromatic even after being transported over long distances.



*Because we love tea, the fresh leaves are picked by hand in line with our "two leaves and one bud" philosophy and then carefully processed using orthodox production methods. Only by doing so are we able to offer a unique, aromatic tea deserving of the Ronnefeldt name.*

## Rising to challenges and encouraging change

For thousands of years, people have been cultivating different varieties and types of tea. Today, tea is considered to be one of the most popular hot drinks and is grown in many countries. Unfortunately, low environmental and social standards are the norm in tea-growing countries. Tea, as a commodity, is affected by climate change and environmental pollution. This has an impact on the foundation on which our business is built, making sustainable production a relevant issue for Ronnefeldt, especially from an environmental perspective. Although we have not been directly impacted so far, we are noticing the signs of climate change. The Indian growing regions of Assam and Darjeeling, in which the teas of the same name are cultivated, face major problems with harvests due to climatic changes such as excessively cold winters; high precipitation, snowfall and hail; and extended dry spells at unusual times of year. The weather conditions mean that the use of pesticides is on the rise in Assam. As a result, the tea often fails to meet legal EU standards as well as our own quality standards and cannot be imported.

To be able to continue selling high-quality teas from popular growing regions in the future, we are dedicated to protecting the environment and the local population. Because ensuring

fair working conditions for the people who make it possible to enjoy the world's finest teas – the pickers and factory workers – is among the steps we are taking, we have included social and environmental criteria in our general terms and conditions of procurement. All of our suppliers must agree to these terms and conditions, including our tea suppliers and the business partners from whom we source our aromas, herbs, fruits, fine-cut blends, spices and other ingredients. Our general terms and conditions of procurement stipulate compliance with

- statutory requirements regarding pesticides and contaminants;
- all applicable laws, regulations and minimum industry standards;
- International Labour Organization (ILO) and United Nations (UN) standards;
- all other relevant statutory provisions relating to occupational health and safety as well as environmental protection;

and much more. Suppliers also commit to a binding agreement to comply with codes of conduct published by any organisations of which they are members (e.g. BSCI,

Transfair, UTZ, ETP, Rainforest Alliance and comparable initiatives). We also provide our suppliers with information on the German Tea Association's binding code of conduct. Ronnefeldt reserves the right to review compliance with the codes of conduct by performing its own audits. We visit tea plantations and our suppliers in Asia, Africa, China and Europe (herb and fruit suppliers and importers) once or twice a year to inspect their facilities on site. Last year, we visited two suppliers in Germany and Colombia. We were fully satisfied with the inspection and could ensure that Ronnefeldt teas fulfil highest quality standards. Furthermore, we are a member of the non-profit organisation ETP that regularly audits all tea suppliers with a view to assessing criteria such as good living standards and compliance



with human rights. Please see the section entitled "Ensuring compliance with standards from a distance" for more information on the ETP.

We encourage our suppliers of accessories and production material to submit disclosure covering product labelling, traceability and quality management, as well as their compliance with social and environmental standards in production, including the prohibition of forced and child labour, the right to organise and engage in collective bargaining, and a commitment to environmental protection.

Long-term, close relationships to our partners in the supply chain make it easy to meet requirements. All of us strive to improve environmental conditions and social standards.

## Ensuring compliance with standards from a distance

Ronnefeldt is a member of the German Tea Association and other organisations. Joining the Ethical Tea Partnership (ETP) in 2013 was an important step for us. The alliance works professionally to establish sustainable business practices in tea-growing countries. In it, we have a partner with the right approach and staff on location. The ETP audits its member companies' tea producers and small farmers annually and helps them comply with internationally recognised standards. In addition, the ETP certification audit also covers the main requirements of other certification programmes, such as Fairtrade, Rainforest Alliance, UTZ and trustea. It therefore also prepares producers for other certification schemes.

