



20
22

C·H·GUENTHER & SON
ENVIRONMENTAL, SOCIAL
+ GOVERNANCE REPORT

PEOPLE, PLANET, PURPOSE

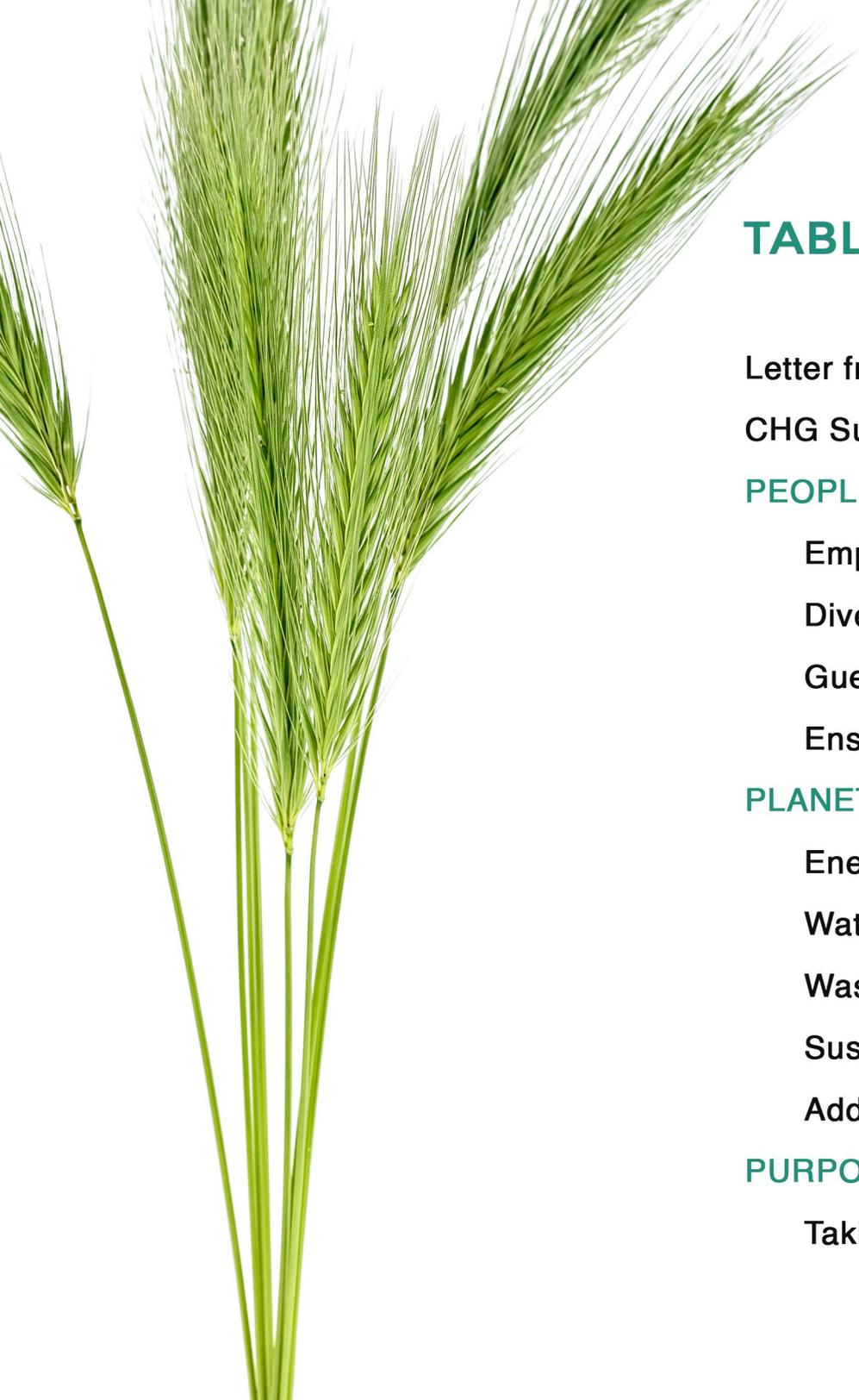


TABLE OF CONTENTS

Letter from the CEO 3
CHG Sustainability - People, Planet, Purpose 4-5

PEOPLE

Employees are Our Core 6-7
Diversity, Equity, and Inclusion at CHG 8-9
Guenther Gives – Philanthropy at CHG 10
Ensuring Food Safety and Quality 11

