SHAPING A TASTY FUTURE SUSTAINABLY

ANNUAL INTEGRATED REPORT 2023

Vandemoortele

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ABOUT THIS REPORT

NAME OF THE ORGANISATION
Vandemoortele Group

LOCATION OF HEADQUARTERS
The company's registered head office is located at Ottergemsesteenweg-Zuid 816, 9000 Ghent, Belgium.

SCOPE OF CONSOLIDATION
The Vandemoortele Group encompasses both the operational holding company Vandemoortele NV and all companies that are united in the International Financial Reporting Standard (IFRS) consolidated annual accounts of Vandemoortele NV. The scope of the consolidation of the Vandemoortele Group includes Vandemoortele NV and 40 subsidiaries which are fully consolidated. This includes Vandemoortele Europe NV and its branches. This is collectively referred to as 'Vandemoortele Group' or simply 'Vandemoortele'.

Vandemoortele NV is a public liability company under Belgian law. Its shares are not listed on the stock exchange. Since issuing retail bonds, Vandemoortele NV has made public offerings of securities under Article 1:12, 2° of the Belgian Code of Companies & Associations ("CCA") (Wetboek van Vennootschappen en Verenigingen; Code des Sociétés et Associations).

The company's number in the Central Register of Enterprises (KBO) is 0429.977.343. Vandemoortele has various direct and indirect subsidiaries and branches, both in Belgium and abroad.

This annual integrated report complements the financial figures and sustainability information for 2023 that are applicable to the entire Vandemoortele Group. The sustainability information also covers the value chain upstream and downstream when it is defined as material in the double materiality assessment. Vandemoortele has not omitted a specific piece of information corresponding to intellectual property, know-how or the results of innovations.

For a limited number of sustainability KPIs, the data of the subsidiaries Paindor and Vandemoortele Ghislenghien SA are not included, due to these having a different Enterprise Resource Planning (ERP) system for data gathering. The subsidiary Paindor will be included in our ERP system in 2024. We are developing KPI factsheets where the scope of all sustainability KPIs will be included. These KPI factsheets will also include the reasoning behind selecting the base year for each KPI. However, since this process is ongoing, this information cannot be included in the 2023 report. Generally, the baselines differ among sustainability KPIs due to the evolution of our strategy and the addition of new KPIs. Additionally, stakeholder feedback has influenced changes in the scope or definition of certain KPIs. Lastly, significant progress in some KPIs has prompted a reevaluation of their base years.

REPORTING PERIOD
Publication date: 18 March 2024
Reporting period: 1 January 2023 – 31 December 2023
The annual report is accessible online at www.vandemoortele.com, where our previous annual, financial and sustainability reports are also available.

The Vandemoortele Group reports its financial and sustainability results twice a year. The mid-year financial and sustainability results cover the first six months of the year. The annual report and the financial statements cover the entire year, from January to the end of December.

EXTERNAL AUDIT
A voluntary limited assurance was conducted by our external assurance provider, Deloitte, on a selection of 2023 Vandemoortele Group sustainability data.

CONTACT DETAILS
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PRODUCTION
Storyline, copywriting, design: Pantarein Publishing

FINANCIAL STATEMENTS 2023
The Financial Report 2023, which has been drawn up in compliance with IFRS guidelines, is included in the Annex of the Annual Integrated Report 2023 from page 191 onwards.

TOWARDS THE CSRD
On 5 January 2023, the Corporate Sustainability Reporting Directive (CSRD) came into effect. This new EU directive requires organisations to report sustainability information on an annual basis. It covers all relevant Environmental, Social and Governance elements and aims to increase investments in sustainable economic activities, in line with the European Green Deal and the Sustainable Finance Action Plan.

In 2025, Vandemoortele will publish its first CSRD-compliant report on financial year 2024. In preparation for this, we carried out a double materiality analysis in 2023, to determine our material topics and our sustainability strategy for the coming years. In the current report, on financial year 2023, we already cover as many CSRD reporting requirements as possible. The last gaps to become fully compliant will be closed in 2024.

"A LONG-TERM VIEW, A DESIRE TO INNOVATE, AND THE COURAGE TO MAKE DECISIONS: THAT IS THE SECRET BEHIND VANDEMOORTELE"

Amid an uncertain economy, political tension and legislative shake-ups, 2023 was shaped by big challenges and opportunities. Chairman Jean Vandemoortele and CEO Yvon Guérin look back on the past twelve months and shed light on the future of our company.

How do you look back on 2023? Are you satisfied with the results?
Jean Vandemoortele: 2023 was marked by very strong results in both of our business lines. This proves that our business strategy is working. Throughout the year, we focused on higher added value and a better product, channel and country mix, while maintaining our operational excellence."

Yvon Guérin: "In addition to our excellent financial results, we also made a great deal of progress in terms of sustainability. Most notable were our outstanding safety results and the very high quality of our products. The results of our annual Associate Engagement Survey were the best ever. All in all, we've set the bar very high for 2024."

Which specific business achievements are you most proud of?
Jean Vandemoortele: "There are many, but the most noteworthy for me was our strong market development in Central Europe. This was partly the result of the efforts of our commercial team, but the high quality of our products also played a role. I am likewise very proud of our innovative new production process for laminating margarine: our customers say that our product has a higher functionality than anything else on the market."

Yvon Guérin: "Innovation was key in 2023. Our new Secrets croissant was a success, due to its superb taste and its artisan shape. We also changed the name of our second business line to Plant-Based Food Solutions. Our new plant-based approach is very strong: we have adopted a new strategy, and we are developing several new plant-based products."

What was the biggest challenge for Vandemoortele in 2023?
Jean Vandemoortele: "Throughout the year, we worked on many internal transformational projects. For example, our two transport companies merged into one: Vandemoortele Transport Solutions. We also reviewed the back office processes of our sales departments, we introduced unified software solutions, and we launched Finance for the Future: a new approach for our financial department. In the midst of all that, we adhered to our strategy and still managed to achieve very good business results."

Yvon Guérin: "On top of our internal transformations, the first half of 2023 was still marked by inflation. As in 2022, we were faced with rising prices, higher labour costs, etc. Both our business lines handled this very well: our sales volumes remained steady, while our

> **"Despite many internal transformations, we still achieved outstanding business results in 2023"**
>
> **Jean Vandemoortele – Chairman of the Board**

Jean Vandemoortele – Chairman of the Board


Yvon Guérin – CEO

turnover went up. By implementing cost reduction measures and a few necessary price rises, we managed to balance our own growing costs. In the second half of 2023, our sales volumes also started to rise once more."

The 2023 business results were very good. Are you equally satisfied with the sustainability results?
Jean Vandemoortele: "Our main sustainability achievement in 2023 was the thorough update of our Sustainability Strategy. We needed to fall in line with the CSRD, the new European sustainability reporting directive. Over the course of several months, we conducted a very broad and in-depth stakeholder consultation exercise. The results will serve as a compass for our future sustainability efforts. By tackling this new legislative challenge in a timely manner, we also hope to gain a competitive advantage."

Yvon Guérin: "Even with that exercise going on in the background, we still made much progress on our existing targets and KPIs. We are coming up to speed in terms of carbon reduction, especially with regard to our indirect – or 'scope 3' – emissions. To reduce these, we are placing a strong focus on teamwork and collaboration. Our habit of building long-term partnerships with our suppliers will help us with this."

In 2024, Vandemoortele will celebrate its 125th birthday. How will you mark the occasion?
Yvon Guérin: "Most companies only exist for a few decades, so we are proud that we are still around after 125 years. More than that: we are bigger and stronger than ever! We are planning a few small events for our stakeholders, but we will mainly celebrate this anniversary with our associates, because they are the ones who make it all happen."

Jean Vandemoortele: "The secret behind our success is our mindset: we are characterised by a long-term view, a desire to innovate, and the courage to make decisions. As a family-owned company, we stick to our long-term goal without deviating from our strategy. At the same time, we have always aimed at being pioneers, and we don't hesitate to make difficult decisions when necessary. This has allowed us to build and expand our company for 125 years."

> **"Our long-term relationships with suppliers will help us to reduce our scope 3 carbon emissions"**
>
> **Yvon Guérin – CEO**

Which challenges, risks and opportunities do you see for 2024?
Jean Vandemoortele: "In 2024, we will aim for growth. With our enlarged production capacity, we are ready to increase our sales volumes, even in a difficult economic environment. To support our growth strategy, we can count on the superior quality of our products, our drive to innovate, a customer-centric approach and enhanced marketing and sales capabilities. At the same time, we aim to accelerate our digital transformation, particularly in the commercial area."

Yvon Guérin: "Starting from 2024, we will push our brands and our value-added products, and give them the attention they deserve. We will also continue to make progress on sustainability. In addition, we will continue to put our people first. From operational excellence to sales and marketing, our success is largely determined by our associates. Therefore, they will always be the beating heart of our company."

COMPANY MILESTONES

Launch of Vandemoortele Transport Solutions and its first e-truck

In 2023, our separate transport companies Metro & Panalog merged into one large company: Vandemoortele Transport Solutions. The new company carries out our transports, and offers transport management and logistics support. In 2023, the company took a significant green step by introducing its first electric truck in France. By using an e-truck, we reduce our carbon emissions by 40 tonnes per year.

New energy-saving measures

Through the installation of solar panels, Vandemoortele is able to generate its own renewable energy. In 2023, we commissioned our first photovoltaic system in Eeklo. Others will soon follow in Santa Perpetua, Eeklo, Izegem/Kachtem and Seneffe. On average, these installations will meet 10% to 20% of local energy needs. We are also exploring the possibilities of windmills on our sites.

Launch of 'Finance for the Future'

In May 2023, we introduced the Finance for the Future project. The aim: to further align and standardise the activities of our financial teams. By creating one virtual location for many recurring tasks, such as collecting invoices, transactional activities become a team effort. The Virtual Delivery Centre (VDC) increases our efficiency and allows us to better manage our workload across countries.

New employer branding

A strong employer brand is important to attracting and retaining talent. In 2023, we unveiled our new employer brand story. This includes a tagline – **'Share our taste for life'** – and five unique traits to persuade promising candidates. With our Employer Brand Book, our Recruitment Toolbox and a Careers web page, we facilitate the implementation of our employer brand strategy at both local and global scales.

Larger capacity in BP

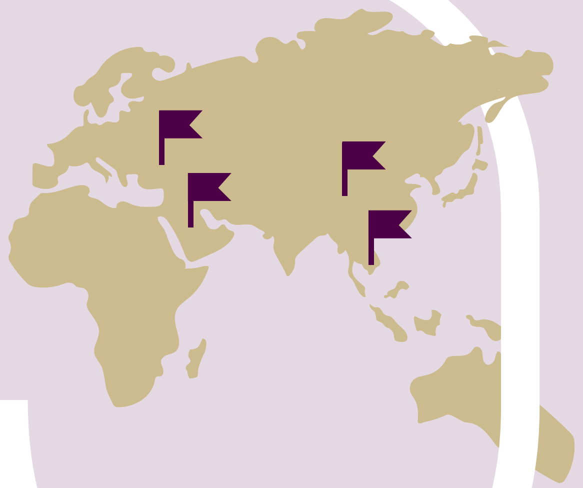
In 2023, we further expanded our production capacity in the Bakery Products business line. After five years of R&D and the investment in a new production line of pinched croissant in Torcé 2, we launched our Bake'Up® pinched croissant in the USA. We also commissioned a new ciabatta line in Ravenna, updated our production lines in Worcester, and launched new bun innovations in Łódź.

Future-proof production in PBFS

We also introduced several innovative technologies within our Plant-Based Food Solutions (PBFS) business line. Our order pickers in Izegem tried out Vision Picking, a system that uses smart glasses to show the ordered items. In Zeewolde, we commissioned our first production line for pumpable shortenings. And in Dresden we installed a 10 kg block line, based on new processing technology.

Gaining market share

In 2023, our market position in Central and Eastern Europe improved, especially in Retail and Food Service. In China, Vandemoortele started distributing Banquet d'Or® items to Metro retail stores and to the Nayuki tea chain, which has more than 1,000 outlets. We also expanded our operations to Vietnam, where we distribute 9 products to 100 Starbucks stores, and we signed a contract with PANDA, the largest retail company in Saudi Arabia.



PART I

OUR COMPANY

“THE FURTHER IMPLEMENTATION OF OUR STRATEGY WAS AN IMPORTANT DRIVER FOR OUR SUCCESS”

2023 was a year marked by steep inflation and political unrest. Managing Directors Sabine Sagaert (Bakery Products) and Bart Bruyneel (Plant-Based Food Solutions) reflect on the past twelve months and look ahead to 2024.

How do you look back on 2023? Are you satisfied with the results?
Bart Bruyneel: “2023 was another year of uncertain conditions. Inflation impacted purchasing power, especially in the first half of the year, making our sales figures difficult to predict. But in the end, both our business lines achieved excellent financial results for the second year in a row. Despite the wars in Israel and Ukraine, we restored our supply chain and greatly improved our service levels. Our profitability continued to progress, and our sales volumes remained stable. In this way, we strengthen our company for the future.”

Sabine Sagaert: “In Bakery Products, we can also look back on substantial qualitative developments. The further implementation of our strategy was definitely an important driver for our good results, just like our ‘glocal’ culture (*think global, act local, ed.*) and the further professional development of our teams. We are increasingly becoming a customer-centric organisation, developing targeted solutions that address specific customer needs.”

“In addition, we are investing heavily in product and process innovation, based on new consumer insights. Think, for example, of our new Secrets croissants and chocolate rolls, and many other innovations based on taste and craftsmanship. Our innovation efforts enhance customer satisfaction and are another important driver of our success. To keep up with the growth of our BP business line, we have also opened a new pastry production line in Torcé, France.”

Which specific achievements are you most proud of?
Bart Bruyneel: “In 2023, we successfully upgraded our factory in Dresden from a retail manufacturer to a larger plant that can make both retail and professional products. Our new production line will soon be operational. We also commissioned a new plant in Zeewolde, for pumpable shortenings: semi-liquid fats that large industrial customers can use immediately in their production processes. That plant is now fully operational, and our customers are very pleased with the quality of its products.”

“We are also stepping up our efforts in our journey towards more plant-based food solutions. In the past year, we installed several pilot production units, and we recruited research teams to develop new products. We intend to bring these to market in the short-to-medium term, to expand our plant-based portfolio.”

“We are strongly committed to becoming a customer-centric organisation”

Sabine Sagaert – Managing Director BP

Bart Bruyneel – Managing Director Plant-Based Food Solutions

Sabine Sagaert: "In terms of sustainability, we once again achieved a top-tier classification in the official FINN ranking of sustainable Belgian companies. That's certainly something to be proud of! We have also established a long-term climate action plan under the Science Based Targets initiative (SBTi). In addition, the tightening of European rules on deforestation by the end of 2024 is an important matter, and we are determined to rise to the challenge they pose. We have already taken significant steps in terms of traceability, sustainable certification and a grievance mechanism."

What challenges, risks and opportunities do you see for 2024?

Bart Bruyneel: "After a year in which our volumes remained stable, we are now aiming for growth again. We have already increased our production capacity. Of course, there are still challenges to face: the global political situation remains complex, and temporary shortages of energy or raw materials cannot be ruled out. Even labour shortages remain high. But we are maintaining our investment strategy, and we have every confidence in a successful future. We are already undertaking some initial testing of new plant-based products that we want to bring to market."

"After a year in which our volumes remained stable, we are now aiming for growth again"

Bart Bruyneel – Managing Director PBFS

Sabine Sagaert: "2024 will remain a year with of a lot of uncertainty, but as far as our markets are concerned we remain optimistic. We will progressively focus our strategy on our strong brands, and we are highly engaged in capacity building and investment. We continue to offer superior quality and build partnerships with our suppliers."

"Consumer- and customer-centricity remain key in our strategy. We are increasingly offering customised solutions based on consumer insights. Together with our associates, we are building an ambitious, proactive and customer-centric company culture, which helps us satisfy our customers' needs in an ever-competitive market. We have every confidence in the future, thanks to our superior brands, an ambitious company culture and a winning team."

VANDEMOORTELE AT A GLANCE

OUR BUSINESS

Vandemoortele was founded in 1899 as a Belgian family business, and has continued to grow and develop ever since. Over the last two decades, we have become a European market leader in two business lines: **Bakery Products and Plant-Based Food Solutions**. Both lines aim to meet and exceed customer expectations in terms of taste, quality, convenience and value for money. We are known for supplying innovative and high-quality products.

