

SUSTAINABILTY REPORT 2020





OUR WHY

WE CARE FOR EACH INDIVIDUAL SO THAT THEY FEEL & SENSE OF BELONGING **AND WELL-BEING.**

OUR VALUES

Treat others like you want to be treated.

Act like it's yours. **Develop yourself** and others. Work together. Share openly. Work with passion.



SUSTAINABILITY REPORT 03 FOREWORD

Rabea DEAR READERS,

130 years and still going strong. We keep writing our history. It started small, with our family making tasty snacks from dough, potatoes or nuts. We've always been thinking in the long-term and are working for coming generations. Today, we're still an independent family business and have long been one of the leading providers in the European snack market.

With our chips and flips, pretzel sticks and nuts, people all over the world enjoy relaxed and special moments with friends and family. Our brands and products contribute to the pleasure in their lives. To ensure that we succeed in this today and tomorrow, we take responsibility for the high quality of our products as well as for our sustainable and economic development. That means always improving the environmental and social impact of our business activities and the nutritional qualities of our products.

The handover of the company management two years ago was a generational change for us in every respect. With Moritz Bahlsen, the fourth generation in the family took over the company management back then. At the same time, we entered a new stage of our company's development, and with it a new era that has its own challenges. We realigned ourselves along our values and placed joy of life and responsibility for sustainable development at the center of our work. This is what our new logo also stands for.

For all these reasons, we're committed to the United Nations Global Compact, guided by its ten universal principles and we're working on implementing the Sustainable Development Goals (SDGs).

Our first report states what all this actually means for our sustainability activities, what progress we're making and what further goals we've set for ourselves. We have already achieved quite a few things in recent years. Yet, a lot of work still lies ahead. But, as the saying goes: if you don't get going, you're never going to get anywhere.

Yours.



Altendorfer

Noitz Bable Pasea Hasel- Beck Thomas Altendard







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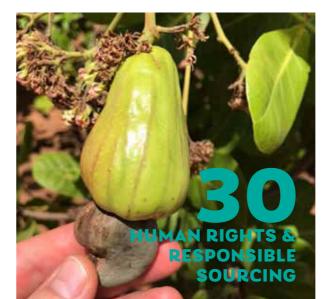
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SUB ARE SORENZ

For four generations we have been creating snacks for people all around the world, making the joyful moments in life even more enjoyable. It all began around 130 years ago.

1889. Hermann Bahlsen founded the Hannoversche Cakesfabrik with 10 employees, thus he also laid the foundation for our family business Lorenz. In addition to sweet biscuits, savory snacks are soon added to the product range.

1935. With our Salzletten, we establish a completely new category in Germany, which not only wins over our consumers here, but soon in many other countries as well. Today, our pretzel sticks are called Saltletts. The brand now includes many other products, such as pretzels and crackers.



1951. Europe gets its first automatic chips plant in Neu-Isenburg! American soldiers stationed here create a great demand and we are the ones to provide the first potato chips produced in Germany.



1963. With ErdnußLocken, we launch the very first peanut flips on the German market. In France, these tasty flips have actually been on the market since 1960 under the brand name "Curly".

1968. Europe's most modern chips production plant goes into operation: this is our plant in Neunburg vorm Wald, Bavaria. Over the following decades, we open further plants in Germany, Poland and in Russia.

1992 & 1993.

From this point on, get-togethers just aren't the same without our Crunchips brand, because where there is Crunchips, there is party! Just one year later, we launch our peanut snack

with the Double Crunch: NicNac's.

1999. Bahlsen splits into two independent companies. From here on, we go our own way with our savory snacks. We are Lorenz Snack-World.

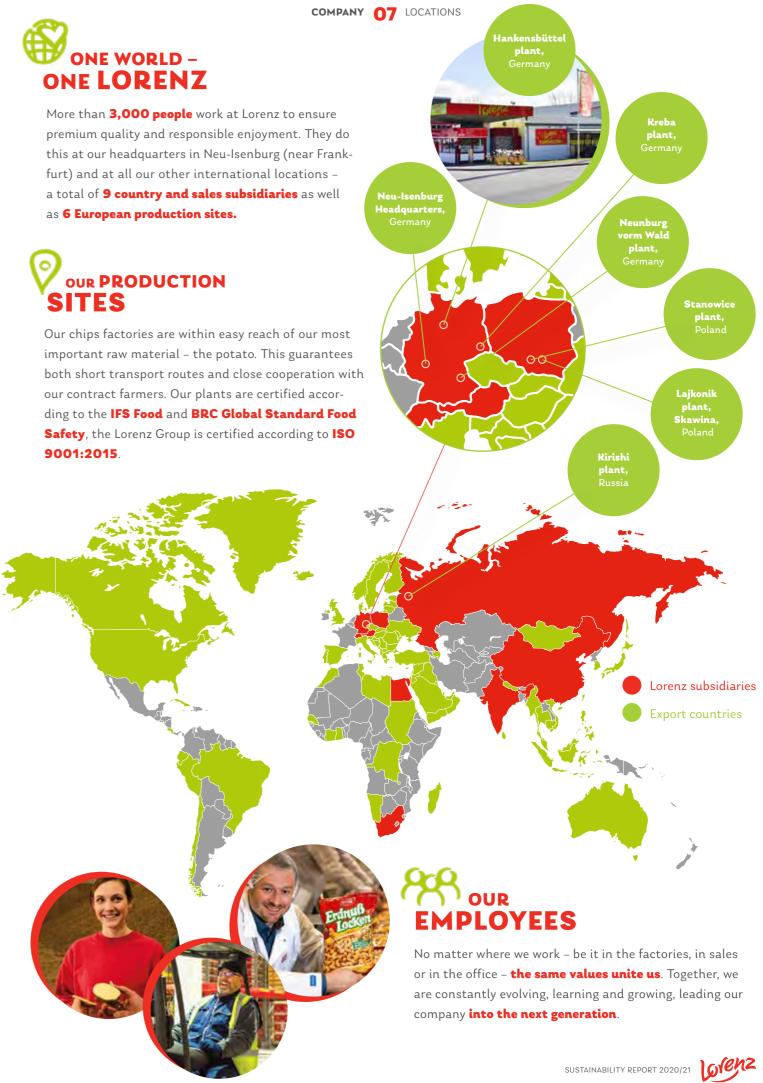
2019. At 72 and after 45 years of running the company, Lorenz Bahlsen hands over operations to his son Moritz and thus into the hands of the fourth family generation.