The ETP audit is based on the Ethical Trade Initiative standard, which contains the relevant International Labour Organi-

*"We decided to join the ETP because its standard reflects the central aspects of the relevant certification programmes and finds solutions for the challenges specific to tea production."*

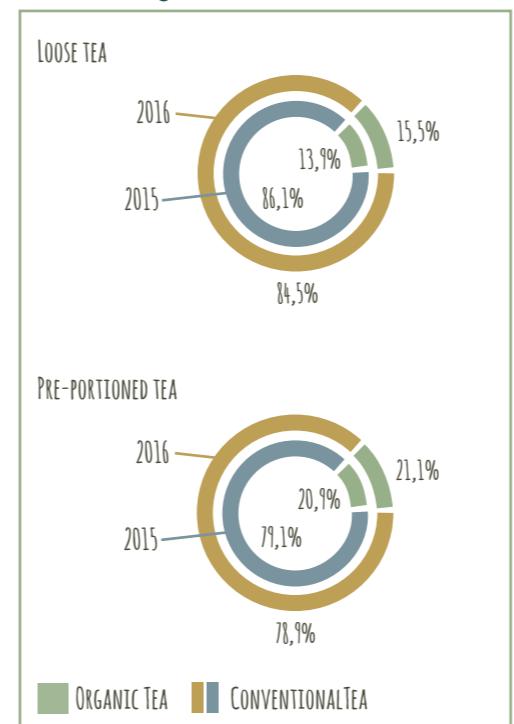
Jan-Berend Holzapfel, owner

### Memberships at a glance

- Ethical Tea Partnership
- German Tea Association
- Wirtschaftsvereinigung Kräuter- und Früchtetee e.V.
- Tea and Herbal Infusions Europe (THIE)
- Tea Association of the U.S.A.
- Childaid Network
- Partnerships with universities, universities of applied science and vocational schools, such as Staatliche Gewerbeschule Gastronomie und Ernährung in Hamburg, Germany

supplier development is particularly important, since many tea growers lack the knowledge and skills necessary to fulfil the requirements. Based on these audits, tea suppliers may be blacklisted for ETP members in the event of violations. If this happens, members will be asked to terminate business relationships with the suppliers in question or requested to

### Share of organic tea



avoid doing business with them in the first place. So far, none of our suppliers have been blacklisted, and we have not had to make any changes to our supplier portfolio. All Ronnefeldt teas made from tea plants that are not infusion or fruit teas bear the ETP logo.

## In harmony with nature

By new advancements and changes, we strive to meet our customers' desire for organically grown tea and natural aromas. Whenever the quality is comparable, we prefer organic teas over conventionally grown teas. We have created our own organic label to make it easier for people to recognise our products. Only products that also earn the EU organic logo are allowed to bear this label.

Procuring organic tea allows us to make an indirect contribution to preserving biodiversity in growing regions. Unlike conventional agriculture, organic cultivation does not use any pesticides, herbicides or synthetic mineral fertilisers. Instead, it usually uses organic fertilisers produced by farms themselves, to protect soil, water and biodiversity.

## Transport to Germany

The transport of teas from growing regions to Germany, accounts for a significant amount of the environmental impact. Tea is transported by truck from tea plantations to ports. Most of the tea is then brought to Germany by freight ship – a relatively low-emission alternative. One exception is first flush tea from Darjeeling (India) and Japan. First flush is the tea from the first harvest season of the year, which is flown from the field to the importer immediately after production. Because high-quality teas have particularly fine aromas and flavours that are extremely fleeting, tea lovers savour the opportunity to enjoy them soon after harvest and production. The only way to transport them quickly enough is by air. At less than 0.02%, first flush accounts for a small share of the total weight

keep pests away. As we buy comparatively small amounts, we have no further influence either on the way tea plantations are managed or on the corresponding promotion of biodiversity.

of the tea we buy every year. However, it results in higher greenhouse gas emissions than transport by ship; that is why we always take a critical look at the necessity of first flush.

Transport within Germany is done by truck. Since Wörpswede does not have the necessary rail facilities, we are unfortunately unable to use railways as a method of transportation between our locations.



Our business activities indirectly create jobs in the countries in which our tea is produced. In addition, our membership in Childaid Network is designed to allow us to help improve the situation in those countries. Childaid Network is dedicated to promoting the education of children and young people in need with the aim of fighting poverty and helping them build a brighter future. Its activities focus on Assam, a region in north-eastern India which is one of the poorest in the world. The foundation worked with other aid organisations after the devastating 2015 Nepal earthquake to quickly offer the victims help without red tape. Laos, followed by Myanmar, are also on the list of Childaid Network's aid projects. The network in the project regions consists of trusted partners from

*We want to make a difference in the lives of children – with love and partnership, professionally and lastingly.*

Childaid Network Annual Report 2016

## Local commitment to society

the respective cultures. These personal connections and close partnerships on location make it possible to effectively turn ideas into reality.