Bakery Products

The **Bakery Products (BP)** business line targets professional chefs and bakers. Our frozen bakery products are further crafted, baked or simply defrosted and sold to consumers as fresh bakery goods and snacks. We also supply our bakery products to retail customers.

Plant-Based Food Solutions

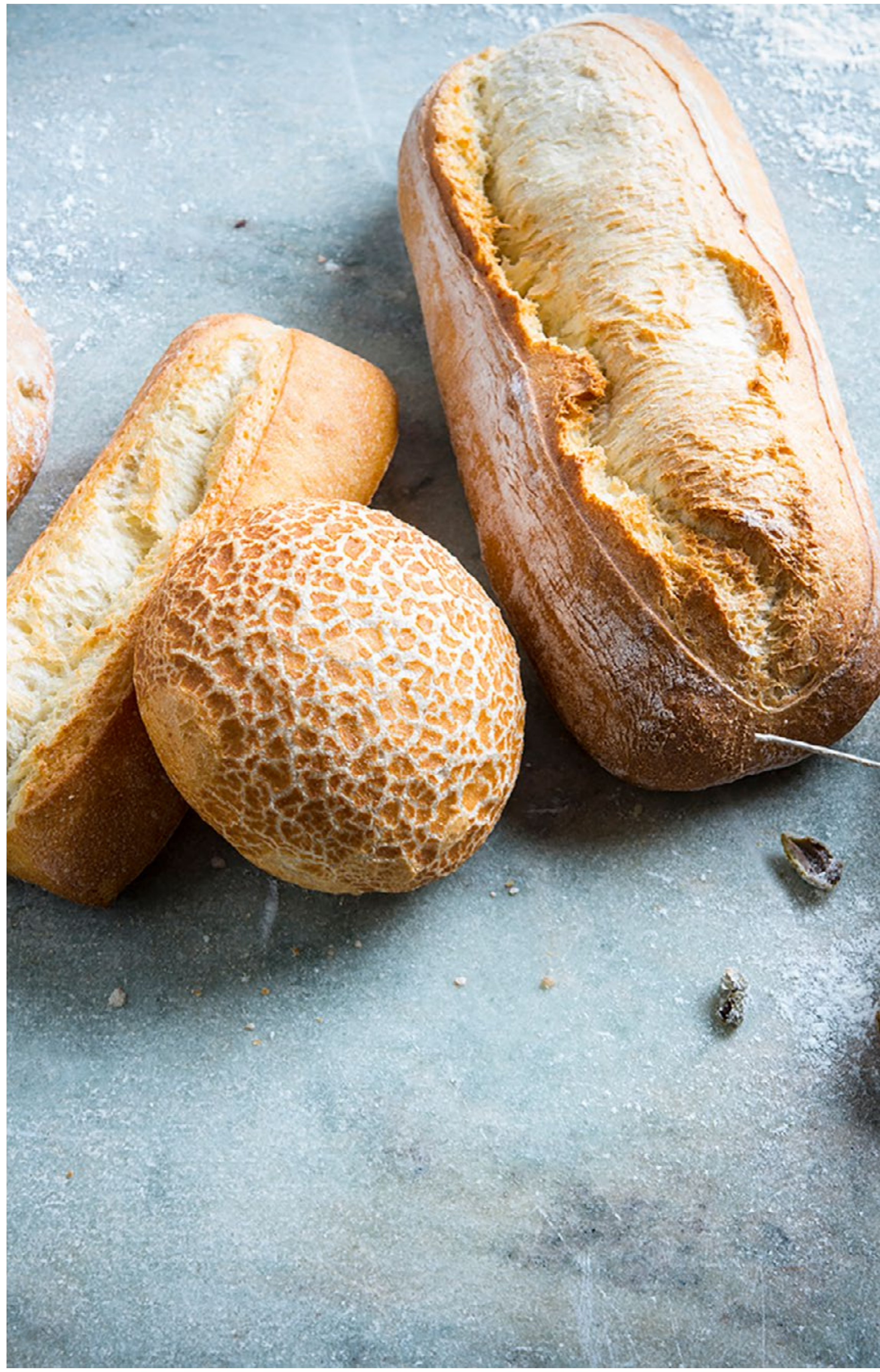
Our second business line, **Plant-Based Food Solutions (PBFS)**, targets professionals who use tasty and high-quality margarines, culinary oils and fats, sauces and dressings, and other fat-related products. It also develops and manufactures private labels for retailers across Europe.

In addition, Vandemoortele owns retail brands across Germany and the Benelux region. With the PBFS business line, we actively contribute to a positive change in the food industry, with a focus on two major trends: health and sustainability.

Our customers

Our operating segments predominantly include **business-to-business activities**. Our customers are food sellers in all shapes and sizes, from supermarkets and hotels to restaurants, petrol stations and artisan bakers. We sell our products across four distribution channels:

1. **Our retail customers** sell our branded and private label products directly in their supermarkets.
2. Our product range for **artisan bakers** consists of puff pastry sheets, bread, donuts, patisserie, savoury and margarines.
3. In **the food service sector**, our extensive range of convenience products responds to the latest food trends and consumer needs.
4. And finally, we also supply specialised margarines to **other food processors** in the food industry.

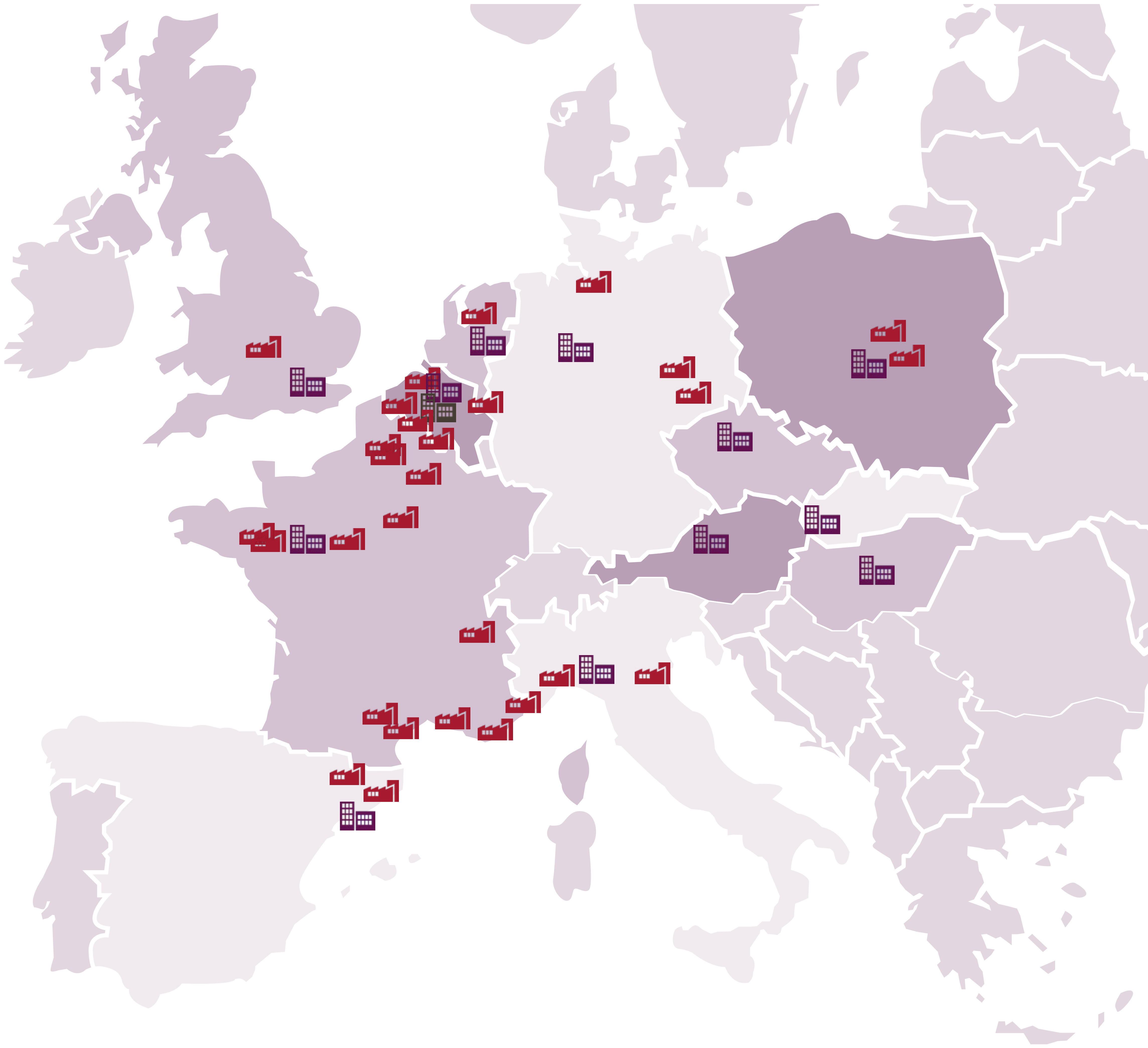


OUR OPERATIONS

The Vandemoortele Group headquarters are located in Ghent, Belgium. The site was developed as a Food Experience Centre, to familiarise our customers and associates with our products. We have commercial offices in **12 European countries**, as well as in **the United States and Asia**. We manufacture our products in **29 top-notch production sites** all over Europe, in order to ensure proximity to all of our key markets. The most significant markets for Vandemoortele are France, Germany and Belgium, but we export to **72 countries worldwide**.

29

production sites all over Europe



Headquarters

Production site

Commercial office

KEY FIGURES 2023

Company figures

808 ktonnes
sales volume

5,557
products in our assortment

29
production sites

Financial performance	BP	PBFS	TOTAL
Revenue	€1,178 million	€762 million	€1,925 million
Adjusted EBITDA	€128 million	€88 million	€216 million
EBIT	€68 million	€74 million	€141 million
Senior net financial debt			€2 million

Associates figures

4,080 associates in total

2,211 blue-collar workers

1,097 white-collar workers

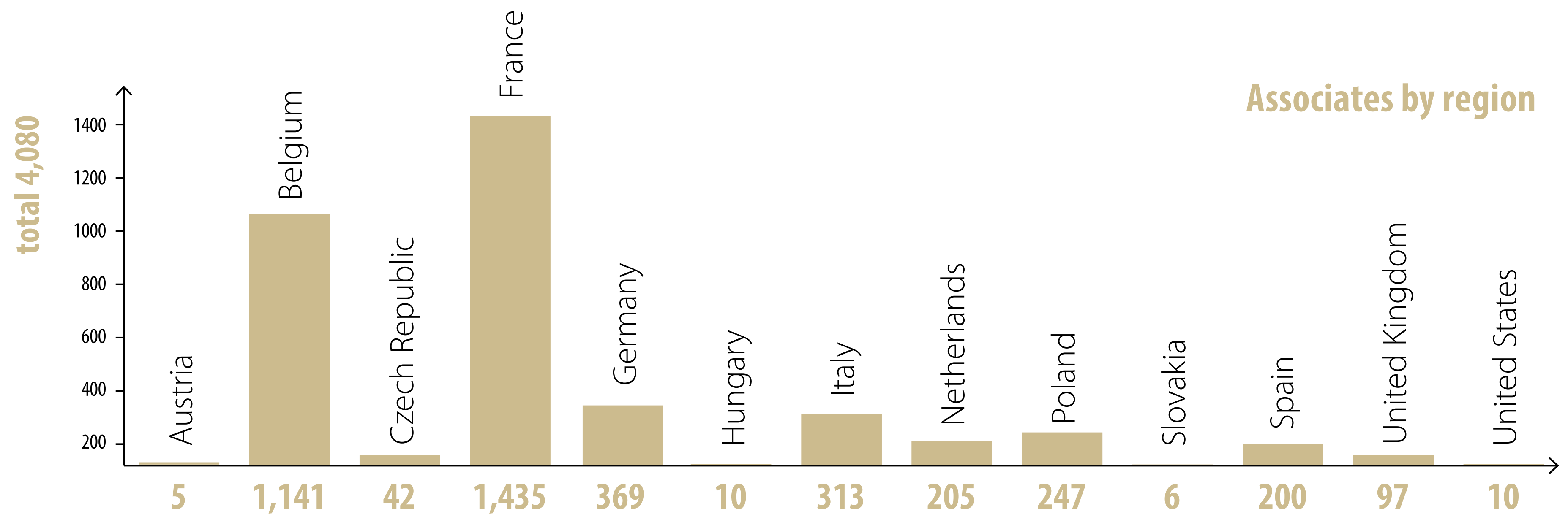
772 management

3,770 full-time associates
310 part-time associates

3,962 permanent associates
118 temporary associates*

Male/female ratio

70 nationalities



* Temporary workers are employed by a fixed-term contract. As the CSRD requires to report on non-employees as well, e.g. interim workers and self-employed workers, they will be taken into account as of next year.

Sustainability performance

CONSCIOUS NUTRITION

73% plant-based products in PBFS
Target 2030: 75%

79.6% of bakery products are Clean Label
Target 2030: 80%

1% reduction of food safety complaints
Target 2030: 10%

PROTECTING NATURE

59% CO_2 intensity reduction scope 1 & 2
Target 2030: 75%

100% green electricity used in our production sites and attached commercial offices since 2020
Target 2030: 100%

22.5% recycled PET
Target 2025: 25%

ENHANCING LIVES

17.3 is our lowest frequency rate ever for accidents
Target 2030: 14

76 reflects the score for well-being measured by our Associate Engagement Survey
Target 2030: 79

Average hours of training per associate category:
53.3 hours - management
38.8 hours - white collars
37.6 hours - blue collars
Target 2030: 40 hours

SUSTAINABLE ORGANISATION

79 reflects the score for sustainability measured by our Associate Engagement Survey
Target 2030: 82

83% of our centrally managed direct suppliers have accepted/signed our Supplier Code of Conduct, or have a supplier code of conduct in line with our code
Target 2030: 100%

85% of our critical suppliers are verified according to our sustainability criteria (EcoVadis, Sedex ...)
Target 2030: 100%

OUR MISSION, VISION AND VALUES

OUR MISSION

Shaping a tasty future sustainably

Bringing great taste, in your kitchen, at your table and on the go. We believe people's everyday food should be an everyday enjoyment: from breakfast to dinner, from healthy lunches to moments of indulgence. We offer convenient solutions for professionals and products the consumer can trust. As a leading food company, we focus on taste, making positive choices for people, planet and society, while delivering sustainable growth.

OUR VISION

We aspire to be a leading sustainable European food company in our Frozen Bakery Products and Plant-Based Food Solutions businesses, by offering our customers and consumers the best solutions in taste, quality and service.

Our core values

Vandemoortele lives by three corporate values: respect, cooperation and ambition. These lie at the heart of our corporate culture.

Respect is the foundation of our actions and our external and internal relationships. We act with integrity and respect, both towards others and in relation to the environment.

The spirit of **cooperation** can be found within our teams and between ourselves and our partners. We are open-minded and value each individual contribution. We share our knowledge and expertise, and enjoy working together.

Our **ambition** is to deliver the Vandemoortele promise: best taste, best quality, best service. We take ownership of the company's goals, and are committed to delivering an outstanding performance in a sustainable way, for our customers and ourselves alike. We are passionate, engaged and energised.

OUR BUSINESS MODEL

OUR BUSINESS STRATEGY

Vandemoortele seeks to become **a top three, profitable and sustainable European market leader** in both of its business lines: Bakery Products (BP) and Plant-Based Food Solutions (PBFS). Our business strategy entails forming partnerships with customers, accelerating growth in professional channels and value-added products, and leveraging brands and global opportunities. We aim to provide our customers and consumers with the best solutions in terms of taste, quality and service. To achieve our goals, we seek to excel in terms of **profit, partnerships, people and the planet**.

Profit and partnerships

With regard to profit, our goal is to secure a position among the top three market leaders in the European Union. This will be achieved through an **excellent market mix, product mix and channel mix**. Our market mix strategy involves **mergers and acquisitions**, not only to strengthen our position in the European market, but also to expand into the USA and Asia. Our product mix focuses on **value-added products** such as frozen raw or part-baked products and plant-based food solutions. The channel mix aims to broaden our reach by focusing on **professional channels and offering our customers tailor-made solutions**. Additionally, we seek to establish partnerships with customers in areas such as sustainable raw materials, food waste reduction, conscious nutrition and service offerings, exploring further options for these in the future. A crucial aspect of our strategy is **the recognition of both B2B and consumer brands**, which we will strengthen through marketing campaigns. We make sure that our marketing strategy is correct and transparent, and that we avoid greenwashing at all costs.