2021. We give Lorenz a new brand identity. Along with our new logo, we are also taking on the responsibility of finding real answers to the questions of our time. In this report, we want to show you what we've already achieved and what we still aim to do.



premium quality and responsible enjoyment. They do this at our headquarters in Neu-Isenburg (near Frankfurt) and at all our other international locations a total of **9 country and sales subsidiaries** as well

SITES





Grenz SUSTAINABILITY REPORT 2020/21



WIDE RANGE OF PRODUCTS

Our brands and products are **as varied and colorful** as the world: chips, peanut flips and other extruded snacks, pretzels, crackers, nuts, popcorn, tortilla chips or snack mixes. Our brands offer snacks for a wide variety of occasions, tastes and dietary requirements. From fine crisp to double crunch, from lightly salted to fiery hot, at home, at work or on the go, alone or together with family and friends - Lorenz is all about the right snack for the right moment.

OUTSTANDING QUALITY

When people enjoy our brands, they do so with all their senses. That's why we set **the highest standards** for our ingredients and raw materials, as well as for our manufacturing processes and product quality. We make sure that people can always trust the quality and safety of our snacks. Because we believe that only quality that you can taste is actually fun.

That's one of the reasons why people love our snacks. And for some of our brands, they have been doing so for quite a long time. We have been producing the Saltletts pretzel sticks, for example, for over 85 years, Curly peanut flips for more than 55 years and Crunchips potato chips for over 25 years.

REGIONAL AND INTERNATIONAL

In countries like Germany, Poland and Austria, some of our brands are leaders in their respective snack categories for many years. We also export them from our factories to over 80 countries around the world. And because consumer needs can vary greatly by region, we produce some brands only in and for specific regions.

IN TOUCH WITH THE LATEST **TRENDS**

We keep up with the times and are constantly improving our brands. We work on relevant innovations for more sustainability and healthier snacks. This includes, for example, products with **high-fiber ingredients** such as chia and flax seeds, lentils or guinoa. We also develop concepts to satisfy the wish for more regionality, for example nut-fruit mixes with local ingredients.

And of course, we also constantly develop the identities of our brands. Here, too, it is important to us not to produce any unnecessary waste. That's why we time changes in packaging design of each brand to take place only when the foils in the old design have been used up.

STRONG BRANDS













STRONG INNOVATIONS









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WE ACTION TARE ACTION FOR A MORE SUSTAINABLE FUTURE Lorenz

Consumer Health & Nutrition

- Human Rights & **Responsible Sourcing**
- **Our Employees**
- **Corporate Citizenship**



PEOPLE

OUR MOTIVATION

> Actually, we really only have one thing in mind: JOY OF LIFE. Because people need joy in their lives. It's in our nature. And snacking is simply part of it. Yet, we believe this also means that we must take on **RESPONSIBILITY.** To make sure that carefree joyfulness will also be possible in

the future. As a family business, we think in the long-term and operate sustainably. We don't act on the basis of quarterly results, but consider what will be important for the generations to come. That's why we make a sustainable commitment to the environment, to society and to our company every single day. And we are determined to improve the environmental and social impact of our actions as well as the nutritional properties of our products. With snacks that are always genuine, high quality and simply good.

OUR **ACTION FIELDS**

To bring our resolution to life, we asked ourselves in which areas can we make the most difference for a more sustainable future. We aligned these areas with our corporate values. And we also examined which areas are most important for society, including our consumers, employees and partners. On this basis, we have prioritized seven action fields, which we summarize under the two clear areas: People & Planet.

If joy of life is our motivation, then people must be at the center of everything we do. Because we produce snacks, our goals focus primarily on consumer health and nutrition.

However, respect for human rights and transparent, fair supply chains come before enjoyment. And wherever possible, we support people in need. Our activities and initiatives are focused on these goals.

IN LORENZ' FOCUS: PACKAGING & NUTRITION

Everything we do in our seven action fields is important and makes a great contribution to the sustainable development of Lorenz and our partners. Our work on climate goals or for transparent and fair supply chains is an example for this. However, two areas are particularly important to us. As a manufacturer of savory snacks, we can make the biggest difference to our consumers and the environment in the areas of packaging and in consumer health and nutrition. And that's why we focus on this. We work on making our snacks healthier





- Packaging
- **Climate & Resources**
- Sustainable
- Cultivation



If people are at the center, then it follows that environmental protection is also there. Because as humans we also need a safe, healthy environment and nature that surrounds us.

However, we do need a lot of resources and raw materials for our products. This is precisely where we see our particular ecological responsibility. From cultivation to production, from transport to consumption, we work to use raw material, water, energy, other material or land as sparingly and efficiently as possible and to promote the circular economy.

without changing their character. This starts with the raw materials that we use, continues with our manufacturing processes, and extends to the transparency we provide about ingredients and contents. Because our snacks are food, there are also high legal demands on the packaging of our snacks. Alternative, environmentally friendly solutions are still rare up to this day. That's why we work on reducing the use of materials, especially plastic, and on improving recyclability.





For the coming years and decades, we've set ourselves ambitious goals for our most important action fields. We've set these based on the requirements that not only our stakeholders but that we place on ourselves. In doing so, we've taken industry standards as well as our own potential analyses into account.

PACKAGING



By 2025, we want to reduce our use of plastic in our primary packaging by 15% compared to 2019.



By the end of 2022, 90% of our primary packaging will be recyclable (100% by 2025).



By the end of 2021, we will source exclusively FSC®certified paper materials.