Ronnefeldt has been involved in Childaid Network for seven years, and Ronnefeldt owner Jan-Berend Holzapfel has been a member of the foundation's Board of Trustees since 2016. In addition to supporting the organization through donations, Ronnefeldt also helps farmers set up small, family-run tea plantations to secure their incomes. The company seeks to act in an eco-friendly and responsible manner by also investing in innovative fertiliser production facilities and methods. To date, 700 families have created their own small plantations and joined cooperatives. Together with Childaid Network, we plan to directly import tea from these small plantations in the future and provide local citizens with even greater support.

# At Ronnefeldt



At Ronnefeldt, tea is a family affair – and it has been since 1823. Our success is rooted in our sense of connection with our company and our employees. They identify with our values and products. It is their commitment and passion that has made Ronnefeldt what it is today: a purveyor of teas that stands for top quality and the best flavour.

As suppliers of a natural product, sustainability is particularly important to us. It is an integral part of the corporate values that guide our day-to-day work. At Ronnefeldt, sustainable business means balancing social and economic aspects as well as business interests. Only by doing so can we leave future generations an intact economic system, social fabric and environment. We focus on the following aspects:

- Active environmental protection
- Environmental product responsibility
- Our employees
- Social and environmental aspects of procuring tea and other commodities
- Consumer protection and transparency
- Upholding our customers' interests

Our Sustainability Committee meets regularly to discuss these issues and advance the cause of sustainability at Ronnefeldt. The Sustainability Committee is made up of six members, including the owner and the Tea Tasting, Works Management, Marketing, Communications and Sales departments. For us, sustainability also means acting honourably, with

## For future generations

integrity and with all due diligence. This includes complying with all laws and guidelines, as well as treating both business partners and competitors fairly. We look for honest, long-term partnerships with our suppliers and customers. As in the previous years, we were subject neither to legal proceedings nor fines or other punitive action due to violations of the law, non-compliance with guidelines or anti-competitive behaviour. Furthermore, no cases of corruption have been brought to our attention. We are also responsible for the trade and sale of our goods, and we adhere strictly to the current import regulations of various countries, such as the ban on importing green tea into Australia.



Two generations of Ronnefeldt Tea:  
Jan-Berend Holzapfel (left) and Frank Holzapfel

## Guided by passion and perfection

Our employees keep our company going. Many of our 142 employees have been working for Ronnefeldt for more than 20 years. Committed, satisfied and motivated employees are the foundation on which our success is built. It is our aim to create an attractive and fair working environment for them, which includes fair pay and the opportunity for professional advancement as well as a healthy work-life balance. As our production is subject to seasonal fluctuations, we sometimes work with seasonal staff and temporary workers who are employed by us for a limited time. However, we strive to keep them on board for as long as possible. Almost all of our office, administrative and management staff are employed permanently. In addition

to our staff in Germany, we employ two specially trained tea experts each in Austria and Switzerland, one tea expert in France and one tea expert in the Netherlands (BeNeLux), all of whom work as field staff.

Ronnefeldt is an independently owned family company without a works council that nevertheless offers its employees a wide range of opportunities to get involved and help shape the business. The way we deal with each other is characterised by communication, approachability and flat hierarchies. We maintain a respectful, performance-oriented relationship that is guided by trust with every one of our employees. To do so, we have introduced clearly defined processes and a transparent approach to communication at both of our locations.

### Ronnefeldt's corporate values

INDULGENCE      RESPONSIBILITY  
QUALITY      SUSTAINABILITY

TRADITION  
COMPETENCE

**EXCELLENCY**

PASSION

COSTUMER FOCUS

RESPECT  
TRUST  
DIVERSITY

INNOVATION  
CREATIVITY

PARTNERSHIP

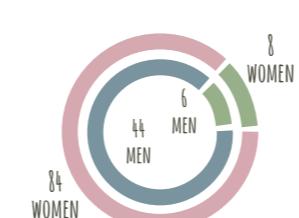
### Part-time employees

2015	2016
142 employees in total	142 employees in total
18 of them part-time employees	25 of them part-time employees
16 of them women	21 of them women