PLANET

Energy 12-13
Water 14
Waste 15
Sustainable Sourcing 16-17
Addressing Climate Change 18-19

PURPOSE 20-21

Taking the Initiative at Tribeca Oven 22-23



Our renovated 1941 bakery, now LEED Silver corporate headquarters in San Antonio, Texas.



HIGHLIGHTING OUR PROGRESS...

Welcome to C.H. Guenther & Son's (CHG) first Sustainability Report. Our aim with this report is to highlight our progress and reinforce CHG's unwavering commitment to improving our world.

At CHG, we are privileged to have vocal sustainability advocates throughout our company. These individuals regularly share their ideas on how CHG can continue to strengthen its sustainability plans and practices. Supported by their enthusiasm and commitment from the company's leadership, we are planting sustainability deeply into our culture. This report showcases some of our successes.

Our continuing sustainability efforts address the three main areas of sustainability: Environment, Social, and Governance (ESG). These areas are significant to our key stakeholders, including employees, customers, consumers, investors, communities, and suppliers.

We consider our impact on the environment when developing annual and long-term business plans to do our part to limit energy and water consumption along with minimizing waste to landfill.

From a social perspective, we ensure that our employees have safe working conditions, are provided with competitive wages & benefits, and that we support their physical and mental health through the programs we offer. We also support the communities we operate in by "giving back" through a variety of charitable giving programs.

As for governance, among other things, we have made a commitment to sustainability by regularly reporting our ESG progress to our Board of Directors, developing and executing a strong Diversity, Equity & Inclusion program with the resources necessary for progress, supporting a culture of ethical behavior and transparency, and collaborating with our customers on their sustainability efforts.

We understand ESG is a journey and that we have a long way to go. While this report highlights our progress, it should also serve as a promise that we will continue to lead, focus and invest to make CHG an even better company and steward of the world.

CHG SUSTAINABILITY: PEOPLE, PLANET, PURPOSE

C.H. Guenther & Son is a leading producer of grain-based and frozen food products for food service, club and retail customers. Since the Guenther family first opened for business in 1851, we have been making purposeful advancements to grow our company from our own iconic Pioneer brand to a major supplier of bakery products for prominent restaurant chains. From its humble beginnings, C.H. Guenther has enjoyed great success.



- 28 manufacturing facilities in the U.S., Canada, and Europe
- Products include artisan breads, buns, biscuits, cookies, desserts, gravy mixes, spices, frozen appetizers, snacks, pizza mixes and dough
- 4,000 passionate and dedicated employees
- Highly experienced Research and Development team of 40+ food scientists, chefs, and technical experts at test kitchens across North America
- Privately held by Pritzker Private Capital

Our legacy started with simple grains and has never ended. We still have one of the longest continuously running mills in America. Today we are a global, diversified food manufacturer.

We base our corporate social responsibility on the Universal Declaration of Human Rights and integrate the environment into our mission, vision and values of People, Customer, Quality and Growth.

Our programs are aligned with the United Nations Sustainable Development Goals.

Each section banner in this report shows which UN SDG relates to our efforts.

The nature of our business has us pay particular attention to Zero Hunger. And, as we build and support our ESG aspirations, we are addressing the following:

- Good Health & Wellbeing
- Quality Education
- Clean Water and Sanitation
- Affordable and Clean Energy
- Decent Work & Economic Growth
- Industry, Innovation & Infrastructure
- Reduced Inequality
- Responsible Production
- Climate Action
- Partnerships for the Goals

Meeting Stakeholder Expectations

To focus on the ESG sustainability areas of most concern to our stakeholders, CHG conducted a third-party materiality assessment in early 2022, surveying CHG investors, management and employees, customers, and suppliers.