Our goal is to secure a position among the top three market leaders in the European Union

People

In terms of people, Vandemoortele is committed to **creating a safe, engaging and inclusive work environment**. This involves implementing a variety of strategies, on topics like health and safety, learning and development, compensation and benefits, and diversity, equity and inclusion. Prioritising the well-being, workload and stress levels of our associates is crucial, especially given our main growth strategy, which has the potential to generate more work. We also pay attention to **our workers in the value chain**. The production of raw materials such as cocoa, soya and palm is sporadically linked to work issues such as **health and safety matters, forced labour or even child labour**. With our sourcing strategy, we focus on the social issues in our supply chain, and try to have a positive impact on the workers across the value chain.

The **nutrition profile of our products** is a key focus for Vandemoortele, in line with the growing consumer demand for healthier products. Maintaining a **balance between indulgence products and healthy alternatives** is a challenge, given the rising issues of overweight and obesity. Nevertheless, Vandemoortele remains committed to expanding its current portfolio with healthier food options.

Planet

Concerning the planet pillar, our primary focus is **CO_2 reduction**, with Vandemoortele aspiring to a leadership role in this regard. We reduce our own greenhouse gas emissions, minimise our energy use, maximise the use of renewable energy sources, and use fossil fuels and refrigerants as cleanly and efficiently as possible. However, the focus points of our business strategy – **our overseas geographical expansion and our frozen product portfolio that requires temperature-controlled transport** – are proving to be challenging in terms of carbon reduction. We continue to make efforts to this end, and we are continuously looking for sustainable transport innovations.

In addition, we seek to reduce the impact of our products by expanding **our plant-based portfolio and opting for certified sustainable raw materials**. Responding to consumer demand for **products with a smaller environmental footprint**, we will offer a wider range of plant-based food solutions. We choose sustainable raw materials to decrease our impact on climate and biodiversity. Deforestation issues, which are often linked to key raw materials such as palm oil, soya, and cocoa, are addressed through partnerships with suppliers. In addition, we are exploring opportunities for regenerative and sustainable agricultural practices to grow wheat for flour.

OUR KEY CATEGORIES AND BRANDS

Bakery Products

Our Bakery Products (BP) business line includes five product categories: **Pastry, Bread, Sweet Treats, Italian Savoury and Patisserie**. These are distributed through a range of channels: artisan bakery, food service, retail chains and industry. Our customers can simply bake or defrost our products and sell them directly to consumers as freshly baked goods. Our most important and well-known bakery brands are:

Banquet d'Or® has been an established brand since 1983, and through it we deliver easy-to-bake and easy-to-love products. The Banquet d'Or® baked goods are **easy to prepare** and consist of **ingredients of natural origin**, with which you can achieve **expert-level results every time**. We have been bringing the **delicious and unique taste of French bakery and pastry** products (*viennoiserie*) to European consumers **for 40 years**, and are now expanding to the USA and Asia. Since 1899, Vandemoortele has been continuously innovating, resulting in our patented technology used for the **Bake'Up®** range. It is designed **to make bakers' lives easier**, as the products can go directly from freezer to oven and are ready in just 25 minutes. The main advantage of our Bake'Up® technology is that it **eliminates the labour** and typical early morning start of our bakers through an **easy and convenient process** that offers a broad range of high-quality, freshly baked pastries. Banquet d'Or® offers a wide range of bread, pastry and patisserie at different convenience levels.

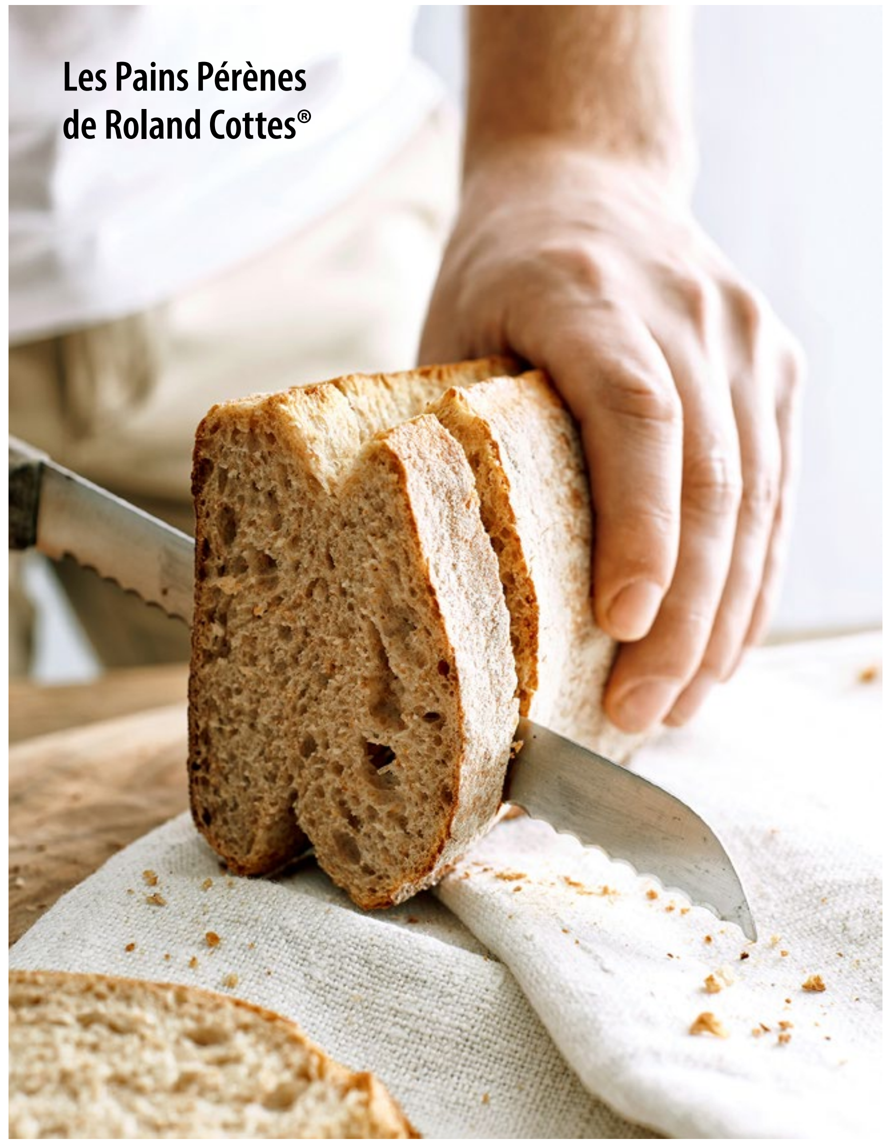
The **true taste of pure, high-quality Italian products** can easily be found in the Lanterna® brand assortment. Lanterna®'s origins lie in the port city of Genoa, the birthplace of **the authentic focaccia**. Genoa has a rich history, which dates back to the early medieval period, just like the famous lighthouse 'La Lanterna'. Lanterna® comprises a high-quality range of Italian classics, including focaccias made from fresh ingredients, **free from aromatic substances, colourings and flavourings**. After baking, the products are immediately frozen, so that the freshness and the delicious taste are preserved to the fullest extent.


Banquet d'Or®


Lanterna®

In 2023 we had a deep dive on all our patisserie brands and decided to create one unified specialist brand for all our cakes and desserts solutions so we can respond more effectively to the market and the desire of our customers. **Patisserie du Chef®** is a specialist in frozen patisserie for over 30 years. With our wide range of product solutions, from timeless classics to modern delights, we help our customers to serve **high-quality and delicious cakes & desserts** with ease and pleasure. Think of Patisserie du Chef as an assistant chef who lends an imaginary hand so you can focus on your business.

The breads in this bread range are **pre-baked in a floor oven** and are made from high-quality ingredients like **natural liquid sourdough and Label Rouge® flour**, providing the bread with its typical French flavour. **The kneading and rising are performed slowly and with care**, giving the bread its **specific taste and character**.



America is known for its variety of sweet snacks. **With My Originals® donuts, muffins, cookies, brownies and cakes**, Vandemoortele aims to meet high expectations. The brand represents the full taste of authentic American recipes. With My Originals®, our customers can respond quickly and easily to the different cravings of every consumer.

Vandemoortele®

PLANT-BASED FOOD SOLUTIONS

Our Plant-Based Food Solutions business line include various product categories: **margarines, butters, blends, deep-frying oils and fats, culinary oils, mayonnaises, sauces and dressings, plant-based creams (as opposed to dairy creams) and dough improvers**. Our products combine functionality with a pleasing taste and texture, as well as high nutritional values. They are marketed through artisan and industrial bakeries, food service outlets, and retail stores. Our Plant-Based Food Solutions range contains both private labels, which we develop for customers, and our own brands. Our best-known brands are:

Vandemoortele® is a consumer brand with **a rich history in the culinary oil segment**, and is therefore known as **an expert in the category**. The Vandemoortele® brand translates its expertise into a wide range of **plant-based oil products**, such as frying oils and cooking oils. On top of this, it offers a large variety of **vinaigrettes and mayonnaises**. As a result, Vandemoortele® has become indispensable in the kitchen for many culinary preparations. As a culinary brand, Vandemoortele® is continuously launching new recipes. It has a place **in the heart of every Belgian food lover**.

Risso® offers a broad range of **convenient and tasty products for professionals**, made with the best and primarily plant-based ingredients. This results in successful products covering **all types of applications**, whether in the kitchen, at the table or on the go.

St-Auvent® margarine blends offer **an indulgent taste, a full colour and a high functionality**. They contain only **the finest selection of vegetable oils and fats**. Our products are rooted in expertise, and meet the specific needs of artisan bakers. Their signature taste profile boosts **the quality of your creations with an intense flavour**.

Our products combine functionality with a pleasing taste and texture, as well as high nutritional values

Risso®

The St. Villepré® **butter range addresses the needs of true craftspeople**, who are convinced that pure dairy ingredients hold a place in the heritage of artisan bakery. For such bakers, St. Villepré® brings **a dairy solution for professional use**, excelling in terms of **taste, quality and functionality**.

St-Allery® offers a premium range of **professional butter blends that combine the indulgent taste of butter with improved workability, functionality and nutritional value**. Thanks to its unique formula, our St-Allery® range offers artisan bakers both efficiency and an enjoyable butter taste.

Our Gold Cup® range consists of **100% vegetable oils and fats** that offer professionals greater functionality and convenience, addressing the needs of the modern consumer who attaches great importance to improved ingredients. The various products have **a soft structure, an optimal melting profile and contain natural flavourings**. The packaging of Gold Cup® is environmentally friendly, and the products support the sustainable production of palm oil through RSPO certification.

With our Baker's® product range, we offer our customers **industrial margarines, oils and fats** to create the tastiest baked goods. Our well-known laminating margarines and fats have a **high degree of plasticity**, making them easy to use when creating viennoiserie, Danish and puff pastries. In addition to our product assortment, which includes our core 'Baker's® Classics' range, our customers can also rely **on our expertise in developing tailor-made products** adapted to their production processes and product specifications.

Our customers can rely on our expertise in developing tailor-made products

OUR PEOPLE

“Vandemoortele gives me a lot of freedom in doing my job”

Rohitash Kumar Digital Performance Marketing Manager

“In 2022, I joined Vandemoortele Ghent as Performance Marketing Manager. Armed with several years of experience in digital marketing, I embraced a data-driven mindset and successfully tackled various challenges, such as optimising conversion rates, enhancing online visibility, and implementing targeted campaigns to drive business growth.”

“I enjoy working at Vandemoortele because of the collaborative and innovative work culture, where my ideas are valued, and because there is a strong emphasis on professional development. The supportive team and the company’s commitment to excellence make every day fulfilling and rewarding.”

Belgium, Ghent HQ

OUR KEY SERVICES

Vandemoortele not only provides its customers with a wide range of products, but also supports them with several services. These include **online training and baking instructions, technical support, customer insights, the development of customised products and category management**. Category management is a service we offer specifically to our retail customers: it entails developing range proposals and formulating advice regarding positioning, placement and pricing. In this way, we increase our customers' sales volumes and profits. Many of our services are gathered on tailor-made online platforms, such as **MyCroustiPlace** and the new **Vandemoortele Professional platform**.

200

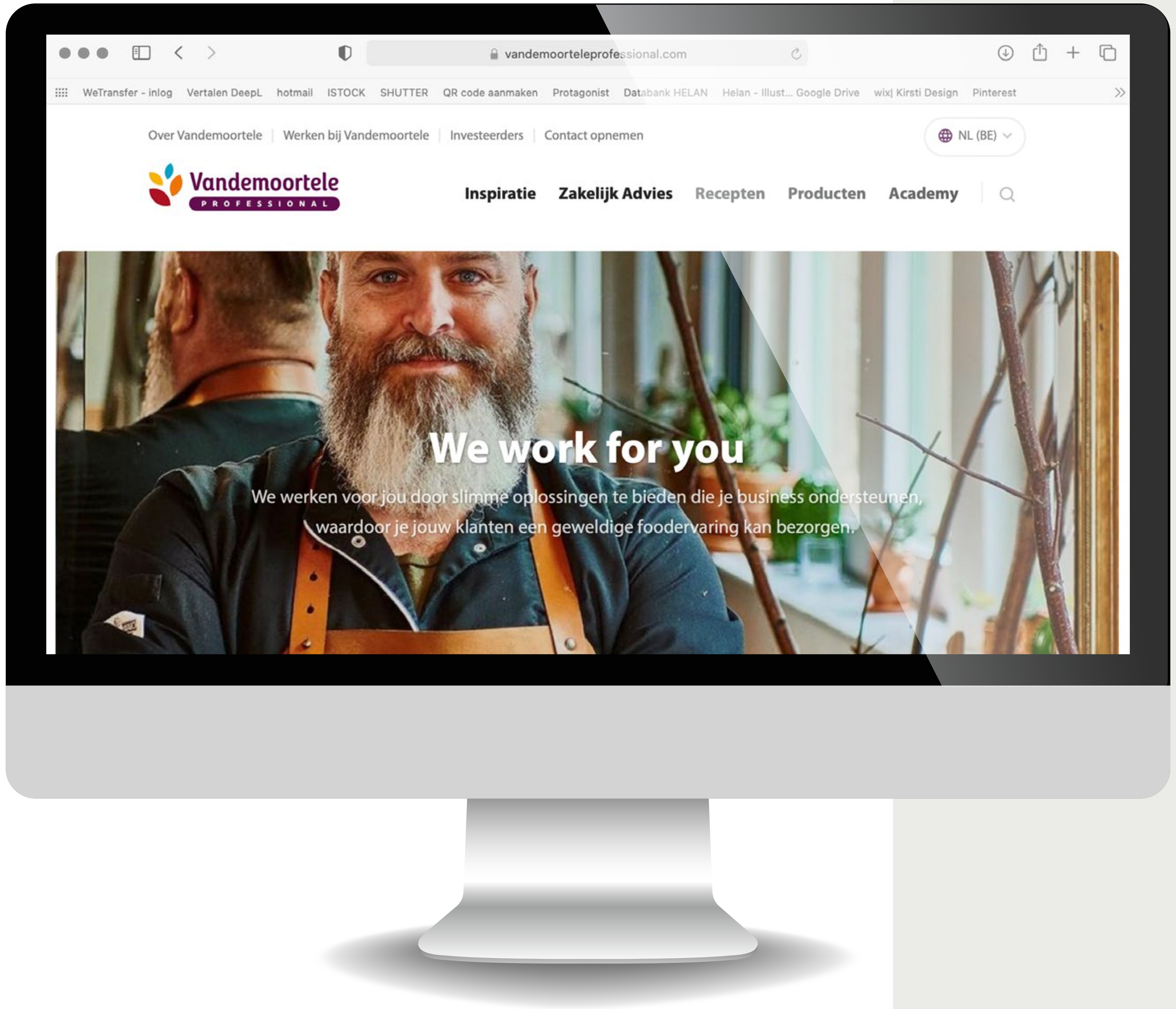
Vandemoortele products offered by Croustico®, a full-service 'proximity' bakery and/or filled sandwich concept

Croustico®: our full-service bakery and sandwich concept

Croustico® is a Vandemoortele business unit that offers its 1,000 customers in Europe **a full-service 'proximity' bakery and/or filled sandwich concept**. This includes 200 high-quality Vandemoortele products, on top of which a range of services is provided: recipe tutorials, manuals and live trainings on storage and baking operations at the customer's premises. We also advise our customers on how to present the products, and counsel them on hygiene and safety. In addition, we help customers with a full concept design for their store or bakery department, including various packaging solutions.