### Fixed-term and indefinite duration

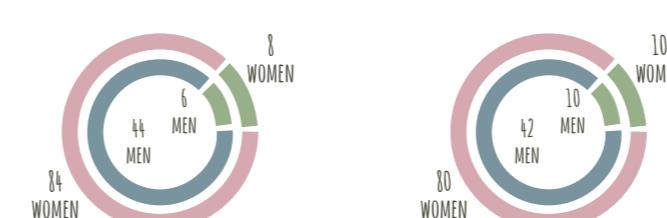
2015

142 EMPLOYEES IN TOTAL



2016

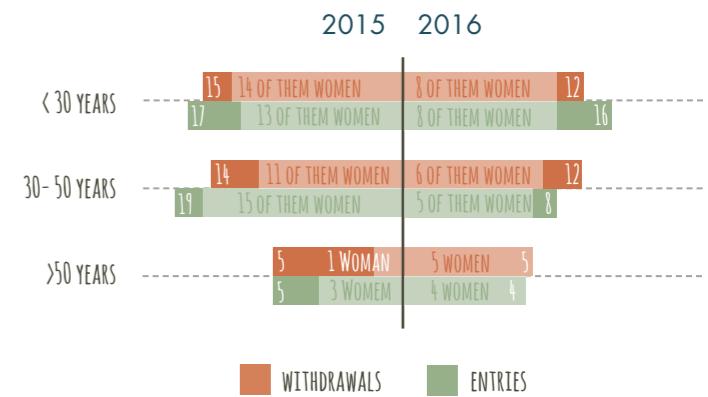
142 EMPLOYEES IN TOTAL



INDEFINITE DURATION

FIXED-TERM EMPLOYED

### Staff turnover



WITHDRAWALS      ENTRIES

## Safe and healthy

We care about our employees' well-being, hence we provide medical care through our company doctor, ergonomic work-spaces (some workspaces in production offer vacuum lifting aids to make it easier to lift sacks of tea) and a top-flight approach to occupational health and safety. Our occupational health management efforts have led to improvements in production conditions. Ronnefeldt has an occupational health and safety officer plus an occupational health and safety committee that meets regularly. Additionally, the committee attends quarterly meetings on food hygiene to discuss the risks and opportunities associated with our current system. Occupational health and safety training is offered regularly, both for new employees and also to help long-serving staff freshen up their knowledge.

## Job and workplace satisfaction

We guarantee our employees safe working conditions by keeping our technical and electronic equipment up to date at all times. In addition to requiring the use of protective gear, our hygiene management guidelines are based on the widely accepted hazard analysis and critical control points (HACCP) concept, which allows us to ensure food safety and hygiene. We constantly take steps to evaluate the safety of our employees, such as regular e-checks of portable and permanently installed electronics (BVG A3 checks) as well as inspections of the boilers used in our compressed air systems. Furthermore, we have named shelf, ladder, lighting and first-aid officers as well as fire wardens. An external safety expert inspects the facilities four times a year and evaluates light, dust, noise, temperature and the concentration of aromas in the air. Internal inspections are conducted daily.

There were no accidents or work-related deaths at the location in Frankfurt am Main, Germany, during the reporting period. There were six reportable accidents, including one accident involving a staff member on his or her way to or from work, at the location in Worpswede, Germany; however, the location did not record any work-related deaths. Accidents were responsible for 128 paid calendar days of absence and 31 unpaid calendar days of absence in total.

*Top safety and top quality go hand in hand at Ronnefeldt. Our employees, who identify with our high-quality products, are the key to living up to our high expectations. What unites us all is our love of tea.*

Because we want to be an employer where our employees not only feel safe, but also have the opportunity for professional advancement, we adapt our training and education offerings to meet their individual needs. Production staff are trained in the operation of our machines and receive training on occupational health and safety as well as hygiene. Technicians receive external training on our machines, helping them understand and influence processes faster and more individually. Administrative staff have the opportunity to attend training sessions and workshops that are relevant for their responsibilities. We also take targeted steps to support the continuing education and further development of young talents and management staff. Supervisors generally receive leadership coaching. In lieu of regular employee performance reviews, we prefer to conduct impromptu meetings. Our goal is to set up a qualifications database within the next two years. This database will be used to plan employee-specific continuing education measures and promote staff development at the company.