Many of our sustainability activities are in response to meeting our customer stakeholders' needs and are reported directly to them through CDP, SupplyShift, Ecovadis, Sedex, DEI portals and other specialized reporting instruments. We are proud to show regular improvement, year over year.

Our team members are our most important stakeholders. In response to manufacturing priorities, over the next 3 years we are going to focus specifically on our environmental impact, engaging cross-division and cross-facility teams.



PEOPLE

“...we have regular town halls, workshops, roundtables, engagement surveys and training to reach all levels within CHG from Senior Leadership to Shop Floor.”

LISTENING

The welfare of our employees is our highest priority. We have an open-door policy, where team members can reach out to any member of the management team directly up to our CEO. We have regular town halls, workshops, roundtables, lunch & learns, engagement surveys and training to reach all levels within CHG from Senior Leadership to Shop Floor. In addition, our Ethics Hot Line allows employees to report issues of concern directly to key members of Corporate Human Resources and Legal where every concern is investigated and resolved.

PROTECTING

Our employee safety programs are grounded on hazard identification and analysis, and mitigating or eliminating the hazard. Our newly implemented Hazard Reduction Program specifically emphasizes reducing or eliminating employee exposures to hazards in the workplace. Additional programs include: specialized communications tools; continuous improvement; regulatory and safety training; sharing of best practices across our network; concern reporting and awareness campaigns; a commitment to keeping equipment well maintained with the support of an evolving planned maintenance database that standardizes maintenance for sites with similar processes and equipment.





CARING

We offer competitive wages, a strong benefits package, education stipends and scholarships for dependents. In the U.S., we offer onsite health screenings.

During Covid, we held onsite vaccination clinics where possible, often combining with a social event to lessen anxiety and increase participation and inviting colleagues from adjacent facilities to share any extra doses.

Employees initiated a corporate-wide mask recycling program when they noticed a dramatic increase in waste from personal protective equipment also due to Covid.

We highlight employee success with regular communications, celebrating their accomplishments.

EMPLOYEES ARE OUR CORE.



DIVERSITY, EQUITY, AND INCLUSION AT CHG

Diversity, Equity, and Inclusion (DEI) is an integral component of CHG's culture, which helps to define who we are and what we do. The work that we do in DEI helps develop our inclusive environment.

OUR MISSION

“To foster an environment where diversity of thought, race, age, gender, and other diversity dimensions are valued and leveraged throughout the organization. In turn, this will create a culture where employees are valued, recognized, and included for their similarities and differences, and those differences act not as barriers, but as platforms for new ideas and growth in support of the overall success of our Company.”

We have developed a 5-year strategy aligned with CHG's business plan and our Business Case for Diversity. Our strategy consists of four major strategic areas of focus. These four areas drive our DEI strategic objectives and goals which give our strategy life and provide measurable key performance indicators.

DEI STRATEGIC OBJECTIVES

OUR PEOPLE

- Attract and Retain Diverse and New Talent
- Implement and Increase Diversity Education and Awareness
- Launch new DEI Communication
- Develop and Expand Employee Resource Groups (ERG)

ENHANCING CULTURE

- Report quarterly Data, Research, and Metrics on organization demographics
- Engage and Reward Employees
- Continuously align DEI objectives with organizational goals
- Conduct Cultural Assessments at locations to determine needs.

CUSTOMER FOCUS

- Design, develop and implement an internal Supplier Diversity Program
- Create more Innovation Programs and Solutions
- Create opportunities for Best Practice Sharing with Customers

COMMUNITY & SOCIAL IMPACT

- Create Networking Opportunities through Employee Resource Groups (ERGs).
- Connect more with the community through different Service Initiatives
- Increase CHG brand recognition in the communities where we operate