CONSUMER **HEALTH &** NUTRITION



By 2025, we aim to reduce salt content across our entire product range by 15% compared to 2019.

New products must already contain **15% less salt** than the average for existing products of the brand.

CLIMATE & RESOURCES



By 2045, we will achieve net zero along the value chain.



By 2030, we will reduce our Scope 1 und Scope 2 emissions by 50% compared

to 2019

By 2030, we will become climate neutral in Scope 1 and Scope 2 (via climate protection projects).

HUMAN RIGHTS & RESPONSIBLE SOURCING



By the end of 2022, all our production sites will be audited according to the SMETA format.

We implement our Code of

Conduct in our company and with our suppliers.



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Climate action. SDG 13: We describe our climate activities in Climate & Resources on pages 24 to 27.

Decent work and economic growth, SDG 8: We're working on this in our action fields Human Rights & Responsible Sourcing (from page 30) and Our Employees (from page 34).



Partnerships for the goals, SDG 17: This is important for today and in the future across all our action fields (examples are our partnerships in Responsible Sourcing on pages 32 to 33).



PEOPLE

As a signatory of the Global Com-

pact, we actively support the UN's

Development Goals (SDGs). These

are intended to enable dignified life

worldwide by 2030 and at the same

time help to preserve natural resour-

ces in the long term. They are direc-

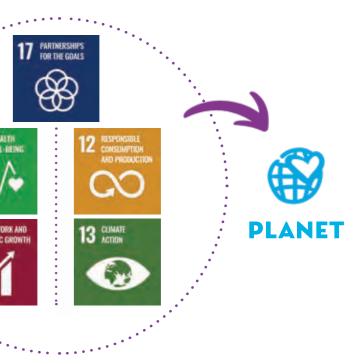
ted at the global community - in other

2030 Agenda with its 17 Sustainable

3 GOOD HEALTH AND WELL-BEIN 8 DECENT WORK AND ECONOMIC GROWT



words, at everyone: governments worldwide, but also civil society, science and the private sector. They include economic, ecological and social aspects. We've taken a closer look at the SDGs to see where we have the greatest opportunities, or which ones we can actually make a difference on. These are the following five SDGs:



Good Health & Well-being, SDG 3: With our activities in the Consumer Health &





At Lorenz, we want to improve things together. That's why Corporate Social Responsibility is a top management priority: our CSR Core Team reports directly to the Executive Board, which puts sustainable development at the center of our corporate strategy. Secondly, the CSR Core Team works closely with all units of our company to ensure that sustainability becomes an integral part of our activities. This is how it works: our Core Team develops our CSR strategy, defines our goals and the framework, and coordinates the implementation of activities internationally. The team is supported by so-called CSR Local Partners in our country divisions who are

responsible for individual activities and measures in their regions and drive them forward there. In addition, many colleagues from central departments, such as packaging or product development, purchasing or engineering, etc., take on their own CSR projects and activities as CSR Business Partners. They also enable networking within the company and take ownership on a subject-specific or cross-functional basis, locally or internationally. **This network-based and agile form of organization makes it possible to integrate CSR even more firmly in all of the company's business units.**



In order to advance our activities in our action fields, we are in continuous exchange with our stakeholders. CSR issues and their representatives are, for example, an integral part of our management committees and information events for employees. And of course, we report and discuss our plans, projects and achievements on our company intranet and in our employee magazine. In order to progress, we always think outside the box. Therefore, exchanging ideas with external stakeholders is particularly important to us, as are the perspectives and requirements of consumers, trading partners, suppliers, NGOs and legislators. Our active participation in industry initiatives such as the UN Global Compact or the Sustainable Nut Initiative, where we work together with other participants to find solutions to global challenges, also helps us in this regard.



NEW RECIPES, TRANSPARENT LOGAZ

Our approach: We keep the ingredients limited to what snack for themselves on the shelf.

NUTRI-SCORE

WE LOVE **OUR PRODUCTS FOR** WHAT THEY ARE:

Salty snacks that simply taste delicious and give pleasure.

We know that our brands are not vegetables. However, we also want to offer solutions for a modern way of life and diet and thus, continuously adapt our recipes.

This, for one, includes improving current nutritional profiles by reducing the content of salt. Additionally, we are developing new snack variants that meet different needs. for example, for a gluten-free or vegan diet.

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OBEING **TRANSPARENT**

No matter what nutritional profile a snack may have, it's important to us for everyone to be able to immediately see what is contained. In addition to the nutrition tables, we use clear icons on our packs to show which products are, for example, gluten-free or vegan. In Germany and Austria, we also print the Nutri-Score on the front of our packaging in an easily recognizable way, thus ensuring more transparency on the shelf.

ESS IS MORE

is necessary for the taste. Moreover, we pay attention to allergens in our ingredients and try to avoid them. And we develop recipes that fit many different diets and lifestyles. Today, our range already includes many vegetarian, vegan, gluten-free and some low-fat products. We communicate these offers with the help of clearly visible icons on our packaging. This means, everyone can quickly and easily find the right



We're continuously improving the nutritional properties of our products. One important goal of ours is to reduce salt content in our snacks. In newly launched products for example, we aim to use 15% less salt than what is usual for the respective brand. By 2025, we will also reduce the salt content across the entire range by 15% (compared to 2019). In addition, our product development focuses on offering tasty snacks with improved nutritional profiles, for example by using high-fiber ingredients such as whole grain flour and pulses. A good example of this is our Saltletts PausenCracker made with whole grain flour topped with chia, flax and sesame seeds, which we launched in 2019. At Lorenz, an international and interdisciplinary team from marketing, product development and quality management works closely together to develop snacks for all kinds of consumer needs.



-15% SALT

LORENZ' GOAL

It's our goal to reduce the salt content across our entire product range by 15% compared to 2019 by 2025.

New products should already contain 15% less salt than the average for existing products of the brand.

Oliver Sesto is responsible for Nutrition topics in Product Development at Lorenz.