MyCroustiPlace: the Croustico® digital platform

In 2022, our Benelux customers found their way *en masse* to our **online B2B order and communications platform**. MyCroustiPlace now accounts for almost 60% of all Croustico® purchasing. We have already started using marketing automation to support our customers in their online journeys.



Vandemoortele Professional platform

The Vandemoortele Professional platform offers **smart solutions for various professional channels**. We support food companies with **inspiration, business advice, recipes and trainings**, and help them tackle emerging issues like recruitment difficulties and the rising demand for vegan food. We pay special attention to financial advice, such as ways to reduce a company's food costs. The Vandemoortele Professional platform was launched in October 2022 for the food service and artisan bakery channels in the Benelux region. France and Italy were included in the course of 2023, and in 2024 we will add other European countries.

Smarter = better

Our smart solutions are based on the current needs of our customers and operators to reduce costs and increase margins. By targeting new operators, we generate qualified leads for marketing and sales in the various countries in which we operate. To enhance the success of our digital marketing, we incorporate 4 key elements: **engaging content, data and analytics, top technology and marketing automation**.

Our data collection for registered operators allows us to **improve our performance, gain customer insights, and create tailor-made offers for existing customers**. In this way, we aim to position ourselves as an engaging food service partner for chefs, bakers and distributors. In 2023, the platform was praised for its personalised approach and received **two prestigious Splash Awards from the Global Drupal community**: as 'best website of the year' and as winner in the 'Corporate' category.

2 SPLASH AWARDS

Splash Awards from the Global Drupal community: as 'best website of the year' and as winner in the 'Corporate' category

OUR VALUE CHAIN FROM A SUSTAINABLE PERSPECTIVE

Vandemoortele believes that daily food should be a daily pleasure. Great taste is built on high-quality ingredients, processing expertise and true craftspersonship. To ensure that our products are both tasty and sustainable, we consider the impact of every step in our value chain, from the sourcing of raw materials to the delivery of delicious masterpieces.

Raw material sourcing

We source raw materials like vegetable oils (sunflower, rapeseed, linseed, palm, soya, coconut, etc.), flour, butter, cocoa and eggs from carefully selected suppliers. We recognise the significant environmental concerns associated with the cultivation of these raw materials, such as deforestation and loss of biodiversity. We actively collaborate with our suppliers to prevent and mitigate these impacts. Wherever possible, **we use sustainably produced resources to reduce the negative impact on the planet**. For example, by promoting regenerative farming practices such as conservation tillage and crop rotation, we help to improve soil health and reduce the risk of soil degradation. By taking action to combat climate change, we also protect our own operations. Extreme weather events, such as heat waves, storms and floods, can pose a major risk to Vandemoortele as they can damage crops, infrastructure and agricultural land.

In plantations for raw materials, **inadequate working conditions and a disregard for workers' rights may give rise to social issues**. The cocoa industry, in particular, has faced challenges related to child labour and exploitation. Therefore, we are increasingly buying cocoa with **Rainforest Alliance or Fairtrade certification**, which is directly aimed at **avoiding child labour** and other problems in the sector. In addition, we assess **our critical suppliers** on their sustainability practices with EcoVadis. Where possible, we prefer to source locally to shorten the logistics chain. We ensure clear traceability, in order to allow us to monitor where our raw materials come from and how they are produced.

Packaging

High-quality packaging **protects the quality and safety of our products, and prevents food waste**. However, if not properly designed or disposed of, packaging materials can also contribute to ocean, land and air pollution. To reduce the negative impact of our packaging, we ban all unnecessary materials and make our packaging as light as possible. Our product development process is tightly linked with packaging optimisation. We collaborate closely with local packaging suppliers to ensure that we make the right choices for our products.

To contribute to circular packaging, we steer clear of single-use plastics where possible. Our packaging development processes include design for recycling, and we are exploring the options for reusable packaging. We combat deforestation by using only 100% FSC and PEFC certified paper and cardboard. We are also working to increase the use

of recycled content in our packaging wherever possible. Overall, we aim to scrutinise, reduce and optimise our use of packaging materials.

Food production

Our products are manufactured at 29 production sites spread across Europe. We place a **strong emphasis on sustainability and operational efficiency**. To reduce our carbon footprint, we minimise our energy consumption, for example by constructing low-energy buildings and opting for energy efficient machinery. The electricity that we use in our production sites and offices comes from 100% renewable sources. We also reduce our water footprint by optimising our production processes and by reusing some of our wastewater.

The health, safety and well-being of our associates are of paramount importance to us. We aim to ensure healthy, safe and inclusive workplaces, and we encourage our people to grow and develop. All of our associates are given equal opportunities to flourish in their jobs and to achieve their personal goals.

Food loss & waste management

We further commit to various **waste reduction initiatives** addressing both food loss and general waste at their production sites. We valorise as much of our organic streams as possible into biodiesel, animal feed and fermentation. We strive to ensure that the waste resulting from our production **does not end up in landfills**. As much of our waste as possible is **sorted and recycled**.

Transport and distribution

We distribute and sell our products all over the world. Our logistics network specialises in the **transportation of temperature-controlled and frozen goods**. This approach curbs food waste and requires less packaging materials, resulting in a smaller impact on the environment. To further reduce our transport emissions, we rely on the latest engine technologies, alternative energy sources, innovative truck designs and efficient loading techniques. We keep a close eye on technological developments, with the aim of becoming a forerunner in this area. 2023 marked the introduction of our first electric truck, as part of our commitment to innovative and sustainable transport solutions. We are also initiating a study to analyse the potential for electric chargers at our key sites. This initiative aims to support not only our own fleet, but also external logistics companies, facilitating a more efficient and sustainable charging infrastructure.

In 2023, our separate transport companies Metro and Panalog united their knowledge and expertise, and merged into one large company: **Vandemoortele Transport Solutions**, which now carries out our transports and offers transport management and logistics support.

Sale to the market

Over the years, we have steadily expanded our business through organic growth and acquisitions. We now hold **a leading position in Europe in all our core categories**. Both our BP and PBFS business lines are predominantly business-to-business activities. Our customers are food sellers in all shapes and sizes, such as supermarkets, hotels, restaurants, artisan bakers, industrial bakers, etc. Our products are sold across the following distribution channels: **retail, artisan bakery, food service and food industry**.

Our **BP business** line consists of five categories: **Pastry, Bread, Sweet Treats, Italian Savoury and Patisserie**. Due to the fact that many of our customers no longer bake from scratch, we deliver our bakery products at various convenience levels: raw, pre-proofed or ready-to-serve. This approach combines good quality with flexibility. Our customers sell the products to end consumers as finished, freshly baked products.

In our **PBFS business line**, we offer tailor-made solutions for every customer, from tasty cooking blends for chefs to high-quality pastry margarines for artisan bakers. Our solutions include **margarines, butters, blends, deep-frying oils and fats, culinary oils, mayonnaises, sauces and dressings, vegetable-based creams and dough improvers**.

In addition to our wide range of products, we also offer our customers several services. These include online training and baking instructions, technical support, customer insights, the development of customised products and category management.

Consumption

The quality and taste of our products are our trademark. We create authentic products with a good nutritional balance, made with safe, reliable and often natural ingredients. By offering healthy, plant-based items, we aim to have a positive impact on both people and our planet. In our tasty indulgence products, like donuts or patisserie, we still make an effort to **reduce the sugar and salt content**.

To improve our service, we **analyse consumer behaviour** and listen to our customers' requests. By offering a wide variety of safe, tasty and/or sustainable choices, we meet our customers' needs and we increase our economic opportunities. Day after day, we invest in research and product development, in order to raise the bar ever higher in terms of food quality and safety. We are very careful to avoid all safety errors and health hazards. By taking great care of our products and processes, we ensure people's health and safety, and we protect our reputation.

End of life

Packaging plays a substantial role in sustainable food systems by reducing the amount of food loss. However, the use of plastic packaging gives rise to environmental concerns and waste management issues. We work towards **an optimal balance between preservation and sustainable packaging.** By advocating **a circular economy, we aim to close the loop and minimise waste**.

By offering healthy, plant-based items, we aim to have a positive impact on both people and our planet

OUR PEOPLE AND CULTURE

OUR HR CHARTER

Based on our three core values – ambition, cooperation and respect – we aim to build a **capable organisation with engaged associates** who collaborate in a **strong people & performance culture**. Together, we work towards the best results in terms of Profit, Planet and People.

To achieve this mission, we have developed three interconnected pillars:

People 4 Growth ensures we employ engaged, talented and competent associates, who are involved in a capable, efficient and successful organisation.

Growth 4 People ensures that our associates are happy and engaged in their professional journey, and that they work within a safe and inclusive environment.

Leaders 4 Growth ensures we have leaders who are strong in performance and people management, who live our values, and who support their people in achieving our aspired-to economic, ecological and social results.

To ensure we achieve our ambitions, each pillar is monitored with appropriate methods, such as benchmarking exercises (efficiency, rewards, etc.), engagement & pulse surveys, safety indexes, 360-degree feedback surveys, and so on.

Our people culture

To build an engaged and people-oriented organisation, we have defined several commitments:

- Our jobs and workplace environments are **safe and engaging**. We support our associates in **developing new competences** to be successful.
- We encourage the **personal and professional development** of all our associates through individual development actions.
- **Our reward policy** is market competitive (above median), equitable, fair and motivating.
- We encourage and reinforce **an open, constructive and proactive internal communication culture**.
- We ensure individual and collective employment terms in line with all legal requirements and **the highest ethical standards**.

- We endeavour to match organisational and individual needs, to support **a good work-life balance**.
- We provide an environment that is **diverse, equitable and inclusive, and provides opportunities for all**.

Performance culture

Our HR mission supports the Vandemoortele performance culture. We have defined **four strategic focus areas**:

1. **Organisational effectiveness** is part of every aspect of our organisation – Operations, Sales, Logistics and Support functions – we develop work methods to deliver the products and services our customers desire. We share best practices and embrace excellence-enhancing initiatives like Make & Bake (operational excellence), W1N (commercial excellence), DR1VE (distribution excellence), Finance for the Future, etc.
2. **Organisational efficiency** is crucial to achieving our targets (business, ecological and social). To ensure we work in the most efficient way, we continuously monitor and benchmark the cost levels across all functional areas.
3. **A strong organisational culture** ensures that our people know how to behave, without lengthy and complex procedures. Our company culture is based on three core values: ambition, cooperation and respect. They are embedded in all our HR and leadership processes.
4. **Solid & proactive capabilities** of our people are crucial for the current and future success of Vandemoortele. With the help of competence matrices, we monitor the individual and collective status and evolution of the strengths and weaknesses of our teams.

Our aim is to build an engaged and capable people organisation and a strong performance culture, supported by our HR and leadership processes.

To attract talented people, we leverage a strong employer brand and continuously improve our recruitment process. **We offer structured onboarding plans to ensure new associates feel welcome**. We also focus on talent management (people review, professional journey) and talent development (mentoring, Vandemoortele Academy, Young Graduates community, e-learning, etc.).

Our leaders are motivated to lead their teams and interact with their people in line with our values and HR policies.

OUR PEOPLE

“We are driven to bring out the best in each individual”

Manon Haenen HR Manager

“As an HR specialist, I am happy to see how much emphasis Vandemoortele places on people management. Our associates are offered so many growth opportunities, both personally and within their teams. Our company is not just about meeting targets: we are driven to bring out the best in each individual.”

“Being an ambassador for Vandemoortele is not just a title to me, it’s a commitment. I take pride in representing our organisation, advocating its values, and nurturing a motivating and empowering environment.”

The Netherlands, Brunssum

AWARDS AND RECOGNITIONS IN 2023

AWARDS

Factory of the Future

In February 2023, the **Vandemoortele site in Izegem** (Belgium) won its **second Factory of the Future Award**. The award was presented by technology federations Agoria and Sirris, in collaboration with industry associations such as Fevia, Fedustria and essenscia. This award was **a special recognition for the use of automation and advanced technology in our machinery**, and also for the dedication and skills of all our associates. This balanced combination, complemented by a strong focus on innovation and sustainability, continues to be a winning vision. In three years' time, a new audit will determine whether the title will be renewed.

Two Drupal Splash Awards

In 2022, we successfully launched the new Vandemoortele Professional platform in Belgium and the Netherlands. France and Italy followed in September 2023. One of the key features of the new platform is **content personalisation**: we tailor content to visitors' profiles by adjusting text and/or images, making it more relevant. For example, based on people's browsing behaviour, we show more content regarding restaurants, limited service restaurants or hotels. This personalised approach earned us not one but **two Drupal Splash Awards** in the 'Corporate' category: the award for 'In-depth Personalisation in Drupal for a Massive Audience', plus the title 'Website of the Year'. The result is a credit to the whole team, and underlines the great collaboration between our marketing and IT departments!

Laureate Snacking d'Or 2023

The Snacking d'Or competition (by France Snacking) was a hard-fought affair in 2023, with almost 180 innovations on the shortlist and over 154,000 votes cast on the **Snacking.fr platform**. This makes us even more proud of Vandemoortele securing a place among the 40 winning innovations! Our **Focaccia LANTERNA**©, an authentic Italian focaccia with a rich filling for quick breakfasts, won an **award in the SNACKS TRAITEUR category**. The product is quick and easy to prepare, with no need to defrost.

Prix Marmiton 2023

The **French cooking magazine & website *Marmiton*** supports chefs and hobby cooks with recipes and culinary advice. In 2023, the platform launched the Prix Marmiton: an award for products that make kitchen activities easier. A panel of experts scrutinised dozens of culinary products and household appliances in around twenty categories. One of the items on the shortlist for the Prix Marmiton 2023 was a **frangipane cake with salted butter caramel**. This product was developed by French chef Jean Imbert, and manufactured by Vandemoortele for supermarket chain Carrefour.

Silver Best Product Award

In 2023, the German culinary magazine KÜCHE awarded our **Grilled Vegetables Focaccia** a silver Best Product Award in the category 'Savoury Bakery Products'. The jury of independent chefs was particularly impressed by the fact that our focaccia is an **authentic product** that brings the **Italian way of life to Germany**.

RECOGNITIONS

FINN ranking

Which Belgian companies offer the greatest transparency with regard to their carbon footprint? That is the question that communications agency FINN tries to answer each year. In 2023, FINN again analysed the disclosure level of more than 50 large Belgian companies, particularly with regard to their carbon emissions. **For the second year in a row, Vandemoortele was classified within the top tier**.

The FINN ranking differs from others in that it mainly evaluates the completeness of a company's reporting efforts. All companies in the top tier have defined quantified CO_2 targets for 2030 or earlier and shared quantified action plans to achieve these goals. They also refer to the Science Based Targets initiative, the undisputed gold standard when it comes to sustainability targets. **Our result indicates that we are making good progress** in complying with the new European Corporate Sustainability Reporting Directive (CSRD).

BREEAM 'Excellent' certificate

BREEAM (the Building Research Establishment Environmental Assessment Method) is the most widely used method worldwide for determining the sustainability performance of buildings. The international BREEAM certificate considers sustainability criteria across nine different areas: management, energy, health & well-being, transport, water, materials, waste, pollution, and land use & ecology. In 2019, **the Vandemoortele headquarters obtained a BREEAM building certificate** due to it being nearly energy neutral (BEN). In 2022, we received a new certificate, upgraded to **an 'Excellent' score**.

Sedex

Sedex, short for Supplier Ethical Data Exchange, is a not-for-profit organisation dedicated to **improving responsible and ethical business practices** in global supply chains. The web-based Sedex tool allows companies to manage data on their ethical performance along the supply chain. With the tool, we monitor and assess our social, environmental and business ethics risks. Seventeen of our twenty-nine production sites are **now registered in Sedex**: a good starting point on which to build. In the long term, our use of the Sedex tool should have a positive impact across our entire supply chain.

EcoVadis score

EcoVadis is a business rating platform for assessing corporate social responsibility and sustainable purchasing. The EcoVadis self-assessment tool helps companies to gain insights on their sustainability level. Based on the 2022 assessed data, **Vandemoortele received a 'silver' EcoVadis medal**. All the themes assessed (Environment, Sustainable Procurement, Labour and Ethics) received an above-average score for our sector, with 'Environment' scoring the highest. Our improvements are the results of new policies and measures, and of the increased transparency in our annual reporting. More work will be put into monitoring and reporting ethics issues and into third party risk and compliance verification. In the next few years, we will use the EcoVadis assessment tool as a management tool to define our priorities and to decide which steps we will take next. In addition, we also use the EcoVadis platform to audit our most critical suppliers on their sustainability practices.