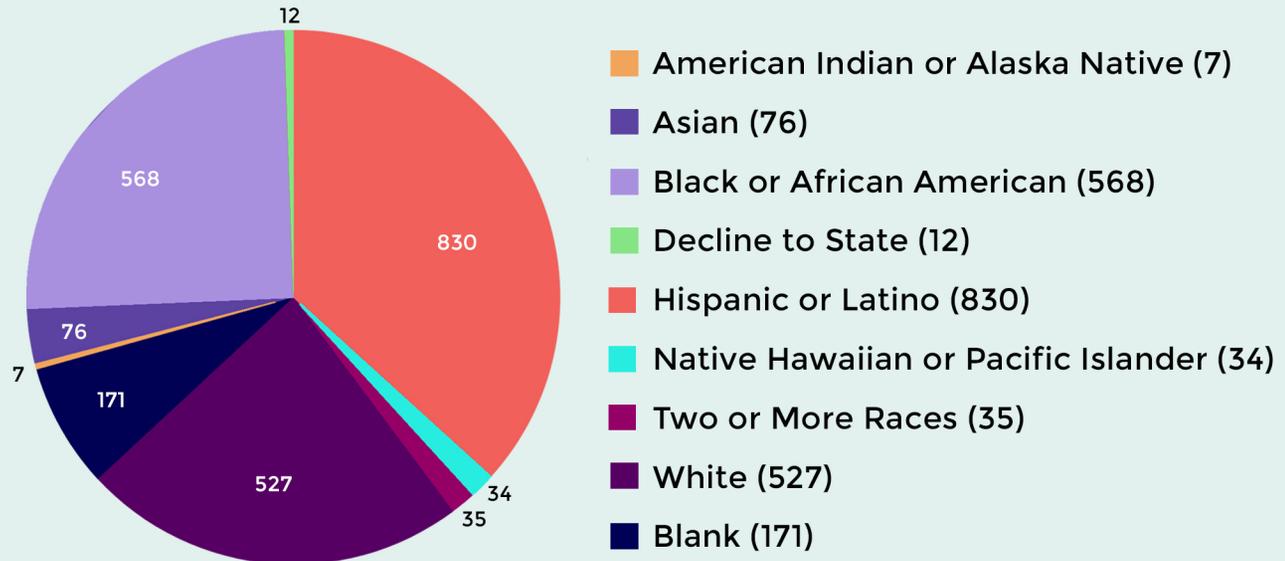
EMPLOYEE RESOURCE GROUPS

CHG has developed seven in house Employee Resource Groups (ERGs) to help underrepresented groups have a voice and contribute to making change in the organization. Each ERG also focuses on providing education to our employees through our monthly Lunch & Learn series.



RACE REPRESENTATION AT CHG

United States FY 22



GUENTHER GIVES: PHILANTHROPY AT CHG



Each year, CHG's corporate giving program – Guenther Gives – donates to more than 100 charitable organizations in communities in which we have facilities. Employees contribute directly through fundraisers and volunteering. To address root causes of challenges faced by the communities in which we operate, Guenther Gives focuses on:

- **Food Security** – includes programs addressing hunger, nutrition, production of and access to healthy food
- **Health and Wellbeing** – focuses on child and elderly care; total health; and community enrichment via arts and nature
- **Education** – assists underserved youth, especially educating future Food & Beverage leaders in quality, safety and sustainability



A focused policy provides meaningful impact within the community, leverages CHG's expertise and is responsive to employee priorities. We allocate funds for every facility to give back to their own communities, including donations to foodbanks in every community in which we operate.

Each year Guenther Gives donates to
more than 100
charitable organizations.

Employee-driven fund raising are as varied as our United Way campaign which raised \$500,000 in the US in FY22, the 150 box fans provided to those in need when temperatures reached over 100 degrees; and the many backpacks and supplies provided by CHG and filled by employees.

Combining our focus on food security and education, scholarships support future leaders in Food and Beverage. We initiated a new giving program which works with high school career and technical education (CTE) programs with tracks in Agriculture, Food and Natural Resources, in Hospitality and Tourism, and in Manufacturing. We also collaborate with and provide scholarships to the Culinary Institute of America.

ENSURING FOOD SAFETY AND QUALITY

We have built our reputation on quality while making food safety a priority. In addition to the many safeguards in place, we know that our people are our first line of defense. Our most recent Food Safety Campaign reached every facility.