🧒 NO ADVERTISING TO CHILDREN

We want to show that products which are fun and bring joy to life do not necessarily contradict corporate responsibility and transparency. This not only means that we communicate transparently and openly. We also want to direct our communication to the right recipients. That's why we have been committed to not targeting children with our advertising for many years and why we are a **member of the EU Pledge**. We specifically commit ourselves not to show any advertising to a target group under the age of 14 and to not use any images that exclusively show children or child-related motifs such as children's birthdays.

LORENZ' GOAL

NSPARENCY

By the end of 2022, we will label all brands that we sell in Germany and Austria with the Nutri-Score to ensure more transparency at the supermarket shelf.

LORENZ SNACKS ARE **"OFTEN GOOD AFTER"**

According to estimates by the World Health Organization (WHO), around 1.3 billion tons of food end up in waste bins every year. As a manufacturer, we take responsibility and look for ways to prevent food waste. One of the most common reasons for food waste is that many consumers mix up the bestbefore date (BBD) on the packaging with the use-by date. That's why we've joined the educational campaign "Often good after" in Germany and Austria which aims to help prevent food waste in private households. Since the beginning of 2021, we have placed the "Often good after" label of the company "Too Good To Go" and its educational campaign on many of our products. This encourages our consumers to look at the product and use their sense of smell and taste to judge whether the product is still enjoyable for them.





NUTRI-SCORE

FOR MORE TRANS-**PARENCY**AT THE SHELF

At the beginning of 2021, we introduced the Nutri-Score in Germany and Austria on our Saltletts, ErdnußLocken and Rohscheiben brands. Many other brands that we have on the market in these countries have followed since. This made us the first brand manufacturer in the snack sector to use this new, consumerfriendly food labelling system. The five-step color and letter scale allows a comparison of the nutritional value of food in the same category at a glance. The dark green "A" stands for a rather favorable, the red "E" for a less favorable nutrient composition of the respective product. "Although our products hardly have a chance to achieve an 'A' or 'B' score due to their energy density, we've deliberately chosen to use the Nutri-Score, because transparency is important to us," explains Oliver Sesto, who is responsible for Nutrition topics at Lorenz. With the voluntary labelling, we provide information about the nutritional value profiles, facilitate orientation at the shelf and thus, support responsible consumption. Our goal is to introduce the Nutri-Score wherever legislation allows us to do so.



LESS PLASTIC, MORE RECYCLING & MATERIAL WERE

FOCUSING ON PACKAGING

Shelf life, transport protection, product safety and taste preserving

Our packaging has a lot of work to do in order to guarantee that our snacks can be enjoyed. In our wide range of products, we use a lot of different types of packaging made from a variety of materials. We see savings and optimizations here as a great opportunity on the way to more sustainability.

We're tackling it.

REDUCE, RECYCLE, REPLACE

Dealing with plastic waste and micro plastics are among the most urgent challenges in environmental protection. That's why in packaging we can make a really significant, direct contribution to the protection of resources and the environment. It's our principle to "Reduce, Recycle, Replace": we've set ourselves the goal of reducing our plastic use to the bare minimum, increasing recyclability and using more sustainable and ecologically compatible material wherever possible.

Thiletts

TAKING A CLOSER LOOK AT ALL PACKAGING

Best product protection for premium quality with as little packaging as possible. Even now, an empty chips bag weighs only a few grams. Nevertheless, we're looking for ways to further reduce our use of plastic to protect resources. In doing so, we go right down to the last detail. Our international packaging team keeps a close eye on each of our brands so they can identify ways in which we can reduce plastic even more. This is not an easy task, as packaging still has to meet all requirements in terms of food safety, product protection and product guality. However, we've already precisely examined where we can reduce the thickness of the foils we use on the one hand and where we can shorten the existing foil packaging on the other. At the same time, we're looking for new, innovative solutions to achieve our goal: By the end of 2025, we want to be using 15% less plastic materials for our primary packaging compared to 2019.

"By reducing plastic and optimizing sustainable packaging, we make an important contribution to the protection of resources and the environment."



Ly Vu is responsible for Packaging Management at Lorenz.



We want to reduce our plastic consumption in our primary packaging by 15% compared to 2019 by the end of 2025.



CIRCULAR ECONOMY: We use recyclable materials that can be disposed of separately and recycled according to existing disposal structures.

Z DESIGNED FOR RECYCLING

Nuts in a jar, chips in a paper bag? We're examining all sorts of different materials to see if they could be a suitable, more sustainable alternative to our plastic foils. At the moment, however, we're still reliant on the foils, partly because of the demands we put on the safety and quality of our snacks, our goal to have the longest possible shelf life, and other factors. Where we can't do without, we want to recycle. That's why, in addition to avoiding waste, we're doing everything we can to further increase the recyclability of our plastic packaging. We already use mono-plastic packaging for most of our chips brands, for our Curly brand, for all our other extruders as well as for our Saltletts products. Every single one of these packs already is recyclable. And we don't stop there. We also think about recyclability when it comes to the boxes in which we deliver our products to retailers: we print the FSC® certified cartons with only one color as this increases

their recyclability. But we want to do even better. By the end of 2022, 90% of our primary packaging will be recyclable and by the end of 2025 we will **also convert the remaining 10%**. By consistently converting the packaging, the material can be separated in a better way in the future and reprocessed as a recycled raw material into new plastic products.



CARDBOARD & PAPER FROM **RESPONSIBLE** SOURCES

The best packaging waste is that which is not generated in the first place. Where necessary - for transportation and to protect our products – we ensure that our packaging comes from responsible sources. When using wood-based packaging materials, we therefore rely on the certification of the Forest Stewardship Council[®] (FSC[®]-C133957). The FSC[®] sets internationally valid environmental and social standards for responsible forest management. Regular audits and employee training ensure that all packaging with the FSC® label was actually produced from the corresponding raw materials. All FSC®-certified materials can be identified at any time in our process chain. This way, we







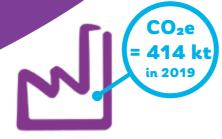
meet the requirements of the FSC[®] standard for exemplary forest management at all our production sites and headquarters. 100% of the cardboard packaging we use is FSC[®]-Mix certified and mainly consists of recycled materials. A large proportion of the remaining wood fiber materials are also already sourced with FSC®-Mix

100% FSC® CERTIFICATION

By the end of 2021, we aim to source all cardboard, spiral and cutted cans, POS materials and Paper labels with FSC® certification.

