MATERIALITY ANALYSIS
ESG GOVERNANCE

The Executive Committee (‘EXCO’) is responsible for the sustainability strategy and objectives for Lotus Bakeries. In 2023, the EXCO has appointed an ESG Director, corporate director and member of the Leadership Team, reporting to the CFO. The ESG Director has to progressively develop the sustainability strategy and ensure compliance with new sustainability regulations. The integration of the sustainability strategy into the organisation is steered by the ESG Director and implemented by the ESG workstreams, which are owned by the business or relevant corporate departments. The workstream leaders are responsible for the delivery of the sustainability targets. The Group Sustainability Steerco, which meets at least once a month, provides oversight of ESG projects and monitors progress.

The EXCO presents Lotus Bakeries’ sustainability strategy to the Audit & Sustainability Committee. The Board of Directors has broadened the mandate of the Audit Committee with ESG matters and renamed it to the Audit & Sustainability Committee by decision of November 24, 2023.
OUR MATERIALITY

Lotus Bakeries has its sustainability programme ‘Care for Today, Respect for Tomorrow’ since long. In the past, to determine our sustainability priorities, we regularly conducted a ‘single’ materiality assessment.

As today’s world is changing rapidly, we are faced with a range of new challenges in the business and along the value chain. We interact with many parties, so it is essential to get a full understanding of the impact of our operations and snacks on the world. In order to confirm or reconsider the priorities of our sustainability programme, Lotus Bakeries in 2023 performed a broad and in-depth assessment using the double materiality lens, reviewing a list of topics from both a financial and an impact materiality perspective.

We engaged with a large number of stakeholders on these topics. The outcome will serve as the basis to select our strategic ESG platforms within the ‘Care for Today, Respect for Tomorrow’ programme, as well as guide us on which ESRS standards to report on for the upcoming CSRD reporting. This assessment will provide strategic guidance on sustainability matters, and how to integrate this with our ambition: offering a versatile range of branded snacks for every consumption occasion to consumers worldwide.

More information about our materiality analysis can be found in our Annual Report 2023 available on our Corporate Website: www.lotusbakeries.com
OUR VALUE CHAIN

We develop, create and offer a versatile range of snacks that meets the needs of consumers for the global market. In order to do so, we strive to cooperate with our partners along the value chain to create our branded snacks in the most sustainable way possible.

**Sourcing:** We source high-quality raw materials such as wheat flour, sugar, palm oil, chocolate and others to create our products and packaging materials to protect them. We source related goods and services such as distribution, logistics, production equipment.

**Transport:** Raw and packaging materials are transported to our production sites. The greater part of our raw materials is sourced on the same continent where we operate as we strive to keep the distance as short as possible.

**Production:** We transform raw materials into unique and great tasting snacks. We do so at our own production site as well as for some of our brands jointly with our co-manufacturers. We take care to use the precious natural resources efficiently in a safe working environment.

**Retail and away-from-home:** We aim to make our range of branded snacks accessible for everyone. Our products are sold by our partners through retail channels (brick&mortar and online) and through away from-home channels.

**Consumption:** We provide snacks for different consumption moments and needs. Everything we launch has to uphold the highest quality and food safety standards. We pack our most popular snacks in different formats fitting different household sizes in order to combat food waste. On top, everything has to taste delicious, because we know that this will keep consumers coming back to our product range.

**End-of-life:** We aim to contribute to a circular economy via our technical recyclable packaging and we encourage consumers to sort correctly by providing clear sorting advice.

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As such, Lotus Bakeries has identified five topics with double materiality, i.e. the impact of our organisation on the environment or society (“Impact Materiality”) and the impact of society or the environment on our organisation (“Financial Materiality”).

There are three topics with mainly impact materiality (safety & health of employees; product packaging; employee well-being) and six topics with mainly financial materiality (financially sound company; balanced portfolio; long-term strategy; preventing business interruptions, cyber security; taste experience).

The double materiality assessment was performed in the Audit & Sustainability Committee on 24 November 2023 and the outcome thereof, the double materiality matrix, was approved by the Board of Directors on 4 March 2024.

When we analyse the scores of the multiple stakeholder groups, we see a fairly consistent pattern: the same material topics emerge across all these groups. This gives us confidence that we have identified the right material topics for Lotus Bakeries that matter to us and our stakeholders. The qualitative conversations with external stakeholders have moreover indicated that water stewardship is considered important in the wider food and agriculture sector, but there is a recognition that water usage in our operations is more limited. This explains why water stewardship did not come forward as material for Lotus Bakeries. However, we feel it is important to report on our water balance and our water management and refer to page 102 in our annual report 2023.

The topics identified as a result of the double materiality exercise serve as the basis for selecting the proper ESRS standards from the CSRD regulations. The topics that are material are linked to the following ESRS standards:

- ESRS E1: Climate change (Energy usage, carbon reduction)
- ESRS E5: Resource use and circularity (Product packaging and sustainable sourcing)
- ESRS S1: Own workforce (Safety and health of employees and Employee well-being)
- ESRS S4: End consumer and customer (Food safety and quality, Balanced portfolio and taste experience)
- ESRS G1: Corporate governance (financially sound company, longterm strategy, cybersecurity and preventing business interruptions)

In the course of 2024, Lotus Bakeries will further assess - within each of these ESRS standards - which datapoints are relevant to include in future progress reporting.

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