

F R U I T STARCH S U G A R

The natural upgrade

Sustainability along AGRANA's value chain 2022 23





AGRANA'S UNDERSTANDING OF SUSTAINABILITY

AT AGRANA, WE ...

- utilise almost 100% of the raw materials employed and use low-emission technologies to minimise impacts on the environment
- respect all our stakeholders and the communities where we operate
- engage in long-term partnerships





AGRANA'S CORE SUBJECTS ALONG THE VALUE CHAIN



Taking TCFD recommendations into account since 2019|20



SUPPLY CHAIN

ENVIRONMENTAL & SOCIAL CRITERIA IN RAW MATERIAL PROCUREMENT





PROCESSING OF 8.6 M TONNES OF AGRICULTURAL RAW MATERIALS





RAW MATERIAL PROCUREMENT

ENGAGEMENT IN THE UPSTREAM VALUE CHAIN

Social criteria in procurement

 Reference on AGRANA Code of Conduct in AGRANA Principles for the procurement of agricultural raw materials and intermediate products, Terms & Conditions, as well as individual contracts

Environmental criteria in procurement

 AGRANA Principles for the procurement of agricultural raw materials and intermediate products (incl. the AGRANA Code of Conduct) in Terms & Conditions as well as individual contracts



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GENERAL PRINCIPLES FOR THE PROCUREMENT OF AGRICULTURAL RAW MATERIAL AND INTERMEDIATE PRODUCTS

Due to its business activities, adding value to agricultural raw materials in the Fruit, Starch and Sugar segments, efforts to ensure sustainability represent an important part of AGRANA's business model.

AGRANA considers sustainability to be a balance of economic, environmental and social aspects in the context of its commercial operations. The following three principles summarise AGRANA's understanding of sustainability:

- The utilisation of almost 100% of the agricultural raw materials employed and the use of low-emission technologies in processing in order to mitigate impacts on the environment
- · Respect of all stakeholders and societies in which the company operates
- Aiming for long-term partnerships with customers and suppliers

AGRANA aims to act economically, environmentally and socially sustainably along the entire value chain, which also includes the procurement of agricultural raw materials and intermediate products. These principles implement the sustainability criteria for agricultural raw materials and intermediate products applied by AGRANA in more detail. Based on these principles, AGRANA contributes to reaching the UN's Sustainable Development Goals, particularly Goal 15 (Life on Land), Goal 13 (Climate Action), Goal 6 (Clean Water and Sanitation) and Goal 14 (Life below Water).

For AGRANA, compliance with the following principles represents a precondition for the conclusion of supply contracts for agricultural raw materials and intermediate products.

1. Compliance with legal requirements

Every procurement procedure is subject to compliance with all relevant legal requirements and regulations.

AGRANA reserves the right to demand stricter requirements in those cases in which the company does not regard the legal basis as being adequate.

2. Compliance with social standards

AGRANA expects its suppliers to comply with AGRANA's Code of Conduct in which minimum social standards are defined. Suppliers are also required to ensure compliance with these minimum requirements when dealing with sub-suppliers.

3. Good Agricultural Practices (GAP)

Irrespective of the procurement model, AGRANA strives to rely exclusively on agricultural raw materials and intermediate products grown according to GAP.

As evidence of compliance with the requirements of GAP, AGRANA accepts certifications and verifications based on international standards such as Global GAP, Rainforest Alliance, International Sustainability and Carbon Certification (ISCC), Bonsuron, Farm Sustainability



RAW MATERIAL PROCUREMENT

SUSTAINABLE AGRICULTURE INITIATIVE PLATFORM (SAI)

- SAI Platform is an initiative of stakeholders of the food industry, founded in 2002 by Nestlé, Unilever and Danone.
- SAI Platform develops principles and practices of sustainable agriculture
- SAI Platform's 2 major tools to document sustainable environmental and social practices in the agricultural value chain
 - Farm Sustainability Assessment (FSA) depending on fulfilment of criteria each farm receives "Gold", "Silver" or "Bronze" level
 - Benchmarking Tool for international certification standards & national legislation
- 2023: verification according to FSA 3.0



Farm Sustainability Assessment (FSA) & Benchmarking Tool

- FSA is a questionnaire (applicable worldwide), that enables agricultural producers to assess the status of their operations in terms of environmentally and socially sustainable production (109 questions on farm management, soil and nutrient management as well as plant protection).
- The benchmarking tool compares requirements of internat. certification standards with the requirements of the FSA-questionnaire



SAI FSA RESULTS SUGAR BEET, POTATOES AND APPLES FROM CONTRACT GROWING





RAW MATERIAL PROCUREMENT ENGAGEMENT IN THE UPSTREAM VALUE CHAIN

- Contract growing of potatoes (AT, CZ) and special corn (AT) (conventional & bio)
- Established "AGRANA4You"-programme: network of AGRANA-agronomists provides consulting on good agricultural practices to contract growers
- ISCC or AACS certification for wheat starch/bioethanol production in Pischelsdorf (FSA silver equivalent).