At our Worpswede location, our employees received an average of 5.83 hours of training per employee in 2016. In

2015, that figure stood at 1.87. The need for training rose as a result of the biennial first-aid refresher course and basic tea seminars for staff in 2016, which were held throughout the reporting period. All staff received mandatory hygiene and occupational health and safety training. At the Frankfurt am Main location, employees received an average of 8.51 hours of training in 2016; this figure had stood at 2.24 hours in 2015. The rise in the need for training is attributable to three employees being allowed to participate in high-volume, multi-year training courses.

Through its Tea Academy®, Ronnefeldt offers an extensive national and international training programme that provides tea-related expertise as well as personal development. The offerings are geared towards future and present managerial staff from the high-end hotel, restaurant and catering sector, as well as owners and sales staff at brand partners and specialty tea retailers. Specially developed for five- and four-star restaurants, the Ronnefeldt TeaMaster® training programme is the only curriculum of its kind worldwide and culminates in TeaMaster® Gold certification in Sri Lanka.

# Responsibility guided by love for our products

As a highly specialised tea merchant, the greatest impact we have is along the upstream and downstream supply chain. The procurement of our commodities is subject to the strictest conditions and quality standards (for more information, please see the section entitled "On the plantation"). Our production activities, with the exception of material consumption, have a relatively low impact.

Nonetheless, we compile environmental performance indicators on the shipping of our goods to our customers as well as figures related to mobility and our fleet. This allows us to gain an overview of our consumption and use these performance indicators to derive potential optimisations with the aim of reducing our ecological footprint. We also gather exact data on our total consumption of resources such as electricity, natural gas, heating oil, water, waste water, paper, waste, fuel for vehicles and CO<sub>2</sub> emissions.

We try to keep our ecological footprint as small as possible while reducing the consumption of resources wherever we can. Therefore we rely on freight ships to import goods or use a first electric vehicle, to name just a few examples. In recent years, we have taken a wide range of measurements that have allowed us to cut the amounts of electricity, natural gas, oil and paper we consume while also reducing our CO<sub>2</sub> emissions. We use DHL GoGreen to ship our teas to customers within Germany, which allows us to offset our greenhouse gas emissions by supporting climate change mitigation projects. In 2016, we offset a total of 1.57 tonnes of CO<sub>2</sub> equivalent through this channel.

We comply strictly with statutory environmental and waste management guidelines in everything we do. So far, there have been no violations of environmental laws or regulations.

## Environmental performance indicators – an overview

	2015	2016
Electricity consumption in kWh	583,440	472,991 <sup>1,2</sup>
Natural gas in kWh	294,643	138,202 <sup>2</sup>
Oil in l	18,316	9,998
Water and waste water in m <sup>3</sup>	1,294	996 <sup>2</sup>
Paper in sheets	670,750	353,000
Waste in Frankfurt in m <sup>3</sup> of which: residual waste in m <sup>3</sup>	78 52	78 52
Waste in Worpswede in t of which: residual waste in t	70 48	63 42
Company vehicles: Diesel for vehicles in l Average CO <sub>2</sub> emissions in kg/100 km	90,049 123.7	82,640 119.8
Parcel shipping within Germany <sup>3</sup> : CO <sub>2</sub> emissions in t Specific CO <sub>2</sub> emissions in kg/delivery (including returns)	58.08 0.65	66.71 0.67

<sup>1</sup> Because figures were not yet available at the time of publication, this total does not include the office building in Worpswede, Germany.

<sup>2</sup> The general reduction in consumption year on year was primarily attributable to the outsourcing of our warehouse in late August 2015.

<sup>3</sup> Only DHL was able to provide figures. DHL Express shipments, as well as shipments by other courier, parcel and express services, are therefore not listed.