FOCTOISSED

USE RESOURCES USE RESOURCES RESPONSIBLY, RESPONSIBLY, REDUCE GREENHOUSE GAS EMISSIONS



LORENZ' CO₂-EQUIVALENT IN 2019

CLIMATE CHANGE ...

... is one of the most pressing challenges of our times and we all know what needs to be done:

- use resources responsibly
- save energy
- reduce CO₂ and other greenhouse gas emissions

We reduce our resource consumption and emissions in our value chain. Most of our own energy requirements are covered with natural gas. Though we can't replace this yet, we can at least reduce it. Where we use electricity, we rely on power from renewable energies and produce part of our own energy supply ourselves. We want to do our part to limit global warming to 1.5°C: By 2045 we aim to reach net-zero.

To DO BETTER

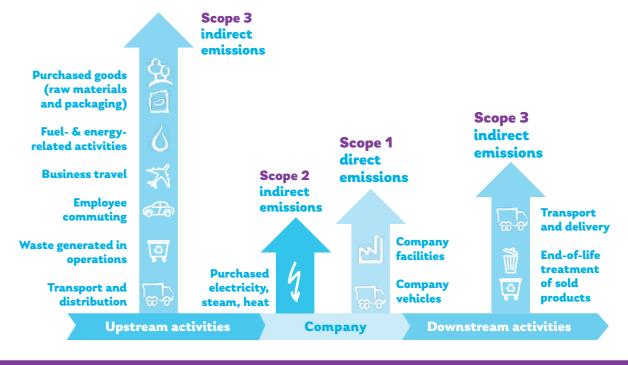
The sustainable use of energy and the efficient use of resources have always been important to us over the years. In 2012, we were already sourcing power from renewable energies at all our German sites. Now, for the first time, we've calculated our carbon footprint for 2019 in accordance with the official standards of the Greenhouse Gas Protocol (GHG-Protocol) and know exactly where we're at when it comes to CO2 and greenhouse gas emissions. In the corporate carbon footprint analysis, three scopes are being analyzed separately for their respective greenhouse gas emissions:

- 1. Emissions caused directly by our company facilities and fleet
- 2. Emissions caused by our purchased energy
- 3. All emissions accrued along our value chain

OUR STATUS QUO LORENZ' CARBON FOOTPRINT

Lorenz Group's carbon footprint in 2019 is a CO₂ equivalent (CO₂e) of 414 kt. This is the value against which we will measure ourselves in the upcoming years. The analysis shows that we actually can influence almost a quarter of emissions directly at our sites. Accounting for 77%, most CO₂ is emitted before and after production – for example, during the cultivation and production of the raw materials that we use, or during the transport of our products to retailers. In close cooperation with our suppliers and service providers, we particularly aim to improve in the field of Scope 3 emissions. Altogether, we have set ourselves company-wide climate targets and started to implement them.

OUR CARBON FOOTPRINT: ANALYZING OUR VALUE CHAIN

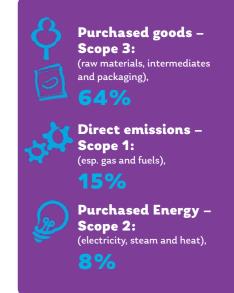


THE 3 SCOPES OF OUR CARBON FOOTPRINT: SCOPE 1: Direct emissions at our production sites, administrative & sales offices and company vehicles.

SCOPE 2: Indirect emissions from purchased energy such as electricity, heat, steam, etc.

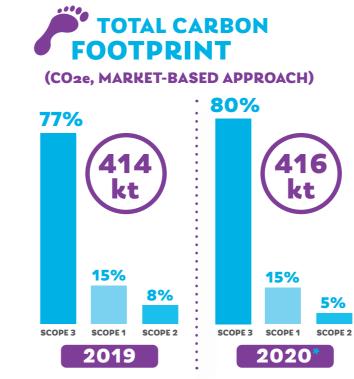
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OUR TOP 3 EMISSION SOURCES IN 2019



SCOPE 3: : Indirect emissions that occur along the value chain, e.g. during production of raw materials, transport and waste disposal.

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*Logistics data for Germany is from 2019 and will be adjusted as soon as current data for 2020 is availabl



WE USE RESOURCES RESPON-

SIBLY. To keep resource use in our production plants as low as possible, we rely on recycling. For this, for example, we extract the starch from the water that we use for washing the potato slices. This starch is then re-used in our production. The potato peels are also used as a natural raw material for energy production in our own or external biogas plants. We use the filtered and treated water for potato pre-washing, thus reducing our water consumption. At our plants in Neunburg and Stanowice we also operate our own wastewater treatment plants.







WE USE POWER FROM RENEW-

ABLE ENERGIES. Our six plants and most administrative offices already use green power from wind & hydropower. By 2023, electricity at all sites will be supplied by power from renewable energy sources. However, to produce our snacks, we mainly use natural gas, a fossil fuel. This is one of the biggest challenges we face. Since to date there are hardly any sustainable alternatives with which we can cover the energy that is required for the necessary baking and frying processes using fewer resources. That's why we will continue to work on reducing the amount of natural gas used while we look for new solutions.

WE PRODUCE PART OF OUR **ENERGY REQUIREMENTS OUR-**

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SELVES. Wherever possible and reasonable, we generate our own power. For example, a photovoltaic system with an output of 830 kWp is currently being installed at the Hankensbüttel production site. This will cover around 9% of the site's own power requirements from 2022. Additional systems for our other sites are already being planned. Furthermore, we have our own combined heat and power facilities at each of our factories in Neunburg and Kreba, and use most of the energy and heat generated from these systems ourselves. The factory in Neunburg, for example, covers 17% of its power needs from its very own facilities. At the Neunburg and Stanowice sites, we also operate our own biogas plants in which production waste is being used to generate energy.