• 2017: application of FSA framework

- sustainable agricultural production for sugar beet, potato and corn
- Regular external verifications by independent bodies
- **2023**: re-verification according to FSA 3.0





ACTIVITIES IN THE VALUE CHAIN OF FRUIT PREPARATIONS

- **Customer specific sourcing of raw materials**: In 2022|23, 20.8% of ingredients (fruit and others) processed were sustainable
- Evaluation of suppliers for their adherence to social criteria through SEDEX
 - in 2022|23, AGRANA held SEDEX-documentation for 75% of raw material volumes processed
- Established network of AGRANA agronomists to consult contract growers (e.g. in Mexico)
- Regenerative agricultural (RegAg) practices in fruit cultivation
 - AGRANA Fruit developed guidelines for ground, bush and tree fruits
- Pilot projects partnerships with:

GRA

- Blueberry producer in Canada & strawberry grower in Mexico
- Measures: minimally invasive soil tillage, cover crops and mulching
- Targets (in Canada already achieved): negative CO₂ balance, improved soil health and increased species diversity





RAW MATERIAL PROCUREMENT

ACTIVITIES IN THE VALUE CHAIN OF FRUIT JUICE CONCENTRATES

- Implementation of a sustainable and state-of-the-art apple growing system taking into consideration sustainability aspects and traceability of the product
- In cooperation with the Dresden Pillnitz breeding institute, so called RESISTANT apple sorts ("Re-sorts") were identified as best choice to be cultivated under the given climatic conditions to reach the strategic targets.
- Development of a cooperation model between AUSTRIA JUICE and Hungarian farmers in order to encourage the farmers to plant these re-varieties.

Benefits of Re-Sorts

- Approx. 60 % less pesticide use than regular varieties
- Less environmental impact
- Secured traceability
- Close cooperation with farmers enables the use of SAI's FAS questionnaire





RAW MATERIAL PROCUREMENT SUSTAINABLE JUICE COVENANT



- In 2018, AUSTRIA JUICE became a member of the Sustainable Juice Covenant
- The Sustainable Juice Covenant is a global initiative of the major beverage manufacturers
- Aim of the initiative is the 100% sustainable procurement, production and marketing of fruit- and vegetable-based juices, purees and juice concentrates by the year 2030
- The Sustainable Juice Covenant accepts the Farm Sustainability Assessment (FSA) of the Sustainable Agriculture Initiative Platform (SAI) as the central proof of sustainability
- In 2022 | 23, 33 % of raw materials processed by AUSTRIA JUICE held FSA or FSA-equivalent status of at least silver.



AGRANA PRODUCTION ECO-EFFICIENCY OF OUR PRODUCTION





ECO-EFFICIENCY OF OUR PRODUCTION EFFICIENT USE OF RESOURCES

EFFICIENT USE OF AGRICULTURAL RAW MATERIALS

98.6 – 99.9% use of agricultural raw materials

AGRANA's high utilisation rate reflects:

- The efficient use of raw materials
- as well as its technological innovativeness and product development capabilities
- Efficient use of raw materials is an economic imperative and a way of practicing corporate social responsibility
- Reduction of waste





ECO-EFFICIENCY OF OUR PRODUCTION

WASTE

- It is AGRANA's operating principle to maximise the utilisation of agricultural raw materials by making valuable by-products, contributing to the economic and social bottom line.
- The production of a wide range of by-products reduces the amount of waste to an absolute minimum!
- The by-products make a **substantial contribution** to the Group's profitability and fulfil an **ecological function** (minerals and other nutrients are returned to the natural environment, thus creating a desirable closed ecological loop)
- In 2022|23, on average, AGRANA only generated 13.6 kg of waste per ton of product output in the AGRANA Group, thereof 117 grams of hazardous waste

AGRANA Group	2022 23	2021 22 ¹	2020 21 ¹
Waste disposed	60,136 t	75,982 t	75,738 t
- of which hazardous waste	520 t	439 t	437 t
Kilogrammes of waste per tonne of product	13.6 kg	16.0 kg	18.0 kg
- Of which grammes of hazardous waste per tonne of product	117 g	92 g	104 g

 $^{\rm 1}$ Corrections due to adjustment of the data collection methodology.