## We are motivated by your trust

Our customers' health is our highest priority; this is why we take our responsibility for our products very seriously throughout every step of the production process. Once the tea we have purchased arrives at Ronnefeldt in Germany, our tea tasters subject it to in-depth sensory testing before it is brewed. After it is brewed, they check its colour, aroma and flavour. Our teas are also tested for contaminants by independent, accredited laboratories. When it comes to permitted ingredients, we strictly abide by statutory requirements. In some cases, our own limits are even stricter. Our analysis spectrum covers radioactivity for Japanese teas, microbiology, pyrrolizidine alkaloids, tropane alkaloids, chlorate, perchlorate, nicotine and glyphosate, as well as heavy metals such as mercury, arsenic, lead, copper and nickel. Product batches that do not meet quality standards are systematically discarded. To keep our knowledge up to date at all times and ensure that our teas are tested according to the latest findings, we take advantage of the latest scientific research. Therefore, we turn to the German Tea Association as well as comparable European organisations for information. We have a risk man-

nagement circle to deal with any unanticipated events quickly and professionally. As a result, we assure tea lovers that Ronnefeldt teas meet safety requirements, statutory guidelines and, perhaps most importantly, our own standards for quality and taste, making them an incomparable pleasure to savour. In creating our unique tea varieties, we only use those natural ingredients that meet our quality standards. Our standards also apply to all outside products and materials that come into contact with our teas, all of which have been certified as being food-safe. Part of our range of teas for the hotel, restaurant and catering sector has also been certified kosher and halal.

There have been no incidents of non-compliance with guidelines or voluntary standards related to the impact of products and services on health and safety. Since the company was founded, it has not been necessary for Ronnefeldt to publicly recall products.

However, occasional complaints or claims related to customer satisfaction may occur. Tea is a natural product, and slight deviations are unavoidable, especially when it comes



to single estate tea (tea from a single plantation that is not blended with other teas). With single estate teas, differences in flavour cannot be balanced out by adding a different tea. Depending on the type of complaint, either our Tea Tasting department or our quality assurance team is responsible for handling the matter. Complaints are often related to product quality issues, such as the appearance of leaves, the taste of the tea or contaminants in the tea. We review all complaints and claims carefully and inform suppliers or staff if necessary. Customers filing a claim always receive a response and any appropriate compensation within two weeks. Our goal is to reduce the number of customer complaints due to contaminants in tea by 20% by the end of 2020.

Our customers include consumers, retailers and the hotel, restaurant and catering sector worldwide. We are motivated by their trust. As we strive to make tea lovers feel safe and want to avoid making promises we cannot keep, we abide by the EU's regulation on health claims and do not make any claims ourselves. In our communication, we make every effort to use clear, easy-to-understand language and employ pictograms for improved comprehensibility. We also provide lists of all ingredients and allergens, as well as nutritional information, batch numbers for traceability and the respective production dates. To guarantee our customers products that meet the highest standards in flavour and health, we limit our "best before" dates to no more than 30 months – well below the statutory limit of three years.

## A sign of total quality

Our responsibility does not end with blending our exquisite teas, but rather continues to include the final product. As with the procurement of the natural ingredients we use in our teas, we solely work with trusted partners and only source high-quality packaging materials (for more information on how we select suppliers, please see the section entitled "On the plantation"). We have developed packaging with an appealing look and feel. This is the key to helping our teas reveal their full flavour when they are brewed, creating a unique drinking experience that is made even more perfect by their simple preparation.

Accessories, such as china, product displays and tea tins, account for a small portion of our product range. Here too, we are fully aware of our responsibility. When it comes to our Asian suppliers of accessories, we work with local, specialised, external agencies, for example, that test our products prior to import. By doing so, we ascertain that they are food-safe and meet the necessary quality standards. This allows us to ensure that all components of our products that come into contact with tea are certified food-safe and are of high quality.



All packaging materials are selected and used in accordance with the highest quality standards. Most paper- and wood-based materials – such as the boxes and labels used in LeafCup<sup>®</sup>, Tea-Caddy<sup>®</sup> and Joy of Tea – are FSC<sup>®</sup>-certified, meaning they come from sustainable forestry. Furthermore, we only use those materials that are truly necessary. Our Teave-lope<sup>®</sup>, for example, uses no aluminium staples. We have expanded our product range to include our Simplicitea<sup>®</sup> tea capsules, introducing our customers a whole new world of tea brewing. Our premium tea capsules can be used to brew tea in seconds on all Nespresso<sup>®</sup><sup>1</sup> capsule machines. The capsules can be properly disposed of in recycling bins or in the "gelber Sack", Germany's leading system for packaging waste management, allowing the plastic components to be completely reused.