German sites operate a certified energy management system in accordance with ISO 50001. This means that we carefully document and analyze energy consumption in our locations. Based on this, we continuously optimize our processes and increase our energy efficiency. We are switching to LED lighting, using heat recovery systems and modern energysaving machinery. Between 2014 and 2019, we also reduced greenhouse gas emissions in the logistics sector by 24%. For this, we received the "Lean & Green 1st Star" award of the non-profit initiative GS1 Germany in March 2020.





WHY INDIRECT EMISSIONS IN THE **SUPPLY CHAIN ARE A CHALLENGE ...**

... AND HOW WE WANT TO DO BETTER. We have largely reduced our CO2 emissions in all fields over which we have direct influence. We've improved because we use more green power, save energy and resources - re-using them where possible - and avoid waste. Our emissions intensity, that is our emissions per ton of finished product, declined by 1.8% in 2020. Nevertheless, our absolute carbon footprint increased by 2.2 t CO2e. The reason for this, among others, is that we purchased more raw materials from our suppliers than in 2019. However, emissions are produced during cultivation, production, further processing and transport, and thus these purchased goods account for the largest share of our CO₂ emissions. Together with our suppliers, we will therefore seek to find more climate-friendly solutions for the production and cultivation of our primary products. Our focus here is on reducing emissions through soil cultivation, sowing, fertilizers, irrigation and much more. In 2022, we will set ourselves definite reduction targets in the areas of the upstream and downstream value chain. In cooperation with our suppliers, we will derive suitable measures to meet our climate targets.

LORENZ' GOAL

OUR PATH TO NET-ZERO WE WILL ACHIEVE NET-ZERO ALONG OUR VALUE CHAIN BY

WE WILL REDUCE SCOPE 1 AND 2 BY 50

COMPARED TO 2019. WE WILL BECOME CLIMATE NEUTRAL IN SCOPE 1 AND 2 BY 2030

2045



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PRESERVING DIVERSITY, ENHANCING ENVIRONMENTALLY RIENDLY W

FOR US. TAKING **RESPONSIBILITY** FOR THE ENVIRONMENT AND NATURE

gates. Even before the first snack is produced, we focus on upstream processes to preserve an intact environment for future generations. After all, top-quality agricultural products are at the heart of our snacks. To continue sourcing highquality potatoes for our chips in the future, we work hand in hand with our contract farmers to promote environmentally friendly and resource-conserving cultivation. And, we work on preserving biodiversity in the regions where our raw materials are being grown to protect the soil and forests.

FLOWERING AREAS FOR MORE BIODIVERSITY

The preservation and promotion of biodiversity is essential for us as it ensures both crop yields and quality in the long run. Wild bees and other insects that pollinate wild and certain cultivated plants play an important role here. That's why we support various initiatives in Germany and Poland which actively promote bee conservation and biodiversity. Back in 2016, we launched the bee protection program "Bees, our little heroes" at our **Polish production site in Stanowice**. In this program, we work together with farmers and beekeepers from the region and provide the seeds to plant flowering areas. In 2020, a total of 500,000 sqm of arable land was used for the sowing of bee-friendly plants. At our German production site in Hankensbüttel, we support the "Vielfalter" project of one of our contract farmers (von der Ohe family). With our support, a total of 6,000 sqm of so-called "flower **bloom paths**" were created in the area in 2020, which mix cultivated areas of organic farming with specially selected flower seeds. We'll be continuing and expanding our commitment in this area in the future.

CONTROLLED **CONTRACT** CULTIVATION FOR HEALTHY SOIL

We've been working hand in hand with many of our farmers for a long time. In potato cultivation, for example, we maintain partnerships with over 380 farmers, some of these for more than 50 years. Documented data on fertilization, irrigation and soil conditions as well as targeted controls which start from the planting up to harvesting provide important information. This ensures successful cultivation that also respects the soil and the environment. Through pilot projects, we want to build on this know-how in order to increase transparency in the supply chain and further promote sustainable agricultural practices.



CAREFUL SELECTION OF OUR VEGETABLE OILS

For deep-frying and baking our snacks we exclusively use rapeseed oil and sunflower oil. The last plant to switch to sunflower oil was our Kirishi site in 2021. Palm oil is only used indirectly by us, for example as an ingredient in flavorings. If palm oil is included here, we emphasize the importance of its sustainable sourcing. We are therefore a member of the Roundtable on Sustainable Palm Oil (RSPO), founded by the WWF to promote sustainable cultivation methods for palm oil. To date, 98% of the palm oil we use as an ingredient in intermediate products is RSPO certified under the "Mass Balance" supply chain model. It's our goal to increase this rate up to 100% and to only use sustainable palm oil.

WE'RE COMMITTED TO **PROTECTING FORESTS**

When sourcing raw materials such as paper or palm oil, we rely on the certification standards of the FSC® and RSPO, which aim to prevent land-use change and thus prevent deforestation. In December 2020, we also signed a joint statement for deforestation-free supply chains with the Initiative for Sustainable Supply Chains (INA) and 14 other companies. Our appeal to the EU: All regulatory measures must reduce not only illegal but also legal deforestation and thus promote sustainable production of agricultural commodities.

It's a great feeling when the flower seeds come up, and when we can see the results and the positive contribution we make for bees and other insects directly on site. We're already looking forward to the next season.

Patrycja Skorupska-Furdykoń, **Quality Coordinator** at Lorenz



COMMITMENT TO COMMITMENT TO TRANSPARENT FRANSPARENT FRANSPARENT AND FAIR IN SUPPLY CHAINS

We feel responsible towards all people connected with Lorenz to our consumers, our own employees, our business partners and suppliers, and to the large and small producers of our raw materials all over the world. This also includes ensuring fair and respectful working conditions along the value chain. Given the complexity of global supply chains, this is a major challenge that we are constantly working on. To achieve our goals, we actively participate in initiatives such as the UN Global Compact, the Sustainable Nut Initiative (SNI) and the Initiative for Sustainable Agricultural Supply Chains (INA).



