CARBON ACCOUNTING MANUAL

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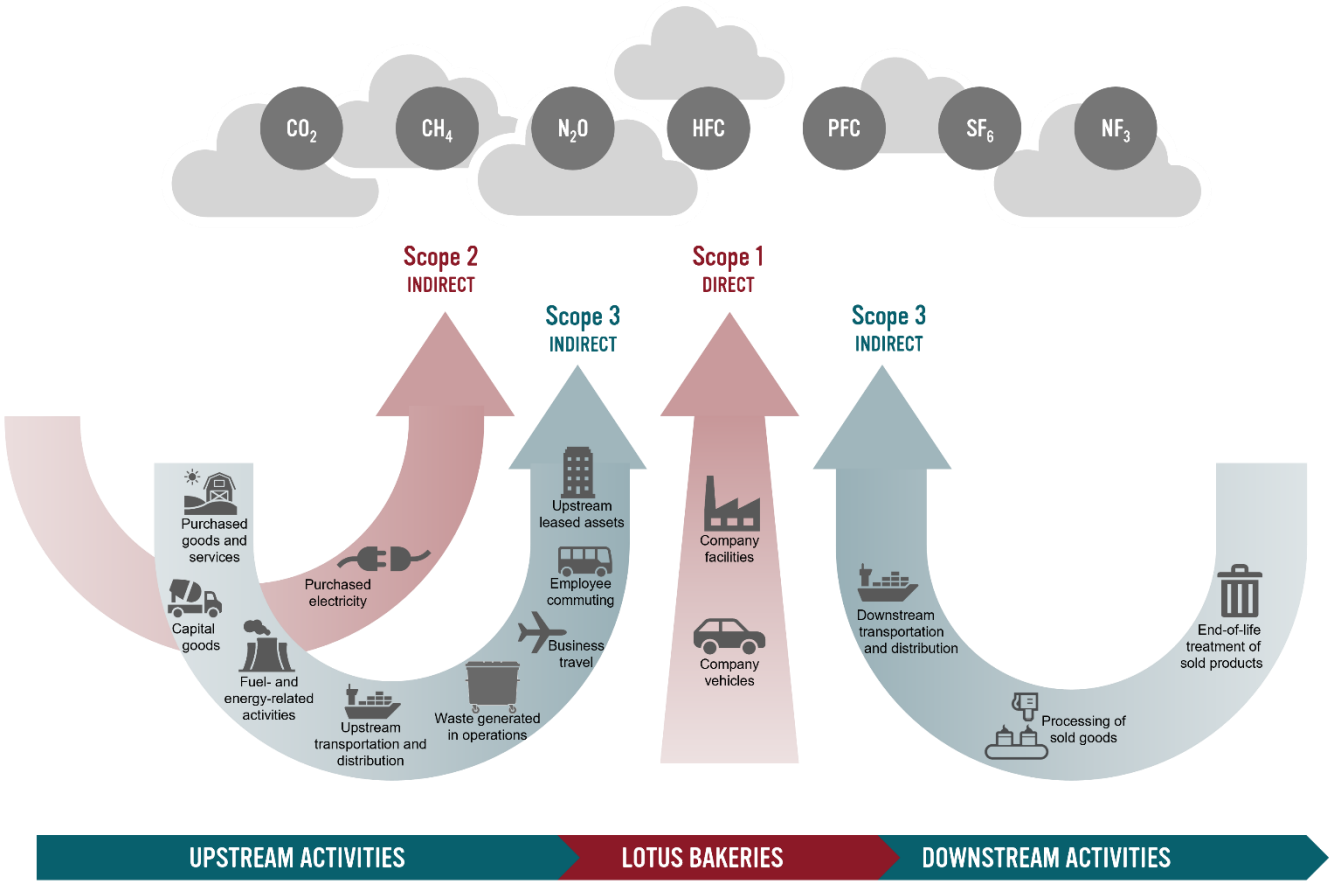
Preamble

Lotus Bakeries is committed to operating in an environmentally responsible manner throughout its entire supply chain. This commitment 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).