WWF Palm Oil Buyers Scorecard

The WWF Palm Oil Buyers Scorecard assesses the progress of companies on the commitments and actions necessary to be a responsible palm oil user. This is done based on their RSPO reporting. The 2021 assessment evaluated all of our products, including the private labels we make for our customers. As a result of this broader scope, we received a lower score than the previous year. With our 2021 results, we are now in the mid-range. For 2025 we have set clear targets for fully traceable, deforestation-free and exploitation-free palm oil, as well as for certified sustainable palm oil. A new assessment has taken place, but the result will not be available until mid-2024.

2025

is the year for which we have set clear targets for fully traceable, deforestation-free, exploitation-free and certified sustainable palm oil

OUR LEADERSHIP TEAM

BOARD OF DIRECTORS

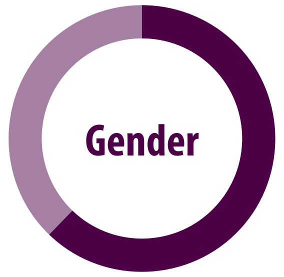
The Board of Directors is Vandemoortele's highest decision-making body, except for matters reserved for shareholders. It oversees the CEO and the Executive Committee on behalf of the shareholders. Board members may also serve on the associated Audit Committee or the Compensation & Nomination Committee.

The primary objective of the Board of Directors is **to sustain and further develop a successful Group in the food industry**. The Board creates sustainable value in line with the vision of the family shareholders, i.e. making great food for a more enjoyable and healthier life through a truly people-driven organisation.

The Board consists of 12 directors. The current members are:

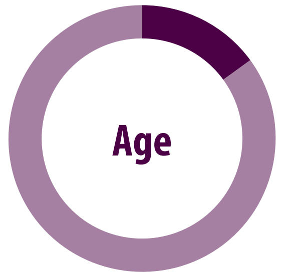
- **6 non-executive family directors**: Jean Vandemoortele* (Chairman), Catherine Billiet**, Marie-Christine de Briey*, François Casier* (representing Arema SRL), Charles Vandemoortele** (representing Honest Foods SRL) and Christian Vandemoortele* (representing Artval NV);
- **5 non-executive and non-family directors**: Michel Delloye (representing Cytifinance NV) held the position until 9 May 2023, and was succeeded by Erwin Pardon (representing Panbosch) thereafter, Cécile Bonnefond (representing CB management SARL), Natasja Laheij, Philippe Schaillée and Otmar Hofer;
- **Vandemoortele's CEO**, who is also the company's Managing Director: Yvon Guérin.

The members of the Board of Directors have different professional backgrounds, ranging from law and finance to marketing, economic sciences and food technology. Many Board members have been or still are senior executives at major listed companies that face the same strategic challenges and opportunities as Vandemoortele. As such, their knowledge and skills complement each other and add diversity to the Board. Associates or other workers are not directly represented in the Board. It is the responsibility of all Board members to attend to the company's interests and to protect our associates' rights.



67% Male Board members

33% Female Board members



17% Board members between 30-50 years old

83% Board members over 50 years old


JEAN VANDEMOORTELE

Executive director


YVON GUÉRIN

6 non-executive family directors


CATHERINE BILLIET


MARIE-CHRISTINE DE BRIEY


FRANÇOIS CASIER


CHRISTIAN VANDEMOORTELE


CHARLES VANDEMOORTELE

5 non-executive and non-family directors


MICHEL DELLOYE
Until 9 May 2023


ERWIN PARDON
From 9 May 2023 onwards


NATASJA LAHEIJ


PHILIPPE SCHAILLÉE


CÉCILE BONNEFOND


OTMAR HOFER

* fourth-generation family director. ** fifth-generation family director

The Chair

The Board elects a Chairperson from among its members. In line with the Belgian Code of Corporate Governance, there is **a clear division of responsibilities** between the person who presides over **the Board of Directors (the Chair)** and the person who assumes **executive responsibility for the company's business (the CEO)**. The CEO maintains close contact with the Chair.

The Chairperson chairs the meetings of the Board of Directors. He or she prepares the meetings, ensures the efficient deliberation and decision-making of the Board, and fosters an atmosphere of trust conducive to open discussions and constructive criticism. This enhances support for the decisions made by the Board. In the event of a conflict between the Chair's personal interests and those of the company, the meeting will be chaired by another member of the Board.

Nomination and selection

The Board of Directors must be composed of an adequate number of directors with diverse, yet complementary, professional backgrounds, knowledge and experience. The composition of the Board should allow for changes without disrupting its efficient operation. In accordance with Vandemoortele's Corporate Governance Charter, at least one-third of the Board must be of a different gender than the other members.

Directors are appointed for a period of 3 years, twice renewable. To submit (re-)appointment proposals to the shareholders, the Board requires a recommendation from the Compensation & Nomination Committee.

To be considered for (re-)appointment as a non-family director, a candidate must meet certain criteria. Every candidate should:

- have **specific skills, knowledge and experience** to complement those already present on the Board. To attract the right candidates, the Board draws up a description of the profile they are looking for;
- demonstrate **probity, integrity and professionalism**, and be sufficiently available to fulfil their obligations as a non-family director in an adequate manner;
- be sufficiently **independent**. That is, they must be free of any commercial relationships, close family ties or other connections with the company, the controlling shareholders, or the management of the Vandemoortele Group. Such ties might give rise to conflicts of interest and/or could affect the independent and sound judgement of the director.

The family shareholders freely determine the criteria that the family directors must fulfil. The mandates of the directors expire at the Annual General Meeting immediately following the date on which they reach the age of 70.

Responsibilities of the Board

The Board of Directors supports the CEO and the Executive Committee in the performance of their duties, and questions their approach when appropriate. The key responsibilities of the Board of Directors are:

- **Strategy**: the Board outlines Vandemoortele's strategic course, based on proposals from the CEO and the Executive Committee. It approves the operational plans and the main policies developed by the CEO and the Executive Committee to implement the strategy.
- **Leadership**: the Board appoints Vandemoortele's CEO and the members of the Executive Committee. It defines the Group's general remuneration policy and the specific remuneration conditions for the non-executive directors, the CEO and the members of the Executive Committee. It also reviews their performance.

- **Supervision & monitoring**: the Board supervises the business evolution and Vandemoortele's general performance.
  It approves and evaluates the risk management and internal control processes proposed by the CEO and the Executive Committee. In general, the Board meets seven times per year. This number may vary according to the needs of the Vandemoortele Group. Additional meetings to discuss specific topics may be called at any time, though the timing should allow for some flexibility. In the event of tied votes, the Chair of the meeting has the casting vote.

Evaluation

The Board of Directors examines and evaluates its own operation and performance as a collegial body on a regular basis. This includes the specialised committees and their respective responsibilities, tasks and operations.
To this end, the Chair conducts **a yearly internal Board assessment**, based on individual discussions with all members. These evaluations have four objectives:

- to review the operation of the Board;
- to ascertain whether or not the key issues are thoroughly prepared and discussed;
- to assess the existing composition of the Board in the light of the required composition;
- to evaluate the interaction between the Board, the CEO and the Executive Committee.

The findings of each evaluation are reported to and discussed within the Board.

Special committees

The members of the Board of Directors actively engage in their duties. They are committed to making business decisions based on objective data and independent judgement.

In order to carry out its tasks and responsibilities efficiently, the Board has set up two special Committees.

The Compensation & Nomination (C&N) Committee assesses the performance of the CEO, the members of the Executive Committee and the individual directors. It also assists and advises the Board on the nomination of the CEO, the members of the Executive Committee, and the non-family Board members, as well as on remuneration matters, organisational development and talent management.

The C&N Committee currently consists of:

- Cécile Bonnefond (representing CB Management SARL) (Chair);
- Erwin Pardon (representing Panbosch);
- Jean Vandemoortele;
- François Casier (representing Arema SPRL).

The Audit Committee assists and advises the Board in its monitoring responsibilities, especially regarding control and risk management, IT systems, financial reporting, compliance, and the mechanisms available for raising confidential concerns. It also reviews and assesses any investment of €20 million or more from a financial and risk perspective, prior to submitting a recommendation to the Board of Directors, who shall make the final decision on such an investment.

The committee currently consists of:

- Natasja Laheij (Chair);
- Erwin Pardon (representing Panbosch);
- Jean Vandemoortele;
- Charles Vandemoortele.

CEO

The Chief Executive Officer (CEO) is appointed by the Board of Directors. He or she leads the Executive Committee. The CEO has **the final operational authority and responsibility for the entire Vandemoortele Group**, within the framework of the decisions made by the Board and within the confines of the powers delegated by the Board. He or she also ensures the daily management of the Company as Managing Director (Gedelegeerd bestuurder; Administrateur-délégué).

EXECUTIVE COMMITTEE

The CEO leads an Executive Committee (ExCo) that consists of 7 members:

- the CEO;
- the Managing Directors of the two business lines;
- the Chief Legal & Risk Officer (CLRO);
- the Chief Human Resources, Sustainability & Communications Officer (CHRO);
- the Chief Financial Officer (CFO);
- and the Chief Transformation Officer (CTO).

The ExCo assists the CEO in leading the Vandemoortele Group operations. **It supports and monitors the two business lines**, Bakery Products and Plant-Based Food Solutions and helps them to achieve their goals. It also outlines and prepares Vandemoortele's long-term strategy and monitors the execution of the Board's decisions within the agreed frameworks. All members of the ExCo are responsible for their own specific business line or Group service, and report directly to the CEO.

The ExCo presents Vandemoortele's complete and reliable financial and sustainability statements to the Board of Directors. The ExCo members assess the company's and the Vandemoortele Group's financial and sustainability situation and provide the Board of Directors with all necessary information to carry out its duties.

CEO
YVON GUÉRIN

Plant-Based Food Solutions business line
BART BRUYNEEL

Bakery Products business line
SABINE SAGAERT

Legal & Risk
PHILIPPE DELSAUT

HR, Sustainability & Communication
MARC CROONEN

Finance & IT
HERMAN VAN STEENSTRAETEN

Transformation
HELENA VANHOUTTE

CORPORATE GOVERNANCE DECLARATION

Vandemoortele adopts the Belgian Corporate Governance Code 2020 as a reference code. However, considering the specific characteristics of the Vandemoortele Group and, in particular, the fact that our shares are not listed, some principles of the Code have been adjusted.

The **Corporate Governance Code 2020** (provision 3.7) prescribes that the Board of Directors functions as a collegial body, and that decision-making within the Board of Directors should not be dominated by any individual or group of directors. **Vandemoortele's Board of Directors consists of twelve directors, six of whom are (non-executive) directors** representing the family shareholders. The potential corporate governance risk that this situation could entail is a strong control by the representatives of the family shareholders. However, this is mitigated by having an equal number of directors (six) who are not representatives of the family shareholders, including the CEO and five independent non-executive directors who have the necessary expertise, competences and experience.

The Corporate Governance Code 2020 (provision 7.6) prescribes that non-executive directors should receive part of their remuneration in the form of shares of the company, so that they can act from the perspective of long-term shareholders. **Vandemoortele does not allocate shares to the (non-executive) members** of the Board of Directors because Vandemoortele believes that this type of remuneration is not necessary for these directors, who are carefully selected, and act in an objective manner and in the long-term interest of the company. This is also evidenced by the long-term presence of several of the non-executive directors.

The Corporate Governance Code 2020 (provision 7.9) requires that the Board of Directors set a minimum threshold of shares to be held by the members of the executive management. Vandemoortele deviates from this principle and stipulates **no obligation for the members of the executive management** to hold a minimum number of shares in the company. This is justified by the fact that Vandemoortele considers the current remuneration policy, including the annual granting of stock options to the members of the executive management, to contribute sufficiently to their acting in the long-term interest of the company.

The Corporate Governance Code 2020 (provision 7.11) prescribes that the company may not cover the risks associated with stock options, as this is not in line with the objective of this incentive mechanism. Vandemoortele deviates from this principle **by allowing the beneficiaries of stock options to choose between either accepting in first order an offer of stock options** (either in whole or in part) **with no vested benefit** or, if this offer is refused in first order, accepting **in second order a cascading offer of stock options with vested benefit**, whereby a lower number of stock options is granted. This choice allows the participants, upon accepting the cascade offer (after having refused the first offer), to receive a refund of all or part of the taxes paid on the taxable benefit from the company in the event that the increase in the value of the stock, at the end of the term of the stock option plan, would be less than the taxes paid by the beneficiary. The refund covers only the portion of taxes not covered by the growth in value. This increases the attractiveness of the stock option plan, helping to ensure that our senior managers act in the long-term interest of the company.

OUR PEOPLE

"Good governance enables us to operate legally, ethically, sustainably and successfully to achieve our goals"

Belgium, Ghent HQ Legal Department

Carine Hintjens

Group Legal & Regulatory Affairs Manager

"As Group Legal & Regulatory Affairs Manager, I give legal advice and support to Vandemoortele. After 30 years, I am still passionate about my work, due to the variation in topics and the collaboration with many colleagues. I can also count on an experienced legal team."

"In recent years, we have been faced with an increasing number of regulatory requirements: legal compliance, corporate social responsibility, sustainability … To support our management, the legal department is happy to contribute to good corporate governance, within all regulatory limits."

OUR REMUNERATION POLICY

Vandemoortele provides **market-compliant remunerations for all associates, the Board of Directors, the CEO and the ExCo**.

Our managers and associates are offered competitive salaries that are at least in line with the market. At the Group level, we engage with external parties for independent benchmarking. We also conduct research on appropriate wages for our workers, and support associates in specific regions in collaboration with local partners. Every year, we evaluate our salaries in terms of diversity and fairness, again supported by an external party. Through the Associate Engagement Survey, we measure our associates' overall satisfaction with their remuneration. The ExCo reviews and approves the remuneration policies, including the incentives scheme, for all our associates. All remunerations for the CEO, ExCo and Executives are reviewed and approved by the Compensation & Nomination (C&N) Committee.

Our Board members receive **a fixed annual remuneration** for their contribution. All directors receive the same amount, with the exception of the Chairperson, whose remuneration is twice that of the other directors. Members of (one of) the specialised committees receive a fixed payment for each committee meeting they attend.

The remuneration package of the CEO, the members of the ExCo and the executives consists of three components:

- a fixed remuneration;
- a variable annual bonus;
- share options.

Remunerations are **tailored to the responsibilities that individuals bear** within the Vandemoortele Group. The remunerations for the CEO, ExCo and Executives are reviewed each year by the C&N Committee. This committee also periodically checks the market compliance of the total remuneration packages.

Since sustainability is an integral part of Vandemoortele's business strategy, **the remuneration of our leaders is linked to the achievement of our sustainability goals**. In 2021, we took the first step in this regard by making the remuneration of 25 senior executives partly dependent on our sustainability targets. In 2022, we expanded this to more than 700 managers.

The relevant sustainability goals are defined by the project leaders, our Group Sustainability Manager and the Chief of Human Resources, Sustainability and Communication. They are linked to **our associates' short-term incentives (STIs)**. Sustainability goals for the STIs are defined per job family, to ensure that all associates can contribute to the relevant targets (see Annex). The achievement of sustainability targets defines between **10% and 20% of the STI**, depending on the job family and the level of the position. In addition, associates may also have individual performance goals linked to sustainability targets. The full list of all sustainability targets used to calculate our associates' STIs is included in the Annex on page 178.

Since sustainability is an integral part of Vandemoortele's business strategy, the remuneration of our leaders is linked to the achievement of our sustainability goals

HOW WE LEAD AND REPORT ON SUSTAINABILITY

THE DEVELOPMENT OF OUR SUSTAINABILITY STRATEGY AT BOARD AND EXCO LEVEL

Sustainability is an integral part of the overall Vandemoortele strategy. The development of our **2030 sustainability strategy** included a consultation process in which ExCo members and the Board were consulted several times. This allowed them to closely monitor, manage and oversee the impacts, risks and opportunities for Vandemoortele.

In addition to online surveys sent to the Board and the Executive Committee (ExCo), a 1.5-hour session was dedicated to the **materiality assessment**. Both Board and ExCo members participated in working groups to give qualitative input on the sustainability impacts, risks and opportunities (IROs). The list of material IROs addressed by the Board and the ExCo during the workshop is included in the Annex on page 178.

After stakeholder consultation, the ExCo determined the **material IROs that form the basis of our sustainability strategy**. Subsequently, the Board validated these material IROs.