<sup>1</sup> Brand of a company that is not affiliated with J.T. Ronnefeldt KG.

## Our sustainability goals: an overview

We have used the findings of the materiality analysis and the associated survey of selected stakeholder representatives to set goals for the years ahead.

### Product responsibility

#### Goal

Reducing customer complaints due to contaminants (foreign objects) by 20% by 2020

#### Measures

- Tea that has until now been delivered in plastic fabric bags is, if possible, to be delivered in paper sacks to avoid strands of fabric in tea
- Constant efforts are under way to find methods of sorting out foreign objects
- Status: 12 customer complaints due to foreign objects (2015 and 2016)

### Training and education

#### Goal

Enhancing the satisfaction of the employees

#### Measures

- Introduction of a qualifications database within the next two years to develop individualised continuing education options for individual employees

### Environment

#### Goal

Improving waste sorting at the Frankfurt and Wörpswede locations by September 2017

#### Measures

- Introduction of central waste bins on every floor for the sorting of residual waste, compost and packaging ("Green Dot" and wastepaper baskets at every desk)
- Sensitisation of employees

### Materials

#### Goal

- Increasing the share of compostable new products to 50% by 2019 (the product is fully degradable within a set period of time without leaving behind residual materials that are detrimental to the environment)
- Greater use of sustainably harvested and produced materials by mid-2019

#### Measures

- Improvements to the Simplicitea®, Joy of Tea and Teavelope® product lines
- Audit of printing partners to review the use of environmentally friendly dyes and colours
- Use of 100% FSC®-certified wood and paper

### Environmental and social sustainability in the supply chain

#### Goal

Greater consideration of sustainability with regard to our suppliers and corresponding amendment of our general terms and conditions of procurement by the end of 2017

#### Measures

- Preferential selection of new suppliers of products and services that offer greater environmental and social sustainability, even if they are up to 5% more expensive, if said suppliers are able to guarantee the same availability and lead time
- Amendment of our general terms and conditions of procurement for our suppliers with the aim of increasing the focus on environmental and social criteria
- Expansion of the applicability of the general terms and conditions of procurement to all suppliers (not just tea suppliers)

## Report profile

The first sustainability report of J.T. Ronnefeldt KG covers financial year 2016 and includes both the company's headquarters in Frankfurt, Germany, as well as the production site in Worpswede, Germany. Quantitative data was gathered as of 31 December 2016. Qualitative data was gathered until the editorial deadline on 31 May 2017. In future, we will be publishing a sustainability report every two years.

## Material topics

Our first sustainability report is guided by the "core" option of the Global Reporting Initiative (GRI) standards (2016). In this context, we have identified and prioritised the sustainability aspects we deem important in a materiality analysis. We have taken the internal and external perspectives of our stakeholders into account.



The GRI aspects as a whole provided the basis for identifying the material issues. We excluded those that were not relevant for us as a tea merchant and summarised the remaining aspects to create overarching issues that we evaluated at an internal workshop with industry representatives and the owner of Ronnefeldt. Representatives of relevant stakeholder groups were subsequently asked to assess the issues as part of a questionnaire. Our sustainability committee identified and defined the relevant stakeholder groups, which include staff, international distribution partners, brand partners for the speciality retail sector, speciality retailers, customers, suppliers, auditors and associations, as well as the media, the press and the scientific community. In addition, we asked our

stakeholders where we, as a company, could take measures to make improvements when it comes to sustainability. We discussed the responses internally, some of which were critical, and included the findings in our goals for this report. The following page lists the aspects that were given the highest relevance from an internal and external perspective and have therefore been defined as being material. As a tea merchant, we have our greatest impact on the supply chain. All measures that we undertake to meet our environmental and social responsibility within the supply chain are subsumed under the aspects "Supplier environmental assessment" and "Supplier assessment for impacts on society".

# Material aspects according to GRI

## Economic aspects

- Indirect economic impacts
- Procurement practices
- Anti-corruption
- Anti-competitive behaviour

## Environmental aspects

- Materials
- Biodiversity
- Emissions
- Environmental compliance
- Supplier environmental assessment

## Social aspects

- Employment
- Labour/management relations
- Occupational health and safety
- Training and education
- Supplier assessment for impacts on society
- Public policy
- Customer health and safety
- Marketing and labelling
- Socio-economic compliance

## Environmental-friendly production:

Printed with the highly pigmented and cobalt-free scale color series Alpha intense coffee. The paper used was Circle Offset white, made from 100% waste paper, FSC® recycled GFA-COC-001787 and awarded with the "Blauer Engel". The entire print production was carbon neutral based on the Ulenspiegel climate initiative.