1. Greenhouse Gas (GHG) Reporting Standards

GHG accounting principles offer companies a standardized framework to accurately calculate and transparently report their greenhouse gas emissions. Lotus Bakeries is committed to positively impacting environmental sustainability while ensuring clear and credible disclosure of its climate-related material topics and performance metrics.

To support this, Lotus Bakeries has developed a GHG emissions inventory methodology aligned with the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard, Scope 2 Guidance, and the Corporate Value Chain (Scope 3) Standard. These standards were established by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

For **Scope 1** emissions reporting, Lotus Bakeries follows the GHG Protocol's Corporate Accounting and Reporting Standard. Scope 1 is defined as direct GHG emissions that occur from sources that are owned or controlled by Lotus Bakeries.

For **Scope 2** emissions reporting, Lotus Bakeries follows the GHG Protocol Scope 2 Guidance. Scope 2 is defined as indirect GHG emissions that occur from the generation and purchase of electricity, steam, heat, or cooling consumed by Lotus Bakeries. In accordance with the GHG protocol, both location- and market-based emissions are calculated for Scope 2.

For **Scope 3** emissions reporting, Lotus Bakeries follows the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Scope 3 is defined as indirect GHG emissions that occur from sources not owned or controlled by Lotus Bakeries. These include emissions from both upstream and downstream activities.

Lotus Bakeries has based its GHG accounting and reporting processes on the GHG Protocol principles, including relevance, completeness, consistency, transparency, and accuracy, when calculating its GHG footprint. Lotus Bakeries works with an external party who consolidates the GHG footprint on an annual basis.

2. Organizational & Operational Boundaries

Lotus Bakeries is active worldwide in the indulgent and natural snacking segment with the Lotus®, Biscoff®, nākd®, TREK®, BEAR®, Kiddylicious®, Peter's Yard®, Dinosaurus®, Peijnenburg® and Annas® brands, among others. We develop, create and offer a versatile range of snacks that meets the needs of consumers for the global market. Therefore, we transform raw materials into unique and great tasting snacks at our 13 own production sites globally, as well as, for some of our brands, jointly with our co-manufacturers. The **organizational boundary** for our GHG calculation contains all global activities, including our corporate organization and all Lotus Bakeries subsidiaries across all regions.

Lotus Bakeries follows the **operational control approach**. Under the operational control approach, Lotus Bakeries includes in its Scopes 1 and 2 emissions from assets or facilities where Lotus Bakeries has direct authority to implement site-specific operating policies and process improvements leading to GHG emissions reduction. Under this approach, the Scope 1 and 2 boundary does not only include gas and electricity consumed by all production sites, but also includes emissions from Lotus Bakeries-owned or -leased vehicles and administrative activities.

GHG emissions not within Lotus Bakeries' operational control are accounted for under Scope 3. These include purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, downstream transportation and distribution, processing of sold products and end-of-life treatment of sold products.

For newly acquired businesses, Lotus Bakeries will follow the GHG Protocol by extending the calculation of GHG emissions to the newly acquired business. In general, newly acquired facility emissions will be included within two calendar years after the acquisition. In case of fundamental different business models, exceptions to this rule can be applied. In case of acquisitions or divestments, Lotus Bakeries will conduct a review and trigger a base-year recalculation if deemed necessary.

3. Fiscal Year

GHG emissions are being reported in alignment with the most recent fiscal year for Lotus Bakeries, with the fiscal year starting on January 1st and ending on December 31st.

4. Base Year

In line with the GHG Protocol, companies select a base year to ensure consistent and meaningful tracking of emissions performance over time. Lotus Bakeries has chosen 2023 as its single base year for Scope 1, Scope 2, and Scope 3 emissions, ensuring comprehensive and consistent monitoring of its carbon footprint.

Should any significant changes occur, Lotus Bakeries will recalculate both the base year and the most recent inventory in accordance with GHG Protocol guidance. The company regularly reviews its base year and assesses the need for recalculation through robust internal processes and annual evaluations.

5. Greenhouse gases included and units applied

Lotus Bakeries' emissions footprint accounts for all associated GHGs, including carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3) which get converted into carbon dioxide equivalents (CO_2e) in consolidated numbers.

Lotus Bakeries reports GHG emissions in metric tons of carbon dioxide equivalents (t CO_2e).