The theme – Zeros Make Heroes – focused on the “food safety heroes” in our plants and common challenges they face such as foreign materials. The campaign commenced as part of Food Safety Week and extended throughout the month. It mirrored CHG's National Safety Month campaign which focused on zero incidents and encouraged associates to report issues they discovered.



The Campaign Included Weekly:

- Testimonial videos played over TV monitors at plants
- Food safety facts and tips on digital signs
- Tips shared through a plant mobile app
- Town Halls sharing the impact of food safety to our business

Facts shared offered relevance, while tips were intended to show simple actions that can be taken to improve food safety.

The videos were short and quickly consumable and allowed our heroes to share real, relatable stories and the actions they took to resolve an issue. Seven employee videos were produced, including video statements from CHG's CEO and other leaders.

PLANET



“Stewardship of the environment comes naturally as many of our facilities are along water ways, adjacent to wooded areas, in water sensitive locales, not to mention the importance of protecting those living near our facilities.”

ENERGY

As with all successful companies, running at peak efficiency provides cost savings, AND limits pressure on the environment. For each metric ton we produce, we are working to reduce the amount of electricity and natural gas used and waste generated which, in turn, lowers our carbon footprint.

Improvement starts with accurate tracking. We have moved to a cloud-based tracking system, which allows for direct input of data from utilities – avoiding human error and with algorithms which can spot money-saving inaccuracies.

We are completing the arduous task of entering three years of data for 28 facilities for electricity, natural gas, diesel, water and waste water, and various forms of waste – whether headed to landfill or more useful purpose, supporting the circular economy.

LESS ENERGY THROUGH BETTER BUILDINGS



< LEED SILVER HQ "BAKERY ON BROADWAY"

Originally constructed in 1941, the Butterkrust Bakery in San Antonio, Texas, became the new home of CHG headquarters in 2012. The transformation of the old bakery into 107,000 square-feet of office space combined the historic preservation of its original art deco architecture with energy-efficient amenities. The renovated building is proudly certified as Leadership in Energy and Environmental Design (LEED) Silver.

Features include:

- Solar panels
- Landscaping maintained by recycled gray water
- Abundant natural light
- Energy-efficient glass windows
- Air-circulation system with narrow air ducts connected to large water chillers that create cool air



< LEED SILVER BALDINGER ST. PAUL

The Baldinger Bakery facility, located on a former brown-field site in St. Paul, Minnesota, is proudly one of the first commercial bakeries in the Midwest to achieve a LEED certification.

The 144,000 square-foot facility includes:

- High solar reflective roofing
- Low VOC paints, adhesives and sealants
- 50% of all wood products are Forest Stewardship Council certified
- Limited irrigation through the use of native and adaptive plantings
- Overall 30% reduction in water consumption compared to conventional building methods
- Heat recovery from ovens
- Use of an electric truck, saving over \$40K annually in fuel, limiting emissions and improving safety



WATER

Water is an essential resource for human health, the environment, and the production of food products. Environmental stressors, such as climate change, population growth and urbanization, contribute to water scarcity, impacting food manufacturing and production. Supporting best farming practices and utilizing water efficient technologies minimizes the overexploitation of water, protecting watersheds in communities at risk of drought.

The main water concern in food manufacturing relates to waste water. CHG facilities meet all environmental compliance requirements, making sure the water released into community systems are free of harmful contaminants.

Our facilities in Canada run largely off of hydroelectric – which also helps limit our carbon footprint.

The biggest impact we have on water is actually in the production of wheat and other agriculture. Since we do not grow our own wheat, we work in collaboration with research organizations and vendors on projects which teach farmers how to improve agriculture practices, including wise use of water.

See our Tribeca Case Study, page 22.



CHG has 10 facilities with virtual Zero Waste to Landfill. Our facility, Morrison Milling, in Denton, Texas, is exemplary in recycling, averaging over 500,000 lbs. of recycled materials annually from metal, paper, plastic, cardboard and organics going to animal feed.