Next, the **sustainability roadmap** with all targets and KPIs was determined. The ExCo, management teams and project teams actively participated in this target-setting process. In the final phase, the ExCo presented Vandemoortele's strategy to the Board of Directors. The Board of Directors questioned and validated the strategy, including the targets and indicators. The Board of Directors bears ultimate responsibility for Vandemoortele's 2030 roadmap.

OUR SUSTAINABILITY GOVERNANCE

In order to implement our sustainability strategy and to achieve our sustainability goals, we have created a governance structure that embeds sustainability throughout our entire organisation.

- The **Sustainability team including the Group Sustainability Manager** develops and implements the sustainability strategy. They coordinate and monitor the annual sustainability plan, focused on the daily implementation of the strategy. In addition, they support the various sustainability project

teams. The Sustainability team is also responsible for communicating the Corporate Sustainability Strategy and its progress to all stakeholders.
- Four times a year: update internal stakeholders (intranet & International Group'Up = CEO gives update on the financial and sustainability results)
- Four times a year: update Management Teams and ExCo
- Twice a year: update the Board of Directors
- Twice a year: update external stakeholders (mid-year & annual report)

- The **Project Leaders** lead the multidisciplinary project team meetings and draft action plans in order to achieve the targets linked to the commitments. They report on their progress twice a year, during the sustainability progress meetings. These include all project leaders, the sustainability team and the members of the Management Teams. The Project Leaders meet separately with the Group Sustainability Manager at least four times a year to align viewpoints, discuss bottlenecks, etc. They also act as the internal contact points for questions about commitments and support for related actions.

The global Vandemoortele sustainability strategy is incorporated in our commercial and operational strategies. We encourage our various sites, commercial teams and countries to set up local **sustainability programmes** that focus on key priorities and challenges. This is done by the local managers; there are no separate committees.

Some aspects of sustainability are addressed by the Compensation & Nomination Committee, others by the Audit Committee. The Board oversees all sustainability matters in a general way. This is the **responsibility of all members**; there is no specific sustainability mandate.

Sustainability **legislation and frameworks** are recurring topics on the Board's agenda. Senior managers give regular updates and Board members can take specific training courses to upgrade their sustainability expertise. When necessary or advisable, the Board also invites external experts.

We encourage our various sites, commercial teams and countries to set up local sustainability programmes

CONTROLS OVER SUSTAINABILITY REPORTING

Risks related to reporting

Our annual risk management process is designed to manage the risks associated with Vandemoortele's operations. During that process, we also monitor risks related to sustainability reporting. In 2023, the following reporting-related risks were included:

- **Sustainability reporting**: inadequate disclosure and management of environmental, social, and governance (ESG) factors may lead to reputational damage and regulatory scrutiny. These can impact stakeholder trust and business resilience.
- **Incident reporting**: delays, inaccuracies, or inadequate reports of safety incidents may result in legal and financial consequences, along with reputational damage. These can threaten consumer trust and regulatory compliance.
- **Governance and compliance reporting**: non-compliance with regulatory requirements and standards may lead to legal and financial repercussions, resulting in fines, sanctions and reputational harm.

During the last risk assessment, the ExCo and the Audit Committee did not identify the risks linked to sustainability reporting as priority risks. Therefore, we did not prepare any mitigation plans. More information on the risk management process can be found on page 45.

Internal control of sustainability indicators

To ensure the accuracy of our sustainability indicators, our methodology and our calculations, we are currently developing factsheets for all sustainability indicators. The goal is to have a factsheet for each sustainability KPI, with a dedicated 'owner', a description of the procedure, etc. For now, the owner of each KPI will complete a scorecard four times a year. In the future, this process will be automated to as great an extent as possible. The sustainability team checks all completed scorecards.

In addition, our Internal Audit team regularly assesses the quality of our sustainability data and our data gathering systems.

External limited assurance

Our external auditing partner performed a readiness check on some of our 2021 sustainability KPIs, and a voluntary limited assurance on a number of selected KPIs in 2022. This voluntary limited assurance is likewise repeated on another selection of our 2023 sustainability KPIs. All comments and additions made by the auditor are taken into account. The KPIs that are assured by our external auditor are included in the Annex on page 164.

In 2023, a voluntary limited assurance audit was conducted on selected sustainability KPIs

STATEMENT ON DUE DILIGENCE

Conducting thorough due diligence not only promotes sustainable and responsible business practices, but also integrates human rights and environmental issues into our operations and corporate governance. The following table shows how the key aspects and steps of our due diligence process are reflected in our sustainability statement.

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
1) Embedding due diligence in governance, strategy and business model	P. 41-43 How we lead and report on sustainability
2) Engaging with affected stakeholders in all key steps of due diligence	P. 175-177 Engagement with key stakeholders
3) Identifying and assessing adverse impacts	P. 63-65 Our double materiality assessment
4) Taking actions to address those adverse impacts	P. 68-149 Our action plans
5) Tracking the effectiveness of these efforts and communicating them	P. 68-149 Our performance in 2023

HOW WE MANAGE RISKS AND OPPORTUNITIES

Our current risk management process relies on **an annual survey among 250 associates** across various business lines, functions, levels and regions. All participants are asked to provide input on the main business risks for Vandemoortele. This input includes:

- **a list of potential risks** that could affect the achievement of our strategic goals;
- **a ranking of all risks** in our risk universe, distinguished according to operational, financial, legal and compliance risks.

Based on the input received, the internal audit team identifies and quantifies the risks, and draws up a risk heat map to help with prioritisation. Based on this heat map, a list of priority risks is then presented to the ExCo and subsequently to the Audit Committee. **The ExCo and the Audit Committee discuss the list of priority risks** and make the final decision as to which risks will be monitored at the Group level. For each priority risk, a mitigation plan is prepared and regularly reviewed by the ExCo and the Audit Committee. In addition, the outcome of this exercise is used to prepare the audit plan for the coming year.

In 2022, we started to incorporate Environment, Social and Governance (ESG) risks into the risk management process. The following ESG risks were included in the process:

- geopolitics (including climate change, extreme weather conditions, etc.);
- War for Talent;
- ESG stakeholder expectations;
- incorrect reporting (all types of reporting including ESG reporting);
- use of natural resources;
- shifts in consumer habits;
- regulatory compliance (compliance with a wide variety of regulations, including CSRD).

For 2024, the team proposed to include four ESG risks as priority risks: the war for talent, stakeholder expectations regarding ESG, the use of natural resources, and shifts in consumer habits.

FINANCIAL RISKS

Credit risk

Depending on the (in)ability of our customers to fulfil their contractual obligations, **Vandemoortele could potentially be exposed to a credit risk**. To protect ourselves against customer defaults and bankruptcies, we rely on the services of international credit insurance companies, and we apply internal credit limits to individual customers.

Fluctuations in currencies and interest rates

Because of the nature and structure of our activities, **Vandemoortele has only limited exposure to the risk** of fluctuations in currencies and interest rates.

OPERATIONAL RISKS AND CHALLENGES

Cybersecurity

A hostile cyberattack, especially one that stems from ransomware, could potentially have a significant impact. To protect ourselves, we have reinforced our **ICT infrastructure and taken out adequate cybercrime insurance**. In addition, a security council – with associates from various departments – has been created to monitor the evolution of this risk.

Supply chain interruption

A limited availability of raw materials, combined with **unexpected issues with single-source key suppliers, may lead to an insufficient supply**. If that happens, our manufacturing capacities will decrease and we may not be able to keep up with product demand. This issue has become evident over the past year, and will probably remain a significant challenge in the future. However, we have already developed and implemented mitigation controls that focus on single-source supplier risks.

Product liability

Very rarely, our products may contain **contaminants or bacteria that impair their safety or quality**. Taking action to replace or recall non-conforming products could impact our financial results or lead to reputational damage.

Regulatory non-compliance

Legislation on environment, climate, health and safety is becoming **increasingly strict and complex**. New regulations concerning sustainable production (i.e. packaging tax, carbon tax, traceability of production, etc.) may put pressure on our supply chain. In addition, **EU legislation on sustainability reporting** (the Corporate Sustainability Reporting Directive, or CSRD) will require large companies to disclose information on how they address social and environmental issues from 2024 onward. We work hard at Vandemoortele to maintain full compliance with the different legislations, and even to be a forerunner in certain domains. But more stringent legislation in different areas will present us with challenges and additional costs in the upcoming years.

FORCE MAJEURE RISKS

Geopolitics

The crises in Ukraine and Israel do not have a direct impact on our business, since Vandemoortele has no production sites or commercial offices in Russia, Ukraine or Israel. However, as Ukraine and Russia are the world's largest suppliers of wheat and sunflower seeds, **new price rises could have an indirect impact**. In addition, geopolitical concerns might lead to increased volatility in energy prices and foreign exchange rates.

ESG TOP RISKS

War for talent

After the COVID-19 pandemic, we witnessed a revival of the labour market. Consequently, a **focus on employer branding and on attracting and retaining people** once again became a priority. In the war for talent, it is becoming increasingly difficult to attract the right profiles, especially operators. Applicants are increasingly looking for positions they can be proud of, and for employers who will treat them well. As such, a strong employer brand with a clear and ambitious vision on sustainability is a critical asset in the current climate.

ESG stakeholder expectations

The increased visibility of ESG regulations worldwide has led to **higher expectations from stakeholders** (e.g. customers) regarding sustainable sourcing, manufacturing, packaging and product content. If Vandemoortele as a company is not able to meet these expectations, it could have a negative impact on our financial results.

Use of natural resources

Our continued use of fossil fuels and other natural resources exacerbates climate change and environmental disruption. Extreme weather conditions and natural disasters, such as floods, heatwaves and forest fires, are becoming increasingly common. Since our products are made from agricultural raw materials, **we depend on weather conditions being appropriate for cultivation**. For example, heatwaves that give rise to droughts reduce the quality and quantity of wheat harvests, and consequently have an impact on our operations. Furthermore, **natural disasters caused by climate change can damage our infrastructure and lead to supply chain disruptions**.

Shifts in consumer habits

Consumers' preferences are increasingly **shifting towards healthier, natural, more ecologically friendly products** with less impact on our planet. In addition, new labels are making consumers aware of the impact our products have on people and the environment. If we fail to face these challenges, we risk losing our market share and being outcompeted within the market. By continuously improving the ways in which we source our ingredients, changing consumer behaviour will provide us with an opportunity instead of a risk. We enhance our products to make them more sustainable, and guarantee clean and safe products with a good nutritional balance.

PART II

KEY FINANCIAL INFORMATION

"WITH OUR ENLARGED PRODUCTION CAPACITY, WE ARE READY TO INCREASE OUR MARKET SHARE"

After a few turbulent years, the global economy showed signs of a modest recovery in 2023. Still, challenges like inflation and geopolitical instability persisted. How did Vandemoortele cope? Chief Financial Officer (CFO) Herman Van Steenstraeten takes stock after a busy twelve months.

2022 was a year marked by inflation, low purchasing power, geopolitical instability and supply chain disruptions. How did these challenges evolve in 2023?

Herman Van Steenstraeten: "Inflation still played a relatively large role in 2023. It was one of the reasons behind the significant increase in our turnover: we had to raise our prices to balance our raw materials costs. Other factors, however, like supply chain disruptions and geopolitical instability, no longer had a significant impact on our company. We continue to monitor the situation closely, and we are ready to act quickly if anything changes."

"In terms of purchasing power, we saw a temporary shift from value-added products towards more bread consumption in the first half of the year. Due to inflation, people decided to spend less on convenience food. In the second half of the year, customer confidence was restored and the impact on our product mix faded. The bad weather conditions in Europe during the summer also had a temporary influence on consumption: people eat differently at home than at a barbecue or a picnic."

Are you satisfied with the 2023 financial results? How well did Vandemoortele do compared to 2022?

Herman Van Steenstraeten: "Our 2023 results are in line with our expectations, and better than those of 2022. After a few turbulent years, our margins are now back at pre-COVID levels. Throughout the year, our sales volumes remained steady, and our turnover increased. Our good results were founded on a strategic basis: we maintained our chosen course and continued to optimise our product, channel and country mix. For example, we focused more on value-added products, and we continued to experience growth in the Food Service channel. We also expanded our activities in a number of Asian countries."

"We enhanced our service level, which is back at a pre-COVID level. And lastly, after a few difficult years, the upward price pressure on raw materials and energy began to abate, which gave us some extra breathing space."

> "By maintaining our margins, we leave space for further investments and acquisitions"
>
> **Herman Van Steenstraeten – CFO**

Herman Van Steenstraeten – CFO

Which business achievements of the past year are you most proud of?

Herman Van Steenstraeten: "One of the things that really stood out was the optimisation of our logistics platform. In 2023, our transport companies Metro and Panalog merged to form Vandemoortele Transport Solutions: a new specialist in frozen and refrigerated food transport across Europe. By combining the knowledge, experience and advantages of both companies, we take a big step forward."

"Other significant achievements were the launch of Finance for the Future, a new approach for our financial department, and the addition of a new and ultra-modern pastry line at our site in Torcé 2. There are also many more: the energy and motivation in our company are fantastic to experience."

In 2025, Vandemoortele is expected to publish its first integrated report in line with the CSRD. How are you handling the increased reporting requirements?

Herman Van Steenstraeten: "Proper compliance with CSRD regulations is a challenge for many companies. One of the main challenges is linking our financial and sustainability reporting. Our financial reporting methods have been in place for a long time, but the sustainability reporting is still being developed."

"For several years now, Vandemoortele's financial and sustainability teams have been collaborating closely. We are both part of a new and multidisciplinary sustainability team, which also includes IT experts and workstream leaders. In addition, we have engaged external services to help us comply with the regulations and to ensure we are properly audited. Together, we will ensure that we meet the CSRD requirements."

What challenges and opportunities do you see for Vandemoortele in 2024?

Herman Van Steenstraeten: "After a year of steady sales volumes, we are now aiming for growth once more in both of our business lines. We seek to maintain our margins, while also leaving space for further investments and acquisitions. Our investments in new equipment, which were already extensive in 2023, will be further accelerated in 2024. With our enlarged production capacity, we are more than ready to further increase our market share."

"Uncertain global circumstances like war, political tensions and climate change are likely to be present in the future, yet we are prepared to deal with their impacts. Despite such challenges, Vandemoortele remains eager and ambitious to achieve both its financial and sustainability goals."

KEY FINANCIAL FIGURES

MILLION EURO KEY FINANCIAL FIGURES	2019	2020	2021	2022	**2023**	2022 VARIANCE
REVENUE	1,384	1,197	1,330	1,739	**1,925**	186
Adjusted EBITDA*	152	104	119	165	**216**	51
EBITDA*	140	98	111	163	**206**	43
Adjusted EBIT**	90	44	55	103	**151**	48
EBIT (profit from operations)**	75	38	46	98	**141**	43
EAT***	48	37	33	71	**109**	38
SNFD****	170	133	92	34	**2**	-32
RATIO's						
Adjusted EBITDA / Revenue	11.0%	8.7%	8.9%	9.5%	**11.2%**	
Adjusted EBIT / Revenue	6.5%	3.6%	4.1%	5.9%	**7.9%**	
Net profit / Revenue	3.4%	3.1%	2.5%	4.1%	**5.7%**	

* Earnings before interests, taxes, depreciation and amortisation. ** Earnings before interests and taxes. *** Earnings after tax. **** Senior net financial debt

CONSOLIDATED STATEMENTS

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER THOUSAND EURO	**2023**	2022
Assets		
Goodwill	199,329	199,329
Other intangible assets	5,262	5,925
Property, plant & equipment	398,257	372,256
Derivatives	1,271	5,183
Deferred tax assets	37,783	32,661
Other financial assets	27	30
Other assets	3,035	2,858
Non-current assets	**644,964**	**618,242**
Inventories	179,177	203,277
Trade and other receivables	270,610	275,296
Derivatives	1,489	5,728
Cash and cash equivalents	43,687	38,559
Other assets	6,122	12,929
Current assets	**501,085**	**535,789**
Total assets	**1,146,049**	**1,154,031**

FOR THE YEAR ENDED 31 DECEMBER THOUSAND EURO	**2023**	2022
Equity and liabilities		
Share capital	79,365	79,365
Retained earnings & reserves	482,338	412,490
Equity	**561,703**	**491,856**
Borrowings	84,549	110,643
Deferred tax liabilities	18,391	18,091
Derivatives	-	-
Employee benefits	17,747	15,083
Provisions	8,747	7,147
Other non-current liabilities	5,108	4,964
Non-current liabilities	**134,542**	**155,926**
Borrowings	11,965	87,602
Current tax	13,939	9,459
Derivatives	1,748	7,718
Employee benefits	51,331	44,028
Trade payables and other liabilities	370,821	357,442
Current liabilities	**449,804**	**506,249**
Total equity and liabilities	**1,146,049**	**1,154,031**

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER THOUSAND EURO	2023	2022
Revenue	**1,924,624**	**1,738,893**
Raw materials and consumables used and goods for resale	(1,047,784)	(1,067,594)
Changes in inventories of finished goods and goods purchased for resale	(14,444)	53,327
Services	(359,309)	(287,597)
Employee benefit expenses	(311,437)	(287,377)
Depreciation and amortisation	(64,421)	(61,812)
Impairment loss on fixed assets	(490)	(2,846)
Write-down on inventories and receivables	(853)	(3,057)
Change in provisions	(1,600)	(755)
Other operating income	30,818	29,097
Other operating expenses	(13,627)	(12,341)
Profit/ (loss) from operations	**141,476**	**97,935**
Financial income	5,983	10,125
Financial expense	(13,424)	(15,414)
Profit/ (loss) before tax	**134,036**	**92,647**
Income tax (expense)	(24,706)	(21,452)
Profit/ (loss) from continuing operations	**109,330**	**71,195**
Profit/loss	**109,330**	**71,195**
Profit/loss attributable to the owners of the parent	109,330	71,195

As the shares are not traded upon a public market, the standard IAS 33, § 66/70 relating the presentation and disclosure of the basic or diluted earnings per share and the weighted average number of ordinary shares is not applicable.