6. Emission factor (EF) inventory

Emission factors are used to convert an activity (such as purchased electricity expressed in kilowatt-hours) to GHG emissions (in tCO_2e). The most widely used method involves applying emission factors (EFs), which are sourced from public databases, suppliers, or developed internally as custom factors.

Lotus Bakeries maintains a comprehensive database of publicly available, supplier-provided, and custom-developed emission factors. These are applied to the relevant activity data across all emission scopes. The publicly available databases of EFs utilized are ecoinvent, Agribalyse, World Food LCA Database (WFLDB), Bilan Carbone (ADEME), U.S. Energy Information Administration (EIA), Exiobase, amongst others. These emission factors are reviewed as part of the third-party assurance process for the GHG calculation.

7. Calculation Methodology and Estimations

Emissions are generally calculated using primary activity data, with a few exceptions, paired with publicly available EFs. Primary activity data consists of utility bills, invoices, fuel card statements, metering data, extracts from the Enterprise Resource Planning (ERP) system, etc. Lotus Bakeries has established clear data collection and validation procedures to ensure a complete and accurate reporting process. In cases where activity data is not readily available, Lotus Bakeries makes extrapolations or estimations based on the best available data in line with the GHG Protocol.

For **Scope 1** emissions, all emissions of production sites are calculated using primary data. For non-production sites some sites are also calculated using primary data while other non-production sites don't have insights in their fuel and electricity consumption. In these cases, external references are used to estimate emissions related to these sites.

Scope 2 is calculated both market-based and location-based. The overall electricity consumption reported in the market-based method utilizes WRI's hierarchy of emission factor assignment: applying contractual instruments, supplier-specific emission factors where the split is provided by vendors, residual mixes for markets where available and lastly using regional or national grid factors for the balance of the portfolio.

For **Scope 3** emissions, Lotus Bakeries applies primary activity data, whenever possible. When primary activity data is not available, Lotus Bakeries applies a spend-based approach to calculate emissions.

8. Emission Sources

Data collection follows the materiality principle as laid out by the GHG Protocol. According to the GHG Protocol, information is material if, by its inclusion or exclusion, it can be seen to influence any decisions or actions taken by users of it.

Scope 1: Direct Sources within Lotus Bakeries' boundary

Activities included in Scope 1 emissions encompass natural gas and other fuels consumed at facilities, fuel consumed by the company fleet, refrigerant fugitive emissions and process emissions from production operations, within Lotus Bakeries' boundary. Table 1 summarizes the calculation methodology for Scope 1.

Scope 2: Indirect Sources within Lotus Bakeries' boundary

Emission sources included in Scope 2 emissions consist of electricity consumed on-site at production sites, warehouses, offices and other facilities within Lotus Bakeries' boundary. It also includes electricity consumed on-site and off-site for charging of electric vehicles. Purchased heating and cooling are not relevant for Lotus Bakeries. Table 2 summarizes the calculation methodology for Scope 2.

Table 1 - Scope 1 Calculation Methodology

Category	Emission sources	Activity data	Emission Factor
Stationary combustion	Combustion of natural gas or other fuel types for running of ovens, boilers, heating, etc on sites operated by Lotus Bakeries.	The consumption of natural gas and fuels is collected from utility bills and meter readings. For some non-production sites, no direct data is available and activity data is based on assumptions.	ADEME
Mobile combustion	Combustion of fuel in owned or controlled mobile combustion sources, including leased company cars and buses for employee transportation.	The consumption of fuel by the fleet is collected per fuel type from fuel card statements or fuel consumption meters.	ADEME
Fugitive emissions	Leaked refrigerant gasses.	The leaked refrigerant gasses are collected based on refill invoices. In case no refills are reported for a specific site, these sites are assumed to have zero leakage in the reporting year.	IPCC – AR5
Process emissions	Consumption of baking powder or operation of on-site water purification systems.	Process emissions are determined based on the consumed amount of baking powder, as extracted from the ERP-system, and the volume water purified using on-site purification systems.	Emissions based on chemical formula ADEME
Excluded	Fugitive emissions from non-production sites. Inactive production sites and inactive non-production sites.		

