



PACKAGING POLICY

Public version – 23.10.2024

Preamble

Lotus Bakeries is committed to operating in an environmentally responsible manner throughout its entire supply chain. This policy is part of Lotus Bakeries sustainability programme 'Care for today, respect for tomorrow' and applies to our global operations. It underlines our commitment to the UN Global Compact and our contribution to the Sustainable Development Goals (SDG's).

Policy Objectives

- **Alignment with Lotus Bakeries' vision on packaging:** All packaging used within the Lotus Bakeries Group needs to be aligned with Lotus Bakeries' vision on packaging, focussing on food safety and food quality to combat food waste as an important lever in the road to net zero.
- **Compliance:** All packaging needs to be in full compliance with all applicable current and future local, national, and international regulations regarding packaging, including the EU Packaging and Packaging waste regulation.
- **Transition towards a circular economy for packaging:** Actions taken on packaging need to contribute to the transition towards a circular economy by reducing packaging materials used, fulfilling Lotus Bakeries' commitment to reach 100% technically recyclable packaging and increasing the recycled content used in packaging materials.
- **SBTi Alignment:** Lotus Bakeries recognises the environmental impact of packaging materials. All packaging business practices will be aligned with Lotus Bakeries' SBTi commitment to contribute to the global effort to become net zero by 2050 and limit temperature rise to 1.5°C above pre-industrial levels, in line with the Paris Agreement.

LOTUS BAKERIES' VISION OF PACKAGING

1. We only want to offer our consumers products of the highest product quality and with a superior taste experience.
2. That is why we must protect our products: packaging allows us to combat food waste and guarantee food safety.
3. We aim to make our packaging as sustainable as possible and are committed to reducing our packaging carbon footprint.

In this context, Lotus Bakeries has formulated a packaging strategy that focuses on the reduction of packaging, using innovative design and investment in circularity.

Principles

1- Alignment with vision on packaging

- Food safety will be safeguarded by developing packaging in full compliance with the high quality standards as specified in Lotus Bakeries' Corporate Quality Policy.
- Food quality and superior taste experience will be ensured by performing a shelf life risk assessment and the subsequent prescribed actions in line with the Corporate R&D shelf life procedure.
- Packaging sustainability will be improved by taking actions within the framework of Lotus Bakeries' sustainable packaging strategy according to the three pillars described below.



2- Reduce what we use

- Lotus Bakeries uses a Traffic Light System to determine whether packaging concepts are aligned with the ambition to reduce packaging weight. The traffic light system categorises packaging concepts in 3 categories according to their package-to-product ratio (P2P) and supplies guidelines to internal stakeholders on the preferred packaging weights.
- Innovations are designed for optimised packaging usage, striving for maximum material efficiency and minimal package-to-product ratio to reduce the weight of material put on the market. This will be balanced with performance criteria such as, but not limited to, product protection, manufacturing processes, logistics, legal requirements.
- Existing packaging concepts will be investigated and optimised where possible in material usage, while aligning with the recyclability requirements and the performance criteria.

3- Design for tomorrow

- Lotus Bakeries strives to design 100% of its packaging to be technically recyclable by end 2025.
- Lotus Bakeries uses a Traffic Light System to determine technical recyclability. The traffic light system is based on industry-wide objective eco-design guidelines on recyclability, such as CEFLEX D4ACE, RecyClass guidelines, 4evergreen guidelines. The traffic light system categorises packaging in 3 categories according to their technical recyclability and supplies guidelines to internal stakeholders on the preferred packaging materials.
- New packaging materials need to be aligned with the Traffic Light System. Packaging materials in the red zone are no longer allowed for new packaging and product developments.
- The existing packaging portfolio is scanned to identify materials currently still in the red zone. Projects have been started to move materials currently in the red zone towards technically recyclable materials as soon as possible. No materials in the red zone are allowed anymore by end of 2025.

4- Aim for circularity

Sustainable sourcing

- Lotus Bakeries has a preference for certified fibres where this is available. Lotus Bakeries prefers FSC or PEFC certification. If not available, SFI certification is preferred over no certification.
- Lotus Bakeries recognises that renewable alternatives can potentially offer environmental benefits. Examples are, but are not limited to, fibre-based alternatives for plastic and bio-based plastics. Renewable alternatives will be investigated against the performance criteria and final decisions will be based on objective life cycle analysis.

Recycled content

- Recycled paper fibres are preferred over virgin fibres for non-food contact fibre-based materials. The rate of recycled content should be balanced against the compression stability of the boxes to guarantee performance during transport.
- Recycled glass has a clear environmental benefit compared to virgin glass. Recycled glass is therefore preferred over virgin glass. When increasing the rate of recycled glass, the visual aspect shall be taken into account in the final decision.
- Recycled plastic has a clear environmental benefit compared to virgin plastics. However, Lotus Bakeries uses plastics primarily in direct food contact. Decisions on the increase of recycled material rate in plastics should always be guided primarily by the current food contact legislations to ensure food safety. When a food-safe alternative is available, recycled materials are preferred over virgin materials.

Communication to the consumer

- Lotus Bakeries has a legal obligation in specific countries and regions to provide the consumer with correct sorting guidelines. Where such legislation is active, Lotus Bakeries shall comply as soon as possible, while limiting packaging scrap. It is the responsibility of the Corporate Quality team to ensure that the necessary labels are present on the packaging.
- Lotus Bakeries finds it important to simplify recycling for the consumer and to stimulate effective collection of packaging waste. Therefore, a voluntary recycling logo (“recycle me”) is added to packaging which is recyclable in the specific country where it is marketed. This communication and the necessary support is provided by the corporate ESG team and is added to the packaging designs by the respective marketing teams. This communication is frequently revised by the ESG team based on evolutions in consumer behaviour and adaptations in the legislation.



Collaborations in circularity

- Lotus Bakeries believes that cross-value chain collaboration can increase the implementation rate of sustainable solutions. Therefore, Lotus Bakeries is actively monitoring voluntary action groups and is a member of impactful cross-value chain collaborations such as CEFLEX and the Flexible Plastic Fund. Memberships are reviewed on an annual basis and additional memberships are considered when it is deemed that Lotus Bakeries can make a significant contribution to the collaboration.
- Lotus Bakeries contributes to Extended Producer Responsibility in all countries where this is obliged through the respective Packaging Responsibility Organisations (PRO's).

Reporting and review

- We will regularly review and update our environmental policy to reflect best practices and evolving environmental challenges.
- We will communicate our environmental commitment to all employees, suppliers, customers, and the public.
- We will provide training to employees on our environmental policies and procedures.

Overall Commitment

We are committed to leading the way in sustainable packaging design. By embracing innovative solutions and regulatory compliance, we aim to reduce our environmental impact and contribute to global climate goals.