WE KEEP OUR WORD

Impeccable value-based, ethical, legal and economic behavior is the foundation of our company. To this end, we've imposed rules on ourselves, which we have laid down in our Code of Conduct. It contains 14 principles complying with the UN conventions and the core labor standards of the International Labor Organization (ILO). We have been applying this Code of Conduct throughout the Lorenz Group ever since its introduction in 2019. To ensure that this attitude is being lived up to internally, all our employees receive training on this.

ETHICS UNDER SCRUTINY

All employees should know and share our values. In addition, we have our sites audited within the framework of so-called **SMETA** audits. SMETA stands for "SEDEX Members Ethical Trade Audit" and this is one of the most frequently used auditing procedures for sustainable and ethical behavior in business. Our plants in Neunburg, Hankensbüttel and Stanowice were last audited in 2019/2020. It is our goal to have all our production sites audited by the end of 2022. The audit focuses on working conditions and occupational safety as well as topics such as environmental management and business ethics. It is verified whether our processes in these areas comply with national laws and standards of the Ethical Trade Initiative (ETI).

LORENZ' GOAL

It's our goal to have all production sites audited according to the

SMETA format by the end of 2022.



TELL US! we PROTECT WHISTLEBLOWERS

Since July 2020, all employees have been able to confidentially report violations to our Code of Conduct, laws or other regulations via our internal Tell us! portal. The online reporting portal is provided by an independent service provider. This guarantees anonymity and promotes an open, transparent corporate culture. With this platform, we offer every employee an open ear for his/her concerns at any time, without having to fear any consequences. This allows us to react at an early stage, to stop possible misconduct, to resolve conflicts and to prevent damage.

LOGISTICS INITIATIVE FAIRTRUCK

By joining **FairTruck**, we commit ourselves to fair treatment of our professional drivers. As the initiator of FairTruck, Logistik Initiative Hamburg is committed to improving working conditions. For us as a family business, FairTruck offers the opportunity to react more quickly to the needs of our numerous drivers and to show them our appreciation.

FAIRTTRUCK

Code of Conduct training at our plant in Neunburg





SOURCING RAW MATERIALS RESPONSIBLY

We obtain raw materials such as potatoes directly from our contractual partners in the vicinity of our production sites. Other natural products such as peanuts or cashews are sourced from countries like Mozambique or India. Here, supply chains are much more complex, as various parties such as small farmers, local processors, intermediaries and exporters are involved. Direct contact with the grower is not always possible. Therefore, we are working together with our suppliers and partners on solutions to establish control and transparency mechanisms along our supply chains. As a first step, we have drawn up a **code of conduct** for business partners in which we define criteria for sustainable cooperation. These are based on the ILO core labor standards and the principles of the UN Global Compact. Amongst others, this includes complying with minimum social and ecological standards, respecting fundamental human rights such as the exclusion of forced labor and child labor, and taking a stand against all forms of discrimination, corruption and bribery. Our existing contractual partners for raw and packaging materials are obliged to sign our Code of Conduct by the end of 2021. Here, this is also a prerequisite for new supplier relationships. In addition, we are setting up a database to make it easier to identify risks in the supply chain and to define appropriate measures in the future.







"We're setting up transparent supply chains to promote social and environmental development along the value chain from'field to fork'. Only if we all pull in the same direction can we establish sustainable supply chains all the way through to the local growers. A good example of this is our commitment in Mozambique."

> Julien Lavarini, Manager Responsible Supply Chain, Lorenz

COMMITMENT TO SUSTAINABLE DEVELOPMENT IN MOZAMBIQUE

In addition to agreeing on codes of conduct, it's equally important for us to involve local residents. In Mozambique, for example, we've been actively involved in the **Cashew Development Fund** since 2018. Its aim is to promote social and economic development in the world's most important production country for highquality cashew nuts and to strengthen the income situation of small farmers. Our partners in this initiative are, amongst others, the Norwegian family-owned company BRYNILD and the NGO Norges Vel. Since 2020, there's also been a development partnership with the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ). Local activities include the establishment of tree nurseries in the Nampula and Zambezia regions. 170,000 trees were planted there between 2018 and 2020. Additionally, many local farmers have been trained in good agricultural practices as part of this initiative. The measures implemented by GIZ are part of the ProEcon-PROMOVE Agribiz project, which is financed by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Union (EU).

In addition to the small farmers growing our cashews, we also support the processing companies from which we buy the cashews. We want to build long-term, good customer relationships. This includes supporting our partners financially in challenging times so that they are less vulnerable to harvest-related fluctuations. From 2021 onwards, we contribute to the financing of an on-site nursery school at our supplier to support the employees and promote children's education.

MORE TRANSPARENCY IN THE NUT SECTOR

Since January 2020 we've been a member of the Sustainable Nut Initiative (SNI). The association of many actors in the nut sector is working on more transparency and higher standards in the nut supply chain.



INA

SUSTAINABLE AGRICULTURAL

The Initiative for Sustainable Agricultural Supply Chains (INA) brings together stakeholders from the private sector, civil society and politics. We are also a part of this. Together, we strive for sustainable global agricultural supply chains which also improve the living conditions of small farmers. In 2020, we cooperated with INA in the research and development of a bio spray for cashew farming.

OPEN CORPORATE EVEODMEN

It's not the snacks that are most important, but the **PEOPLE**.

At Lorenz, this includes over 3,000 colleagues at various international locations. And wherever we work - at our production sites, in our sales teams or at our offices - the same values unite us. With our brands, we want to make the enjoyable moments with friends and family just that little bit more enjoyable. To ensure that we succeed at this, everyone at our company takes responsibility for the high guality of our products as well as for the sustainable and economic development of our family business. Thinking outside the box, trying out new things, learning from mistakes, celebrating successes – we create the room and opportunities to help shape the future of snacks and our company. Together we're constantly progressing, learning and growing. What matters most to us are team spirit, cooperation and mutual respect.