Table 2 - Scope 2 Calculation Methodology

Category	Emission sources	Activity data	Emission Factor
Purchased electricity	Consumption of electricity on sites operated by Lotus Bakeries.	The consumption of electricity is collected from utility bills. For some non-production sites, no direct data is available and activity data is based on assumptions.	IEA, AIB, Ecoinvent, amongst others
Fleet	Electricity consumed by owned or leased electric vehicles	The consumption of electricity by the fleet is collected from fuel card statements.	IEA, AIB, Ecoinvent, amongst others
Excluded	None		

Scope 3: Other Indirect Sources

The GHG Protocol has defined 15 Scope 3 categories in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Through a robust screening process, Lotus Bakeries has identified the categories that are relevant within the operating boundary and result in material emissions. Table 3 summarizes all 15 categories, their materiality and the related emission sources or a justification for exclusion.

Table 3 - Materiality of scope 3 categories and corresponding emission sources

	Category	Material	Emission sources
3.1.	**Purchased goods and Services**	Yes	Extraction, production, and transportation of goods and services purchased or acquired by Lotus Bakeries. This includes raw materials, packaging, co-manufactured goods and other goods and services.
3.2.	**Capital goods**	Yes	Extraction, production, and transportation of capital goods purchased or acquired by Lotus Bakeries.
3.3.	**Fuel- and energy-related activities**	Yes	Extraction, production, and transportation of fuels and energy purchased or acquired by Lotus Bakeries, not already accounted for in Scope 1 or Scope 2.
3.4.	**Upstream transportation and distribution**	Yes	Front-end transportation of purchased goods and services, such as raw materials and packaging from the supplier to Lotus Bakeries' sites. Back-end transportation and distribution of (finished) goods between Lotus Bakeries sites and from Lotus Bakeries sites to customers. This only includes Lotus Bakeries' contracted transportation and distribution.
3.5.	**Waste generated in operations**	Yes	Disposal and treatment of waste generated in Lotus Bakeries' own production sites.
3.6.	**Business travel**	Yes	Transportation of employees for business-related activities by commercial air and rail travel.
3.7.	**Employee commuting**	Yes	Transportation of employees between their homes and their worksites in vehicles not owned or operated by Lotus Bakeries.
3.8.	**Upstream leased assets**	Yes	Operation of assets leased by Lotus Bakeries and not included in Scope 1 and Scope 2 calculations.
3.9.	**Downstream transportation and distribution**	Yes	Transportation and distribution of finished goods to customers and consumers. This only includes transportation and distribution not contracted by Lotus Bakeries. This also includes distribution through the retail channel towards the consumer.
3.10.	**Processing of sold products**	Yes	Processing of intermediate products sold by Lotus Bakeries to companies with the goal to further process into final consumer goods.
3.12.	**End-of-life treatment of sold products**	Yes	Waste disposal and treatment of products sold by Lotus Bakeries at the end of their life.
	Category	**Material**	**Justification for exclusion**
3.11.	**Use of sold products**	No	As Lotus Bakeries' products don't require any form of energy usage for their consumption, this is not relevant nor material.
3.13.	**Downstream leased assets**	No	As Lotus Bakeries does not lease its assets downstream, this is not relevant nor material.
3.14.	**Franchises**	No	As Lotus Bakeries does not operate through franchises, this is not relevant nor material.
3.15.	**Investments**	No	Lotus Bakeries has a limited list of minority participations under the framework of FF2032. This is deemed to be non-material.

For the 11 material Scope 3 categories, Table 4 summarizes the calculation methodology with details on activity data and emission factors.