WASTE

Generating waste takes up precious resources and space in landfills. Eliminating waste is an ongoing effort. Most of our organic waste is diverted from landfills to animal feed, at nearly all of our facilities. Animal feed, while better than going to a landfill, is not the optimal use for surplus organic material. A better way is to upcycle, i.e., use otherwise discarded organic material in new products. Debuting in 2022, the Research and Development team at CHG created a new award-winning product that became one of the first foodservice products certified by the Upcycled Food Association. It is made with spent grain flour, a byproduct of the beer brewing process, along with a blend of barley, wheat, and rye.

Hazardous waste is minimal at our sites and is handled sustainably. Typical hazardous waste disposals center around expired cleaning chemicals, machine oils, and refrigeration oils. We collaborate with our suppliers to take back expired chemicals for the sole purpose of reconditioning for future uses. And, used oils are reclaimed for other uses such as lubricants and fuel oils.



SUSTAINABLE SOURCING

As customers work to improve their own supply chains, they expect us to offer products using sustainable ingredients. The definition of a sustainable ingredient ranges from how the ingredients were grown and harvested, how production affects land and water, and how farmers and employees are fairly treated and compensated.

To meet those varying aspects, CHG requires all vendors to adhere to a Supplier Code of Conduct. They also answer sustainability questions in our supplier and ingredient tracking system.

We have been tracking supplier diversity since 2016. A diverse supply chain provides resiliency to CHG and supports smaller businesses. We have improved how we gather and report on supplier diversity in order to meet customer expectations and increase CHG spend in diverse communities.



In addition to our pilot program with wheat farmers (see Tribeca Case study, page 22) and using upcycled grains, our largest sustainable sourcing program is for palm oil. We are members of the Roundtable on Sustainable Palm Oil (RSPO), supporting efforts to limit deforestation and provide farmers fair wages. CHG has 11 facilities certified to offer products made with RSPO palm oil.



To meet customer goals for

100% reusable, recyclable or industrially compostable packaging by 2025,

we are working closely with customers and vendors to develop packaging that also maintains the high quality and integrity of our product.

We are on track to meet the 2025 goal for several retail customers.



ADDRESSING CLIMATE CHANGE

Increasingly, addressing Climate Change, with a focus on limiting Greenhouse Gas (GHG) emissions, is gaining importance in our ongoing efforts to protect our lands and waters, and limiting our impact on the globe.

Energy use is CHG's largest direct source of Scope 1 and Scope 2 (GHG) emissions at our bakeries. These represent direct use of energy and possible release from refrigerants. We have been tracking intensities in the form of energy used per volume produced since 2013. Our new environmental impact team will be tasked with setting ambitious 2030 goals which will focus on reducing electricity, natural gas and water intensities as well as waste to landfill from production. All contribute, directly or indirectly, to Scope 1 and Scope 2 GHG emissions.

Scope 3 GHG emissions target up and downstream sources, usually from ingredients, such as emissions from farming, and services, such as airline travel. An internal audit at our Germany facility indicates that, by far, the largest source of GHG emissions in our operations is the upstream production of wheat. Wheat is integral to our product lines. To begin addressing the impact of wheat, CHG is supporting research into more sustainable wheat production.

We are currently engaged in Scope 1, 2 and 3 audits of facilities in the USA and Canada as well.



From the Ground Up at Coventry – Our Newest Plant in the UK

While CHG has two existing facilities in the US which are LEED certified, we are building another in the UK which will be BREEAM certified, the European equivalent. BREEAM is a science-based validation and certification system that concentrates on improving performance across key areas of environmental and human health:

- Reduce carbon emissions
- Energy efficiency
- Materials selection
- Sustainable site development
- Water savings
- Indoor environmental quality

When Coventry becomes operational, it will be highly energy and water efficient, built with carbon neutral or recycled materials and even encourage sustainable commuting with electric vehicle charging ports and spaces for bicycles.



Taking to the Air with Travel Offsets

Through forest preservation, CHG offset 1.7 million miles of travel emissions in FY22. Our travel emitted approximately 370 tons of carbon dioxide (CO₂). CO₂ in the atmosphere is a major contributor to climate change and ocean acidification. Forests remove CO₂ from the atmosphere through photosynthesis.

By purchasing carbon credits from Natural Capital Exchange (NCX), CHG helps compensate forest landowners to defer timber harvests, allowing carbon to be naturally sequestered. And, the forests continue to serve as habitat for diverse plants and animals.