PRR EMPLOYEE FEEDBACK

We want to get better at what we're doing every day.

To do this, we need a working environment in which everyone can grow and develop. To find out where we're at, we interviewed our employees in autumn 2020. In the Lorenz Mood Barometer, we wanted to know: How are you doing? Where are we well positioned? Where can we improve together? We're pleased that 86% of us are proud to be working for Lorenz. Around 81% think that Lorenz' values are also being lived up to in their department. Our respondents see the greatest strengths of the company in our brands and the high-quality standards. Many employees are also satisfied with teamwork and internal cooperation. Of course, there's also room for improvement, in the areas of workload and training opportunities, for example. We will be conducting the Lorenz Mood Barometer regularly to keep track of changes and progress, and to develop appropriate measures.

HEALTH & SAFETY ON THE JOB

Occupational health and safety is integrated into all our operations to create a safe working environment. We conduct work safety training for our employees, depending on the workplace. In recent months, the Corona pandemic also turned many things upside down for us. We're doing everything we can to protect and support our employees. A detailed hygiene concept and daily updates on the situation are just as much a part of this as life counseling, support services and even vaccination appointments at our sites.

Our company health management is tailored to the needs of the respective sites. This ranges from fruit days to shoe measurements for the right-sized safety shoes

in our plants and from discounts on sports offers and cooperation with fitness studios to tips and advice on health protection. At many of our locations, we offer certain medical benefits, such as flu vaccinations and preven tive services.

YES

SAY

EMPLOYEES

OUR



NO

86% 81% 0 ldentification with the company Values are lived in departments ACCORDIN STRENGTH REATEST

We support our employees beyond their workplace. In Germany, for example, our employees have access to a wide range of PME family services to help with childcare, care for ill relatives and other private crises. Since 2020, all our German employees have also been able to take advantage of a JobRad (company bike) offer.

Agile working: The demands imposed on us by our environment, but also by ourselves, are changing at an ever faster pace. Only as a learning organization can we stay one step ahead. That's why we are firmly establishing agile working methods in our company alongside our proven methods. And agility can do more: it helps us to manage complexity and speed, and to reduce stress and workload. To this end, we defined 4 Cornerstones for our cooperation: "Competence before Hierarchy", "Go for Collaboration", "80 is the New 100" and "Pull instead of Push!" We've also developed a tailor made coaching and training program for agile methods and introduced new digital tools.

CAREER OPPORTUNITIES

In order to place "career opportunities" at our core, we've established our own internal training platform, the "Lorenz Campus". Here, we offer a wide range of career opportunities to our staff, for example in the areas of specialist knowledge, personal development, process knowledge and management training. To do so, we work with external trainers and also promote methodological competence of internal trainers. Due to pandemic restrictions, we have now converted many training formats to online offers and have taken a big step towards the general digitization of training. In this direction, we would like to expand our training offer even more in the future.



CITIZENSHIP ACTIVITES



ÄRNTNER IN NOT

Our team at the Austria office has been donating to "Kärntner in Not" (Carinthians in need) over the festive season for many years. The non-profit organization helps families and individuals in the Austrian province who have been struck particularly hard by fate.

"The wishing tree campaign is twice the fun every year, for both the children and for us."

Sarah Schmitt



We say "Thank you!". Holger Rothfuchs, Managing Director Lorenz Germany, distributing products to Corona helpers.

OUR SOCIAL AND CORPORATE RESPONSIBILITY

As a family business, we want to give something back to the communities in which we operate and get involved with those who need help.

We support charities and social facilities with regular donations and local employee's activities at many of the Lorenz locations - often directly in the neighborhood of our sites. Here are a few examples:

CORONA CAMPAIGN "THANK YOU FOR BEING THERE!"

Showing solidarity with all the helpers who provided care and ensured our social coexistence during the difficult time of the Corona pandemic is important to us. Our contribution: providing comfort food, ensuring little breaks, giving some fun and quiet moments. In the Corona year 2020, we donated around 150 pallets to various institutions and facilities in Germany, Austria and Poland.

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BÄRENHERZ FOUNDATION

In 2020, as in previous years, we continued our support for the Bärenherz Foundation in Wiesbaden with a donation at Christmas time. The foundation supports seriously ill children and their families.

WISH TREE

CHRISTMAS

Since 2018, our employees have been fulfilling Christmas wishes for children at a social facility in the Frankfurt area. The wish cards are placed on the Christmas tree in the Lorenz canteen at the company's headquarters in Neu-Isenburg.

YOU TOO CAN BECOME SANTA CLAUS!

At our Polish site in Stanwice, we organize an annual Christmas gift campaign for the children in a local orphanage. All employees can participate and become "Santa Claus" themselves.





WE HAVE SIGNED THE NGOBAL COMPACT

WE SUPPORT



In December 2020, we signed the UN Global Compact and have thus become part of the world's largest corporate sustainability initiative.

The UN Global Compact is based on 10 universal principles that apply to human rights, labor standards, the environment and corruption prevention, as well as the 17 Sustainable Development Goals (SDGs). For us as a company, this means that we continuously align our activities and strategies with these goals.

The following overview shows how the 10 principles of the UN Global Compact align with our measures and goals in the Sustainability Report.

PRINCIPLE

ACTIONS

HUMAN RIGHTS

Principle 1: Respect for international
Human Rights
Principle 2: No complicity in human

LABOR

Principle 5: Abolish child labor Principle 6: Eliminate discrimination

ENVIRONMENT

Principle 7: Support a precautionary
Principle 8: Promote greater
Principle 9: Encourage the diffusion of

ANTI-CORRUPTION

IMPRINT

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Note

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Disclaimer

All information in the Sustainability Report 2020/21 was collated and processed with the greatest of care. Nevertheless, errors cannot be excluded in full. All future-oriented statements were made on the basis of current assumptions and estimations at the time of publication.

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