Table 4 - Scope 3 Calculation Methodology

	Category	Activity data	Emission Factor
3.1.	**Purchased goods and Services**	Raw material and packaging volume data (in metric tons) is obtained from general ledger accounts in the Enterprise Resource Planning (ERP) system. Where applicable, a split is made according to sourcing region. These volumes are multiplied with the corresponding emission factor. Activity data concerning subcontracting activities are obtained spend-based from the ERP system. This spend is multiplied with a spend-based emission factor. Activity data concerning co-manufacturing activities are obtained from the ERP system. Double counting of Lotus Bakeries ingredients already considered in Scope 1 & 2 is avoided through deduction. While co-manufacturing partners may manufacture products that are unaffiliated with Lotus Bakeries, only the environmental impacts associated with Lotus Bakeries are accounted for. Activity data concerning other services are spend-based and retrieved from the consolidated financial statement.	Agribalyse WFLDB Ecoinvent ADEME Amongst others Exiobase Agribalyse Exiobase
3.2.	**Capital goods**	Capital expenditures based on global spend data as reported in the Financial Statement. This spend is multiplied with a spend-based emission factor.	Exiobase
3.3.	**Fuel- and energy-related activities**	Activity data is the same as for Scope 1 & 2 (see Table 2).	ADEME, IEA, AIB, ecoinvent, amongst others
3.4.	**Upstream transportation and distribution**	Front-end transport of raw materials and packaging is estimated using the volumes collected in Purchased goods and services, combined with estimated distances based on assumptions from the EU PEF guidance per sourcing region. Finished goods transportation is calculated using primary activity data on gross weight (in metric tons) and distance (in kilometres) travelled. This excludes transportation of non-material weights, such as samples, sponsoring, etc. Activity data related to warehousing are calculated on a spend-basis and multiplied with a spend-based emission factor.	GLEC framework emission factors GLEC framework emission factors Exiobase
3.5.	**Waste generated in operations**	For production sites, waste (in metric tons) is collected by type and destination based on invoices, extracts from the ERP system. For non-production sites, waste is estimated based on number of FTE's.	ADEME, BEIS
3.6.	**Business travel**	Business travel activity data is trip-based on flight or rail distances and multiplied with distance-based emission factors. Emission factors depend on flight distance (short, medium and long-haul).	Gov.uk Local emission factors for rail transport
3.7.	**Employee commuting**	Employee commuting activity data is based on employee headcount by location, method of transport and office vs remote work pattern. In case method of transportation is unknown, an assumption is used.	ADEME BEIS
3.8.	**Upstream leased assets**	Upstream leased assets activity data is calculated on a spend-basis. This spend is multiplied with a spend-based emission factor.	Exiobase
3.9.	**Downstream transportation and distribution**	Finished goods transportation to the customer and paid by the customer is calculated using primary activity data on weight (in metric tons) and distance (in kilometres) travelled. Finished goods transportation from the customer to the consumer, including warehousing, is calculated using volumes of products sold. The activity data is split between refrigerated and ambient storage.	GLEC Agribalyse
3.10.	**Processing of sold products**	Activity data is obtained by taking into account the volume sold to production partners that process our sold products, the percentage of Lotus Bakeries products incorporated in the finished product and the processing method. Processing which requires no or very minimal energy is excluded.	Agribalyse
3.12.	**End-of-life treatment of sold products**	Activity data consists of food waste and packaging waste. Food waste activity data is estimated based on total product volume sold multiplied by waste % assumption according to PEF methodology. For packaging waste, all packaging volume purchased is used, corrected for factory waste. This data is collected for Category 3.1. Purchased goods and services.	ADEME ecoinvent

9. Data validation and third party assurance

Lotus Bakeries has robust processes and internal documentation that guide data validation and completeness procedures performed. Annually, Lotus Bakeries performs a completeness check for all assets including but not limited to production sites, warehouses, and other facilities.

Lotus Bakeries has contracted a third-party assurance provider to provide assurance over Scope 1, 2 and 3 emissions in accordance with ISAE 3000 (revised). The purpose of obtaining third-party assurance is to ensure that the GHG data reported by Lotus Bakeries in its annual report is accurate, complete, consistent, transparent, relevant, and free of material error or omission in accordance with the Lotus Bakeries methodology as described herein.

10. Management review

To account for changes in the regulatory landscape, the Carbon Accounting Manual will be reviewed annually and will be updated, if needed, to address new requirements. Lotus Bakeries has implemented a set of standard operating procedures and controls for the various GHG metrics detailing the end-to-end processes from the initial data collection through to reporting. Lotus Bakeries remains committed to continuous improvement of our sustainability efforts supported by having a transparent and accountable reporting process.