With a one-year contract, enough to cover one year of travel, CHG protected forests in 7 out of 8 US states in which we operate.

“CHG offsets carbon emissions from 1.7 million travel miles by protecting forests in states in which we operate.”

PURPOSE

*No corporate sustainability effort survives
without the support of its leadership.*

LEADING FROM THE TOP

CHG's leadership teams, past and present, are committed to sustainability throughout the company. In 2019, CHG hired a fulltime sustainability manager to integrate existing good practices, corporate culture and emerging priorities.

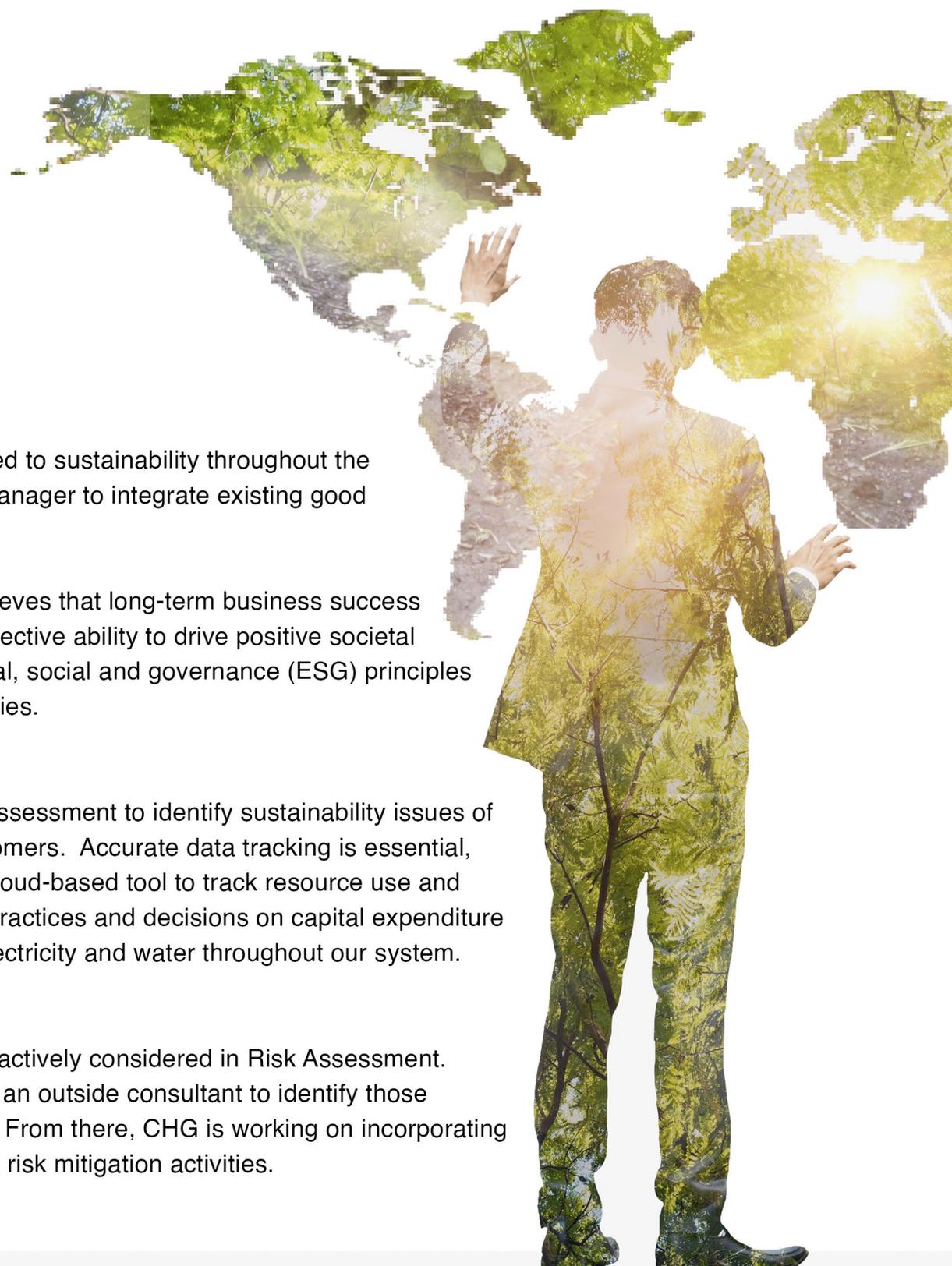
Our parent company, Pritzker Private Capital (PPC), believes that long-term business success is based not only on financial returns but also on our collective ability to drive positive societal outcomes. PPC is committed to integrating environmental, social and governance (ESG) principles into investing in, and oversight of, their family of companies.