ECO-EFFICIENCY OF OUR PRODUCTION ENERGY USE, EMISSIONS & ENERGY MIX

Energy consumption (Scope 1+2) of the AGRANA Group

Bar chart: total amounts (gross), in million gigajoules (GJ)



- Specific energy consumption in GJ per tonne of product output
- Sugar segment Starch segment Fruit segment

Emissions (Scope 1+2) of the AGRANA Group

Bar chart: total amounts (gross), in thousand tonnes of CO₂



 Specific emissions in kg of CO₂ per tonne of product output

Sugar segment Starch segment Fruit segment

Energy mix of the AGRANA Group in 2022|23





AGRANA CLIMATE STRATEGY CORPORATE CARBON FOOTPRINT (FY 2019/20 & 2022/23)





- 2021 | 22 financial year: first estimate of data on Scope 3 emissions (upstream and downstream value chain e.g. purchase of goods/raw materials and services, transports, etc.) for base year 2019 | 20.
- Method: primary data from all AGRANA business segments linked with emission factors from two methodologically comparable databases (Ecoinvent & Quantis World Food Database).
- Total Scope 1 + 2 emissions (FY 2019|20) from own production aggregated with Scope 3 = total CCF.

1 For time reasons, the values shown for 2022|23 (except those for fruit preparations) were primarily calculated using factors based on the processing quantities of the most important agricultural raw materials.

2 Total of 3.2 Capital goods, 3.6 Business travel, 3.5 Waste, 3.8 Upstream leased assets (primarily storage space, offices) and 3.7 Employee commuting.



AGRANA CLIMATE STRATEGY



SUBMISSION OF SCIENCE BASED TARGETS

	SCOPE 2 SCOPE 3			
NEAR-	Image: Description of the second state of the second st			
TERM 2030	50% abs. reduction of GHG emissions (incl. FLAG*-requirements) (incl. FLAG*-requirements) (incl. FLAG*-requirements) (incl. FLAG*-requirements)			
	regenerative, low- emission agricultural practices			

Science based targets submitted in November 2022

(target incl. FLAG requirements approx. -36% of Scope 1+2+3)





AGRANA CLIMATE STRATEGY SCOPE 1+2



- Target: switch to renewable energies in its own production activities (scope 1+2) by 2040
- 50 % reduction of emissions by 2030 | 31 from 928,000 t CO₂ (base year 2019 | 20) including the following measures:
 - A package of actions to switch to electricity from renewable sources, with implementation already begun in Austria in 2020|21
 - The phase-out of coal as an energy source at the last coal-fired sugar production site in Opava, Czech Republic (latest 2025|26)
 - Implementation of energy efficiency measures in all business segments
- From 2026 | 27, focus on energy recovery from low-protein raw material residues
 - Example: AGRANA's sugar factory in Kaposvár|HU, could cover approx. 88 % of primary energy consumption in the beet sugar campaign with biogas produced from beet pulp and other beet residues
- Investments scope 1+2 by 2030 | 31
 - \in 182 million within the AGRANA Group (\in 95 million in AT)
- **Investments scope 1+2 by 2040** (in many cases assumed on the basis of modeling):
 - At least around \in 470 million for the AGRANA Group (of which \in 213 million in AT)
 - Scope 3 emissions (upstream and downstream value chain) are not yet included
- **November 2022**: science-based targets submitted to the Science Based Targets Initiative

Photovoltaic system at the Kröllendorf site



Path to reduce emissions by 2040 (scope 1+2)





ECO-EFFICIENCY OF OUR PRODUCTION WATER CONSUMPTION AGRANA GROUP

- AGRANA frequently uses the water contained in the agricultural raw materials in its processes and makes it available to other water users
 - water content sugar beet: 75%
 - water content apples: 85%
- The water is cleaned and reused time and again
- On-site or external waste-water treatment plants ensure that the effluent produced is treated in an environmentally sensitive way in accordance with local thresholds
- Overall, AGRANA discharges more water than it withdraws thus has a negative water consumption balance