BUSINESS REVIEW 2023

FINANCIAL PERFORMANCE

2023 was a year of **economic recovery** for Vandemoortele. Although inflation continued to play a role, we were affected by geopolitical tensions and supply chain disruptions to a far lower extent. The purchasing power of European households also increased throughout the year.

Our business performance improved for most of our key performance indicators, with these improvements being fully in-line with our strategic plans. Our **revenue increased** to €1,925 million in 2023 (+11% compared to 2022); this was mainly due to the price increases we implemented to recover from the significant cost inflation. Towards the end of the year, the upward price pressure on energy and raw materials began to abate, which gave us some breathing space.

The **adjusted EBITDA** amounted to €216 million, or 11% of the 2023 revenue. This represents a 31% increase of the **adjusted EBITDA** compared to 2022. The adjusted EBIT amounted to €151 million (+47% compared to 2022). The EBITDA and EBIT improvements were driven by a combination of **operational excellence**, a **better product and channel mix**, and various **cost saving measures**. Our customers value the quality of our products, our high service levels, our brands, and the solutions we offer.

Our main challenge in 2023 was the same one that we faced in 2022: **uncertainty**. From raw material prices and labour availability to weather conditions and consumption patterns: many factors were hard to predict. This made forecasting and production planning much more complex. Thanks to our dedicated teams, however, we managed to stay on track.

On top of a strong adjusted EBIT, the negative impact of the adjusting items and the positive impact of lower interest expenses allowed us to achieve **earnings after tax (EAT)** of €109 million in 2023. This is 54% higher than in 2022.
The consolidated balance sheet includes **equity** of €562 million and a **senior net financial debt** of €2 million (compared to €34 million in 2022).

Performance of Bakery Products

2023 was a highly satisfactory year for the Bakery Products (BP) business line. **Revenue** increased to €1,178 million, while the adjusted EBITDA rose to €128 million. The increase in revenue was mainly driven by the impact of our higher sales prices. These were implemented in 2022, and were necessary to compensate for the rising prices of raw materials, ingredients, packaging, energy and logistics.

The overall **sales volume** fell by 2%, primarily as the result of a declining raw bread market. We actively managed our contract portfolio in order to improve our customer service levels.

Throughout the year, the BP business line steered towards **improved product, customer, channel and country mixes**, while simultaneously reducing less profitable business. Our stronger focus on value-added products and on the Food Service channel proved its worth. To support the growing demand for our pastry products, we invested in a new and ultra-modern pastry line in Torcé 2. We also successfully launched the Mars® donut and the Secrets pastries. On the whole, we aimed for a customer-centric and solutions-driven approach, including sustainable packaging.

2023

was a highly satisfactory year for the Bakery Products (BP) business line

MILLION EURO KEY FINANCIAL FIGURES BP	2020	2021	2022	**2023**	2022 VARIANCE
REVENUE	724	813	1,013	1,178	165
Adjusted EBITDA	61	87	97	128	31
EBITDA	56	81	95	119	24
Adjusted EBIT	14	37	48	77	29
EBIT (profit from operations)	7	30	43	68	26

Performance of Plant-Based Food Solutions

The Plant-Based Food Solutions (PBFS) business line ended the year with favourable figures. **Revenue** increased to €762 million, while the adjusted EBITDA rose to €88 million. As with BP, the increase in revenue was mainly driven by higher sales prices, which we implemented in 2022 and maintained in 2023 to overcome inflation and rising costs.

The overall **volume sold** increased slightly by 1%. That general number hides a noticeable redistribution of sales between channels, however; the Food Service channel experienced a temporary decline, due to economic uncertainty, supply chain issues and aggressive price competition, while our volumes in the Industry channel decreased in the first half of the year, due to non-competitive pricing in our non-European export markets, although this was neutralised by a strong performance in our core markets in the second half of the year. At the same time, the Retail channel grew by 12% as we regained a few private label contracts with major retailers across Western Europe.

A remarkable achievement in the first half of 2023 was the commissioning of our **pumpable shortenings line** in Zeewolde. Pumpable shortenings are 100% plant-based fats that can be used directly in customers' production processes. Key customers for this product are biscuit and cookie manufacturers; many of these already received successful bulk deliveries last year. Despite the temporary decline, we further implemented our **growth strategy** in the Food Service channel, and we prepared the launch of a new production line in Germany to cope with the growing demand in the Industry channel.

A remarkable achievement in the first half of 2023 was the commissioning of our pumpable shortenings line in Zeewolde

MILLION EURO KEY FINANCIAL FIGURES MCOF/PBFS	2020	2021	2022	**2023**	2022 VARIANCE
REVENUE	470	516	732	762	30
Adjusted EBITDA	43	32	68	88	20
EBITDA	43	30	68	88	20
Adjusted EBIT	30	18	55	74	19
EBIT (profit from operations)	30	16	55	74	19

OUR PEOPLE

“We all work together as a strong team”

Fernando Gómez Montero

Accounting Manager Spain

Spain,
Sant Just Desvern

“I joined the Spanish Finance Team after the acquisition of Lasem in April 2003. After a year at the Vandemoortele Group, I was offered the opportunity to manage the accounting department.”

“As our business began to grow, we all had plenty of opportunities to develop our careers. Together, and with the support of our managers, we have become a reference in administrative management. The secret behind our success is our team spirit: as long as we trust each other and replace ‘I’ with ‘we’, we will succeed.”

Cost drivers

Inflation continued to play a relatively large role in 2023. At the beginning of the year, we had to adjust our prices to balance our raw materials cost. Energy and gas prices, along with packaging costs also remained elevated. Additionally, employment costs also increased at the beginning of the year.

As the year progressed, the pressure on raw materials, packaging and energy costs began to ease, which gave us some breathing space. **Effective cost management** and the **drive for energy efficiency** – especially in the light of high energy prices – played a crucial role in our gaining control over expenses. We also restructured several sites to optimise our fixed cost base. Furthermore, we invested in windmills and solar energy in order to reduce our dependency on energy prices and meet our sustainability targets.

Investments

In order to support our growth strategy and to meet the rising demand for our products, Vandemoortele spent nearly €78 million on investments in 2023. The Bakery Products (BP) business line received €59 million, and we allocated €19 million to Plant-Based Food Solutions (PBFS). All of our investment plans were supported by steady financial margins, optimally positioning us for sustainable and long-term growth.

In BP, our largest investment was the new pastry line in Torcé 2, France. This production line primarily manufactures Bake'Up® products for the non-European market. We also upgraded our production lines for floor-oven bread in Ravenna, to bring more value-added products to the Italian market. In terms of packaging, we replaced a portion of the blister packs in our donut factories with flowpacks, thus saving packaging materials, and we automated our packaging lines at several sites to enhance their capacity and efficiency.

Investments in PBFS mainly focused on the further replacement of our production control system. We also updated our production lines for the Retail channel and installed a Cleaning-in-Place (CIP) system at our site in Izegem, in order to comply with increasingly strict legal and market expectations in terms of allergen cross-contamination and microbiological limits. Lastly, we prepared the new production line for 10 kg margarine blocks in Dresden, Germany, to meet the growing demand in the Industry channel.

Important events after the closing date of the accounts

None have been noted at present.

OUTLOOK 2024

In 2023, our financial, commercial and supply chain strategies all delivered results consistent with our expectations. We will therefore continue to pursue our chosen strategic course across the next twelve months. All major new investments will be screened for their sustainable nature.

With regard to the **Bakery Products** business line, we will continue to develop the Food Service channel and to improve our product mix by introducing more value-added products. Our ambitious BP investment plan entails both capacity extension and the improvement of existing production lines. These investments are needed to deal with our long-term development plans, which follow our expansion and our growing market share, especially in terms of pastry. In addition, we continue to invest in the energy optimisation and the safety of our manufacturing sites, keeping our assets up-to-date and compliant with all energy regulations and safety standards.

Our growth plans for **Plant-Based Food Solutions** centre on our professional channels – Food Service and Industry – and on the Retail Private Label channel. In spite of the uncertain economic situation, we will continue to develop these. To support our growth path, we will invest in further upgrading of our Retail lines and in new technology for the Industry channel. In terms of sustainability, we will continue our efforts to reduce our energy consumption.

We will continue to pursue our chosen strategic course across the next twelve months

PART III

SUSTAINABILITY STATEMENT

"OUR 2030 SUSTAINABILITY STRATEGY FITS WITH THE CSRD TRANSPARENCY REQUIREMENTS"

With the Corporate Sustainability Reporting Directive (CSRD) fast approaching, 2023 was a year of transition for Vandemoortele. Sustainability leaders Marc Croonen and Aurélie Comhaire look back at the update of the sustainability strategy, and reveal their plans for 2024.

In 2023, Vandemoortele updated its sustainability strategy. Did you make many significant changes?
Marc Croonen: "The development of our 2030 sustainability strategy was a very intense process, which resulted in interesting new insights. In general, we retained our key focus points, but we did introduce some new highlights and priorities. For example, we expanded our scope from healthy food to conscious nutrition, with more care for the wider impact of food on people and the planet. With regard to nature protection, we placed greater emphasis on carbon reduction in our value chain and on saving water. We also stepped up our commitment to diversity, equity and inclusion."

Aurélie Comhaire: "A good sustainability strategy requires continuity. The consultation process made clear that we were already on the right track, and we will continue along the same lines. With the Green Deal and the Corporate Sustainability Reporting Directive (CSRD) coming into effect, we added some new touches and clarifications. The updated strategy fits with the transparency requirements of the CSRD."

Which do you consider to be your most important sustainability achievements of the past year?
Aurélie Comhaire: "In 2023, we made a great deal of progress in terms of sourcing. We achieved

> **"Our 2030 sustainability strategy adds new highlights and priorities to its predecessor"**
>
> Marc Croonen

Marc Croonen – Chief Human Resources, Sustainability and Communication

Aurélie Comhaire – Group Sustainability Manager

our sustainable sourcing targets for various raw materials, from palm oil to cocoa. The grievance mechanism we launched ensures the further improvement of our supply chain. We also made further progress for our Clean Label target: nearly 80% of the bakery products we sold were Clean Label. In addition, we dedicated considerable effort to developing our climate targets, in line with the Science Based Target initiative (SBTi)."

Marc Croonen: "With regard to our associates, we managed to close the pay gap at staff level, and we upped the number of training hours per associate. Our increased efforts to promote associate engagement are also paying off: our latest Associate Engagement Survey shows that our associates have become even more committed – both to our business goals and to our sustainable approach – and that their sense of well-being has further improved."

"We are aware that achieving CSRD compliance is a learning process"

Aurélie Comhaire

Did 2023 also present challenges in terms of sustainability?

Aurélie Comhaire: "In our Plant-Based Food Solutions (PBFS) business line, we struggled to reduce our energy consumption. We are taking additional efforts to address that challenge. At the same time, our PBFS business line faced significant food losses. This was mainly due to stricter hygiene requirements (more cleaning and hard changeovers), varying forecasts and capacity constraints within certain production lines."

Marc Croonen: "Even with our experience in sustainability reporting, preparing for the CSRD legislation is an intensive process. Reaching the required level of detail in our data was quite a challenge. We are currently exploring options to automate some of the data gathering. In addition, we are revisiting all of our KPIs, to ensure our next sustainability report will be CSRD compliant. We are working on new initiatives to create positive impact and combine this with CSRD compliance."

What further steps do you intend to take in 2024?

Marc Croonen: "In 2024, we will launch our 2030 sustainability strategy and communicate about it extensively, both to our associates and to external stakeholders. We will also focus on finalising our science-based targets, and on lowering our scope 3 FLAG emissions *(greenhouse gas emissions from agriculture, forestry and other land use, ed.)* in our value chain. Enhancing supplier engagement will also play an important role. Moreover, we will further improve our safety measures, we have plans for more plant-based alternatives, and we are working to further reduce our energy consumption. And, of course, we continue to prepare for the CSRD."

Aurélie Comhaire: "We are aware that achieving CSRD compliance is a learning process. But the fact that Vandemoortele has been committed to sustainability for years enhances our credibility. We are on the right track, and next year we will make additional improvements."

OUR SUSTAINABILITY STRATEGY 2030

SHAPING A TASTY FUTURE SUSTAINABLY

Many current food systems are unsustainable: they deplete our resources, cause significant environmental damage and drive climate change. As a food company, Vandemoortele strongly supports the transition to another, more sustainable, food supply. We aim to make a difference by reducing our negative impacts and maximising our positive contributions.

We take responsibility across the **entire value chain**: from sourcing, product design and production, to consumption and disposal of food and other waste. Our Corporate Sustainability Strategy 2030 provides a strong foundation for all of our actions, and places sustainability at the heart of our business. It covers our production processes, our working and management standards, our company culture, our attitudes inside and outside the company, and of course our brands and products. Our strategy also states our intention to report transparently and to become CSRD compliant as soon as possible.

Economic success should not come at the expense of our planet or the people that live on it. That is why we take precautions to protect planet and people alike, and to improve our value chain. In doing so, we go beyond legal obligations: our ambition is to set the trend and to become a leader among our peers. We are aware that there is still a way to go, but we are determined – and proud – to shape a tasty future in a more sustainable way.

OUR DOUBLE MATERIALITY ASSESSMENT

Carrying out a double materiality assessment is an essential step towards achieving CSRD compliance. It enables an in-scope company to identify how its operations impact people and the environment throughout its value chain, and also considers how external evolutions like climate change impact the financial value of the company. This combination of impact materiality and financial materiality is called ‘double’ materiality. By identifying all material impacts, risks and opportunities (IROs) across environmental, social and governance topics, the double materiality assessment ensures **shared value creation** for Vandemoortele, and provides indispensable insights for shaping our company’s strategy. In addition, it determines the scope of the sustainability reporting and enables an efficient allocation of resources.

Our double materiality assessment was conducted from April 2023 to September 2023. It encompassed the following steps:

1. Context mapping
2. Identifying potential material IROs
3. Determining the 'material' matters, based on an assessment of the IROs
4. Validation of the final list of material matters

Context mapping

To understand how Vandemoortele conducts its business, the first step was to map the context in which the company operates.

- All **key activities** of the organisation were delineated. This included the production processes, the distribution channels, and the geographical locations of all Vandemoortele sites. We took the entire Vandemoortele Group into account.
- The entire **value chain** of the organisation, both upstream and downstream, was mapped. The full mapping of our value chain can be found in part 1: Our value chain.
- Lastly, we pinpointed the **key stakeholder groups** – both within the company and across the value chain – and defined in which stage of the materiality assessment process their engagement would be most appropriate. To select our stakeholder groups, we started from the list of stakeholders contained in the stakeholder consultation conducted in 2020, adding new stakeholders who we believed could give relevant feedback. This resulted in seven stakeholder groups: **customers**, **suppliers**, **financial institutions or investors**, **consultants**, **experts**, **NGOs and federations**.

Identifying potential material impacts, risks and opportunities

After the context mapping, we compiled a longlist of potential IROs across Vandemoortele's value chain. The analysis required to compile the longlist included:

- insights from the previous materiality assessment, conducted by Vandemoortele in 2020;
- broad desk research on emerging trends in the food industry;
- a benchmarking analysis of the sustainability reports of 20 other food companies, including competitors and sector leaders.