Investing in Sustainability

CHG's Senior Leadership has invested in a Materiality Assessment to identify sustainability issues of most importance to our stakeholders, including our customers. Accurate data tracking is essential, so we recently implemented Resource Advisor (RA), a cloud-based tool to track resource use and efficiencies. At full implementation, RA will inform best practices and decisions on capital expenditure that are targeted to maximize the efficient use of gas, electricity and water throughout our system.

Using Sustainability to Mitigate Risk

ESG criteria must also inform decision-making by being actively considered in Risk Assessment. In addition to the materiality assessment, CHG engaged an outside consultant to identify those sustainability risks most likely to affect CHG operations. From there, CHG is working on incorporating those risks into our regular risk assessment process and risk mitigation activities.



When leadership supports sustainability,
sustainability pays.

CHG won the 2021
North America
Supplier Summit Award
for Global Impact
from McDonald's.

The award recognizes ongoing
innovation and improvement in ethical,
sustainable sourcing that drives business,
industry and societal value;
and our role in creating a food system
where people, animals and the planet thrive.





ARTISANAL BAKERS TRIBECA OVEN®

Sustainability efforts do not exist in isolation of each other. They are part of a complex system which looks different from facility to facility. CHG's Tribeca Oven facility is leading the way in addressing many environmental issues.

TAKING THE INITIATIVE AT TRIBECA OVEN

Tribeca Oven's Sustainable Wheat Initiative – Central Plains Wheat Program

Sustainability efforts at Tribeca Oven are centered around wheat flour, the highest-volume ingredient in their operation. In partnership with the Central Plains Wheat Program and now with the South Dakota Wheat Program, Tribeca Oven is reducing their environmental impact by supporting wheat farmers who use advanced regenerative agriculture practices. In the past year, Tribeca Oven has increased support of this program from representing 33% of flour purchases to 66%, doubling CHG's investment. The flour Tribeca Oven now purchases for artisan breads supports sustainable agriculture and farm level environmental improvements.

Farming best practices relate back to water conservation (SDG 6), reduced energy use (SDG 12) and more effective use of pesticides and fertilizers (SDG 2). No-till farming and crop rotation are designed to keep the soil healthy with minimal application of resources such as water and fertilizers. The reduction in GHG emissions from improved farming practices represents a savings of one railcar of coal from being burned each year.

INVESTING WITH PURPOSE AT TRIBECA OVEN

Organic Waste Management Pilot Program

When a facility generates waste, the energy used and the GHG emissions generated are doubly irresponsible.

Tribeca Oven aims to reduce their waste using multiple tactics. A pilot project is in place to explore more sustainable and cost competitive solutions:

- Expanding options for human consumption through resale and upcycling
- Repurposing finished goods that are safe for human consumption but fall short of customer aesthetic into another product
- Donating excess product to local foodbanks
- Reformulations and new formulations which are conducive to less waste

None could be done without listening to employees and customers (materiality assessment) and working collaboratively with suppliers (SDG 17).

The flour Tribeca Oven now purchases for artisan breads supports sustainable agriculture and farm level environmental improvements.

C.H. Guenther & Son - Committed to Our People, Our Planet and Our Purpose.



2201 Broadway
San Antonio, Texas 78215
CHG.com



PEOPLE, PLANET, PURPOSE

PRODUCED ON ECO-FRIENDLY, CERTIFIED WOOD, ACID FREE PAPER