## Imprint

### Publisher

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### Design

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### Printing

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GRI 102-51: Date of most recent report	This is the first report.
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<b>Material Topics</b>	
<b>GRI 203 Indirect Economic Impact 2016</b>	
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203-2: Significant indirect economic impacts	p. 17
<b>GRI 204 Procurement Practices 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 9
204-1: Proportion of spending on local suppliers	p. 9
<b>GRI 205 Anti-corruption 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 19
205-3: Confirmed incidents of corruption and actions taken	p. 19
<b>GRI 206 Anti-competitive Behavior 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 19
206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 19
<b>GRI 301 Materials 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 28 - 29; 31

Disclosures	Page / Comment
301-1: Materials used by weight or volume	p. 25
301-2: Recycled input materials used	p. 29
<b>GRI 304 Biodiversity 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 15 - 16
304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None of the locations are situated in or bordering protected areas and zones of high biodiversity outside of protected areas.
304-2: Significant impacts of activities, products, and services on biodiversity	p. 16 - 16
<b>GRI 305 Emissions 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 16; 24
305-2: Energy indirect (Scope 2) GHG emissions	p. 24 - 25
305-3: Other indirect (Scope 3) GHG emissions	We are aware that transporting tea to Germany accounts for a large share of our CO <sub>2</sub> emissions. Unfortunately, we are currently unable to precisely calculate the resulting CO <sub>2</sub> emissions, as we are not directly responsible for the transport process. We will continue working on a method of calculating a performance indicator that will allow us to report on this factor in the future.
<b>GRI 307 Environmental Compliance 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 12 - 13; 24
307-1: Non-compliance with environmental laws and regulations	p. 24
<b>GRI 308 Supplier Environmental Assessment 2016</b>	

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GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 12 - 13, 31
308-1: New suppliers that were screened using environmental criteria	p. 13 - 15
308-2: Negative environmental impacts in the supply chain and actions taken	p. 15 / In the course of our audits, we did not identify any circumstances or incidents that would have required us to terminate business relationships.
<b>GRI 401 Employment 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 20
401-1: New employee hires and employee turnover	p. 21
<b>GRI 402 Labor/Management Relations 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 20
402-1: Minimum notice periods regarding operational changes	We inform our employees about any operational changes at an early stage. Because of the size of the company, the reporting paths are short so that all employees receive important information in a timely manner.
<b>GRI 403 Occupational Health and Safety 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 21 - 22
403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 22

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<b>GRI 404 Training and Education 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 23
404-1: Average hours of training per year per employee	p. 23
404-3: Percentage of employees receiving regular performance and career development reviews	p. 23
<b>GRI 414 Supplier Social Assessment 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 12 - 13; 31
414-1: New suppliers that were screened using social criteria	p. 13 - 15
414-2: Negative social impacts in the supply chain and actions taken	p. 15 / In the course of our audits, we did not identify any circumstances or incidents that would have required us to terminate business relationships.
<b>GRI 415 Public Policy 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	We do not support political associations, e.g. through donations.
415-1: Political contributions	None
<b>GRI 416 Customer Health and Safety 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 26 - 27; 30
416-1: Assessment of the health and safety impacts of product and service categories	p. 26 - 27

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416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	p. 27
<b>GRI 417 Marketing und Labeling 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 27
417-1: Requirements for product and service information and labeling	p. 27
<b>GRI 419 Socioeconomic Compliance 2016</b>	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	p. 12 - 15; 19
419-1: Non-compliance with laws and regulations in the social and economic area	p. 15; 19

Other non-material indicators that we report are:

<b>GRI 302 Energy 2016</b>	
302-1: Energy consumption within the organisation	p. 25
<b>GRI 303 Water 2016</b>	
303-1: Water withdrawal by source	p. 25
<b>GRI 306 Effluents and Waste 2016</b>	
306-2: Waste by type and disposal method	p. 25



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