Water consumption of the AGRANA Group

In million cubic metres

LABOUR PRACTICES & HUMAN RIGHTS OF EMPLOYEES

KRATECH

Primo Star

OUR EMPLOYEES





OUR EMPLOYEES

2.1

Male

EMPLOYEES & WORKPLACE SAFETY

EMPLOYEES – AGRANA Group 2022|23

NON PE	RMANENT STAFF					
Total		1,501	1,501			
Female		55.4%				
PERMA	NENT STAFF					
Total	6,947	Blue-collar	4,230	White-collar	2,717	
Female	30.3%	Blue-collar female	19.8%	White-collar female	46.6%	
MANAGERS		OF WHICH EXECUTIVE LEADERSHIP				
Total	522	Total		28		
Female	28.7%	Female		25.0%		
WORKPLACE SAFETY – AGRANA Group 2022 23						
	Injury rate =(accidents/100 employees p.a.)	Rate of high consequence injuries (high consequence inju employees p.a.)	:e	Rate of fatalitien due to accidents/100 p.a.)		
Total	1.6	0.1		0.0		
Female	0.9	0.1		0.0		

0.0

0.1

- In 2022|23 there were 154 work accidents at the AGRANA Group.
- For organisational reasons, accidents of contractors are not included in the workplace safety data



LABOUR PRACTICES AND HUMAN RIGHTS PRODUCT RESPONSIBILITY AND SUSTAINABLE PRODUCTS

ASSESSMENTS & AUDITS OF SOCIAL CRITERIA AT AGRANA AND ITS SUPPLIERS

- AGRANA Beteiligungs-AG has been a SEDEX (Supplier Ethical Data Exchange) member since 2009
- All AGRANA sites complete the **SEDEX self-assessment once a year**
- 66% of AGRANA sites also have a valid external audit (SMETA or similar) based on their self-assessment (2022 | 23)
- Audit reports are available to SEDEX-members on the website of the organisation
- The fruit preparation division uses SEDEX also for the social assessment of its fruit suppliers



SUSTAINABLE PRODUCTS PRODUCT RESPONSIBILITY







PRODUCT RESPONSIBILITY AND SUSTAINABLE PRODUCTS MEMBERSHIPS IN MAJOR INITIATIVES

Initiative	Member companies	since	Initiative aim and other members
Sustainable Agriculture Initiative Platform (SAI)	AGRANA Beteiligungs-AG*	July 2014	 Aim: Develop guidelines for and implement sustainable agriculture practices Members: food and beverage industry
The Sustainable Juice Covenant	AUSTRIA Juice GmbH	2018	 Aim: global initiative for sustainable production of fruit- and vegetable-based juices, purees and juice concentrates Members: beverage industry, especially members of the European Fruit Juice Association (AIJN)
Science Based Targets initiative	AGRANA Beteiligungs-AG*	2021	 Aim: Members commit to setting climate targets in line with the Paris Agreement; Members: Companies from various industries worldwide
Supplier Ethical Data Exchange (SEDEX)	AGRANA Beteiligungs-AG*	2009	 Aim: Promote sustainable social and environmental practices alone the value chain Members: about 60,000 companies worldwide
UN Global Compact	AGRANA Beteiligungs-AG*	2022	 Aim: follow ten fundamental principles related to human rights and labour standards, environment and climate, and anti-corruption; Members: Companies from various industries worldwide
Ecovadis	AUSTRIA JUICE GmbH and some sites of Fruit segment; AGRANA Stärke GmbH Segment Zucker GmbH	2013	 Aim: Supplier assessment on environmental and social criteria along their entire value chain Members: companies in a wide range of industries
Arge Gentechnik frei (Platform GMO-Free)	AGRANA Beteiligungs-AG*	2010	 Aim: Promote and safeguard Austrian GMO-free agriculture and food production Members: entire food value chain, including many retailers



PRODUCT RESPONSIBILITY AND SUSTAINABLE PRODUCTS

- AGRANA does not make products anywhere in the world that require GMO labelling under local laws (for example, in the EU under Reg. EC No 1829/2003 and 1830/2003).
- AGRANA offers certified GMO-free products in the fruit segment (esp. in the US), in the starch business and the sugar segment (e.g. "Wiener Zucker").
- AGRANA has the necessary certifications in its plants and supply chain to be able to fill customer needs for organically made foods, feeds and other products.





BIOPLASTICS FROM THERMOPLASTIC STARCHES REPLACE REGULAR PLASTIC

- Thermoplastic starches form the basis for compound products for the use in applications, such as film extrusion and injection moulding
- 100% home-compostable without leaving microplastic residues
 - Decay time: 6 months
 - Biodegradable time: 12 months







PRODUCT RESPONSIBILITY AND SUSTAINABLE PRODUCTS

STARCH SPECIALITIES

- Starch products replace ingredients of fossil origin! (e.g. Green Glues)
- Focus on **highly refined specialty** products
- Focus on organic and GMO-free starches and Clean Label products
- Specialty starches for the paper, textile, cosmetics, pharmaceutical and building materials industries



TAINABLE



Presentation of an innovative styling foam conditioner with starch instead of microplastics



PRODUCT RESPONSIBILITY AND SUSTAINABLE PRODUCTS COMPLETE UTILISATION POTATO -POTATO FIBRE

- A potato starch dryer and a potato fibre dryer in Gmünd (AT) generate
 - Added value processing the previously unused by-product "potato pulp" into potato fibre for use in the food industry
- Potato fibre can be used in many ways in food:
 - Reduction of energy density (carbohydrates & fat)
 - Dietary fibre enrichment & prebiotic effect
 - Increased dough yield
 - Texture improvement for meat products
 - Improved freshness and crispness in bread and bakery products



COMPLIANCE COMPLIANCE & BUSINESS CONDUCT







COMPLIANCE

AGRANA STANDARDS & VALUES

THE MOST IMPORTANT DOCUMENTS

- AGRANA Vision & Mission
- AGRANA Code of Conduct (additional local AGRANA anti-corruption guidelines and AGRANA tax guideline for Austrian Group companies)
- AGRANA Guideline Compliance Management
- AGRANA Policy on Diversity & Inclusion
- AGRANA Competition Compliance Guideline (additional AGRANA Guideline Exchange of Information Joint Venture)
- AGRANA Conflict of Interest
- AGRANA Data Protection Guideline
- AGRANA Guideline Capital Market Compliance
- AGRANA Guideline Protection against Involvement in VAT Fraud
- AGRANA Whistleblower Guideline (more information: <u>https://www.agrana.com/en/about-us/compliance-at-agrana</u>)
- AGRANA Quality Mission
- AGRANA Principles for the Procurement of Agricultural Raw Materials and Intermediate Products
- AGRANA Policy on Environmental Issues







ORGANISATIONAL STRUCTURE

- Compliance Office led by the Director Corporate Compliance
- Tasks Compliance Officer: development and implementation of internal guidelines, providing support in compliance matters, conducting of compliance trainings, documenting of cases of non-compliance
- Compliance Board (Ethics Committee) including Director Corporate Compliance, General Secretary, Internal Audit department (IA), HR department and Legal department
- Compliance Management System of AGRANA Beteiligungs-AG is ISO 37301 (Compliance Management System) and ISO 37001 (Anti-Corruption Management Systems) certified

INTERNAL AUDITS ON CORRUPTION

- IA verifies the compliance with laws, regulations and internal guidelines
- In the 2022|23 business year, IA audited 17 (32.1%) of the 53 AGRANA sites within the GRI reporting boundaries including regarding corruption and fraud
- No significant breaches of legal norms regarding anti-corruption or internal guidelines were found



SUSTAINABLE DEVELOPMENT GOALS

AGRANA'S SUSTAINABILITY MEASURES CONTRIBUTE TO A WIDE RANGE OF SDGS

- In its business activities, AGRANA contributes primarily to the achievement of Sustainable Development Goals (SDGs) 8, 13, 15 and 16, which were adopted by the UN General Assembly in September 2015.
- In addition, AGRANA also contributes to goals 2 to 7 as well as 12 and 14.





SUSTAINABILITY ALONG AGRANA'S VALUE CHAIN

At a glance: <u>wsk-mini.agrana.com/index-en.html</u>

THE SUSTAINABLE AGRANA VALUE CHAIN 2022 23' GRAV VALUE CHAIN f 🛛 🖌 🔒 📴 GRAN Procurement of agricultural raw materials AGRANA processing: Adding value CHOOSE A SEGMENT AGRANA Value Chain: Sustainability in all business segments FRUIT STARCH SUGAR Grain GRI STANDARD & REPORTING BOUNDARIES Sugar cane growers Raw sugar trading * within the GRI reporting boundaries

... or <u>wsk.agrana.com/en</u>



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