By casting our net wide and thinking outside the box, we aimed to capture all relevant current and future topics and IROs from the agrifood sector. The entire bottom-up analysis yielded a list of 200 potential material IROs.

Pre-filtering of the longlist

In a subsequent survey, the Executive Committee (ExCo), the Management Teams (MT) and the sustainability Project Leaders rated the 200 IROs on importance. The topics with the highest scores were included in the longlist of potential material sustainability IROs. The ExCo validated the final list of potential material IROs.

Determining the material matters, based on an assessment of the IROs

To determine the final material sustainability matters, we conducted a stakeholder consultation, since engagement with your stakeholders is an essential component of our double materiality assessment. We asked our stakeholders to assess our list of potential material IROs. Both internal and external stakeholders scored the topics and the IROs through an online survey, and had the chance to add additional topics and/or IROs. Key internal stakeholders also participated in focus group discussions, while key external stakeholders were invited to share their perspectives through in-depth interviews.

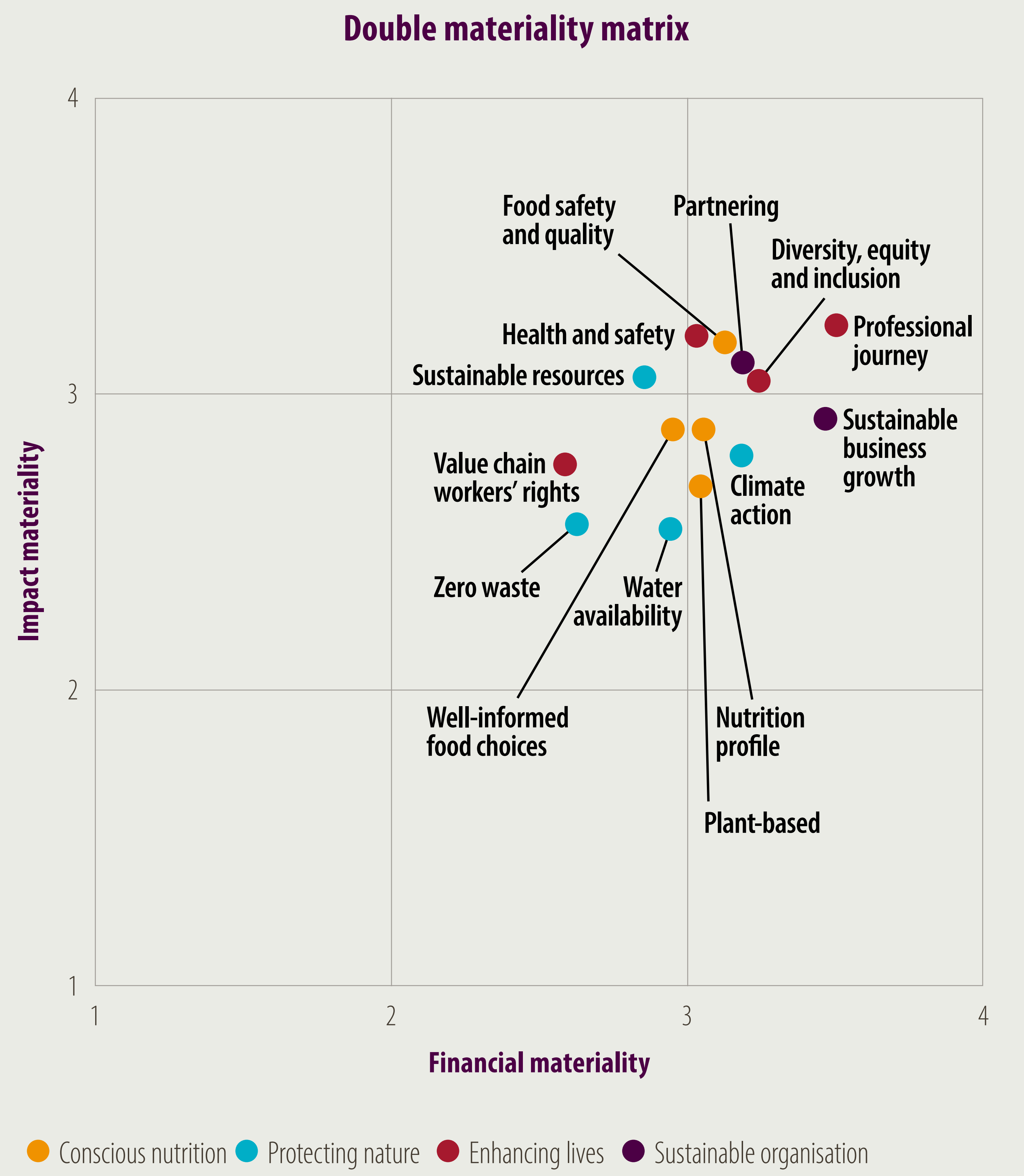
The stakeholder consultations also encompassed the perspectives of the Board and the ExCo. In addition to online surveys sent out to the Board and ExCo, a dedicated session about the materiality assessment was organised during a Board meeting. Both Board and ExCo members participated in working groups to give qualitative input and feedback on the sustainability IROs.

Validation of the final list of material matters

To validate the final list of material sustainability matters, several meetings were held with the Management Teams, the ExCo and the Board. The participants discussed both the quantitative results from the online survey and the qualitative insights from the focus groups and interviews.

Update of our sustainability strategy

The validated material IROs were clustered at the level of the Vandemoortele commitments. The materiality matrix identifies the sustainability topics that are most important to our company and our stakeholders, and those that impact us in terms of growth, cost, risk or opportunity. They are also the topics that our stakeholders expect us to take action on.



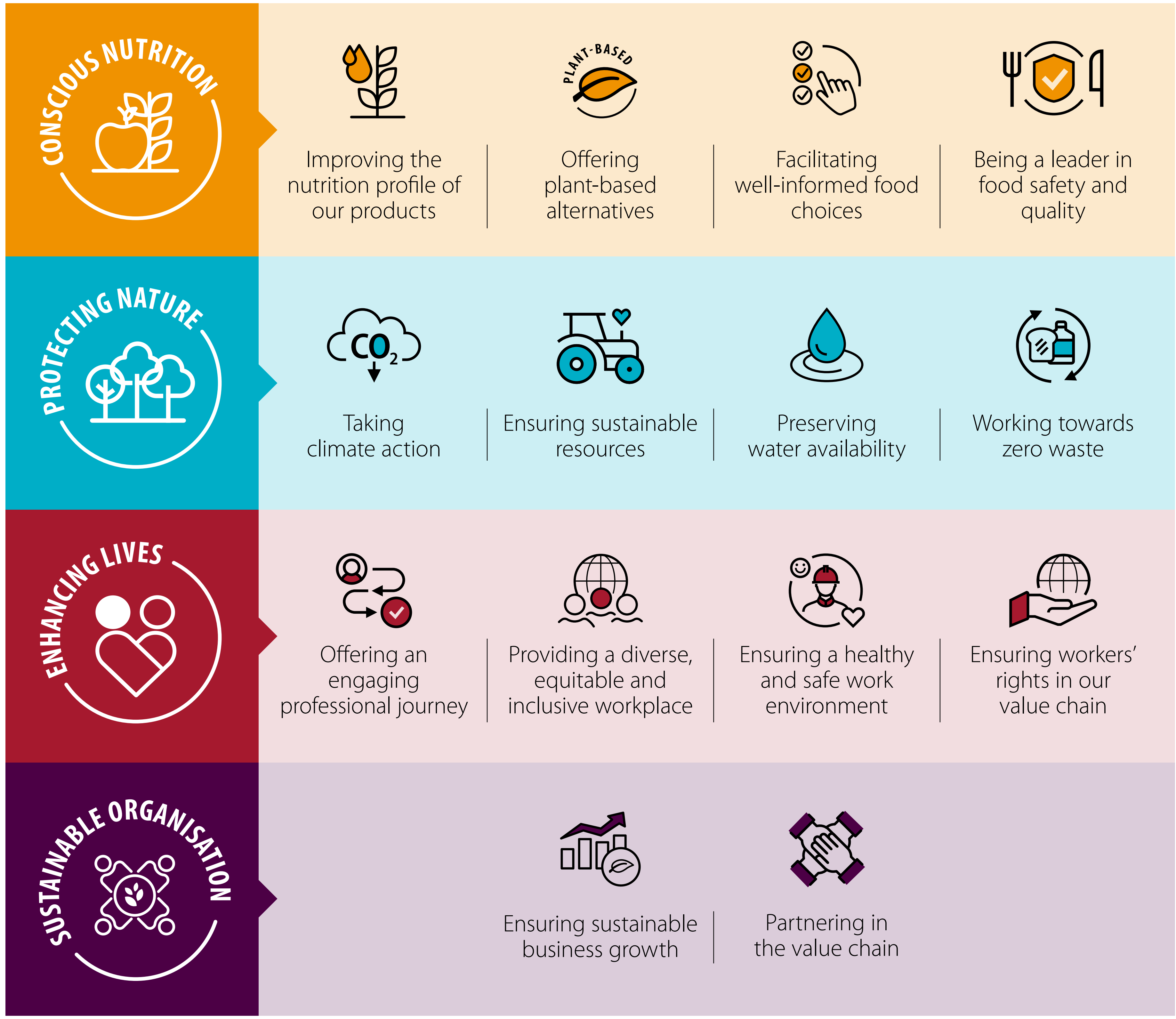
THREE GOALS, ON A SOLID FOUNDATION

Our former sustainability strategy was directed by three strategic goals: Balanced nutrition, Protecting nature, Enhancing lives. In our updated strategy, we extend the goal Balanced nutrition to Conscious nutrition, and we add Governance as the solid foundation that shapes our sustainable organisation. By integrating these new perspectives, we are acting on the results of the double materiality assessment.

- **Conscious nutrition** shows our intention to improve the nutrition profile of our products, facilitate well-informed food choices, offer plant-based alternatives and be a leader in food safety.
- **Protecting nature** covers our efforts to source more responsibly, preserve water availability, strive for net zero carbon emissions and work towards zero waste.
- We intend to achieve our third goal, **Enhancing lives**, by offering our associates an engaging, inclusive and safe workplace and a promising professional journey. We also take care of our workers in the value chain and collaborate with our partners in order to create a positive social impact.
- Our main goals rest on our strong governance foundation, **Sustainable organisation**, designed to create sustainable growth and ensure a good relationship with our partners.

For each goal, we express specific targets to measure and monitor. Our sustainability strategy is dynamic: we are always on the lookout for new or changing IROs in our sector. We also take upcoming legislation and changing stakeholder expectations into consideration.

Our main goals rest on our strong governance foundation: sustainable organisation



OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

Vandemoortele supports the UN Sustainable Development Goals (SDGs), which provide a shared blueprint to end poverty, protect the planet, and ensure that by 2030 all people will enjoy peace and prosperity. Our sustainability strategy aligns with the SDGs and their specific underlying targets. We pay special attention to the SDGs that we have the greatest impact on. We contribute to the following SDGs:

CONSCIOUS NUTRITION

Zero hunger: we provide tasty, balanced and safe products (2.1).
Good health and well-being: we promote good health by offering nutritious and balanced products (3.4).

PROTECTING NATURE

Zero hunger: we contribute to sustainable food production systems by using ingredients from suppliers that implement regenerative agricultural practices. We help sustain vulnerable ecosystems and increase their adaptive capacity to combat climate change and tackle extreme weather events like droughts, floods and other disasters. We contribute to the progressive improvement of land and soil quality (2.4).
Clean water and sanitation: we increase the efficiency of our water use, and we respond to water scarcity by ensuring sustainable extraction of freshwater (6.4).
Affordable and clean energy: we help to increase the share of renewable energy in the global energy mix (7.2) and we contribute to energy efficiency (7.3).
Responsible consumption and production: we devote a great deal of attention to the sustainable management and efficient use of natural resources (12.2). We reduce food waste and we prevent food losses along the supply chain (12.3). We manage all of our waste in a responsible way throughout its full life cycle (12.4). Through prevention, recycling and reuse, we prevent the generation of waste (12.5).
Climate action: we improve our business model and make it more adaptable and resilient to climate-related hazards and natural disasters (13.1). We incorporate climate change measures into our strategy and action plans (13.2).
Life on land: we contribute to the sustainable management of forests, and we take measures to stop deforestation and restore degraded forests (15.2). We protect natural habitats and help to reverse the loss of biodiversity (15.5).

ENHANCING LIVES

Zero hunger: we ensure fair incomes for small-scale food producers (2.3).
Good health and well-being: we contribute to well-being by offering an engaging and inclusive workplace and by stimulating health and safety at work (3.4).
Quality education: we offer our associates meaningful jobs where they can flourish and make a difference (4.4). We ensure that there are no gender inequalities in terms of access to training (4.5). We provide our people with the knowledge and skills they need to promote sustainable development (4.7).
Gender equality: we do not tolerate any form of discrimination against women (5.1), we ensure women's participation at all levels and we provide equal leadership opportunities (5.5).
Decent work and economic growth: we offer thousands of people employment and decent work, and we pay our associates equally for equal work (8.5). We protect labour rights and promote safe working places for all of our associates (8.8).

SUSTAINABLE ORGANISATION

Decent work and economic growth: we take effective measures to avoid forced labour, modern slavery and child labour in our value chain (8.7).
Responsible consumption and production: we adopt sustainable practices and incorporate sustainability information into our annual reporting cycle (12.6). We provide associates, customers and end consumers with the necessary information to be able to make sustainable choices (12.8).
Peace, justice and strong institutions: we do not tolerate corruption or bribery in any form (16.5).
Partnerships to attain goals: we participate in partnerships that share and enhance expertise and technology, and we provide financial resources to support the achievement of the SDGs in developing countries (17.1). We encourage and promote effective partnerships that build on our experience (17.2).

GOAL 1

CONSCIOUS NUTRITION

Nele Beirinckx: "The quality and taste of our products are our trademarks. We produce food that tastes good and brightens up pleasant moments with family and friends. At the same time, providing clean and safe products with a good nutritional balance is our priority."

"My main mission is to lead the R&D, Quality and Master Data teams and encourage them to support our strategy. Together, we create strong innovations and implement high Quality and Food Safety standards, embedded in a strong data governance culture. This collaboration is the key to our success."

"In recent years, sustainability has gained a place at the heart of our business. We are continuously improving our products to make them more sustainable. We invest in research and product development in order to provide even better, more balanced and sustainable products. I'm excited to see how the company and our people want to contribute to the future. The main ingredients to achieve a tasty future will always be our positive mindset, our values and our teamwork."

Our commitments:

- Improving the nutrition profile of our products
- Offering plant-based alternatives
- Facilitating well-informed food choices
- Being a leader in food safety and quality

Nele Beirinckx –
Group Director R&D, Quality and Master Data

IMPROVING THE NUTRITION PROFILE OF OUR PRODUCTS

OUR IMPACTS, RISKS AND OPPORTUNITIES

As a market leader in the food industry, we recognise the importance of a **healthy and nourishing diet**. Today's consumers also attach greater importance to healthy food. By improving the nutrition profile of our products, we aim to contribute to consumer health and to meet our customers' expectations. With a wide range of healthy products, we also increase our economic opportunities.

Obesity and other diseases of affluence are a growing problem worldwide. Our **indulgence products**, like donuts or patisserie, are meant as treats. In small quantities, they can easily be added to a healthy diet and lifestyle. We do not aim to turn these pleasure foods into healthy products, but we do make efforts to reduce their sugar and salt content. The search for a good balance between taste and health will always be a delicate quest for us, but we continue to improve the nutrition profile of our products wherever possible.

Material IRO* defined in the double materiality analysis	Description of the IRO
Consumer health	Negative impact on consumers when offering unhealthy products
Changing consumer behaviour	Financial opportunity or risk of consumer behaviour changing to healthier diets and sustainable products

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

OUR POLICIES AND FRAMEWORKS

Our position on sugar

Vandemoortele supports the recommendation of the **World Health Organization (WHO)** that people should reduce their energy intake from sugar. We make efforts to reduce the sugar content in many of our products. By providing transparent and accurate information, we help consumers to make well-informed food choices that fit in with their diet.

Our position on saturated fats

Public health can be significantly improved by **replacing saturated fats with unsaturated fats** in our diets. Vandemoortele supports the WHO recommendation that no more than 10% of our energy intake should come from saturated fatty acids. We continue to optimise the saturated fat content of our products, while also preserving their excellent quality and taste.

Our position on trans fats

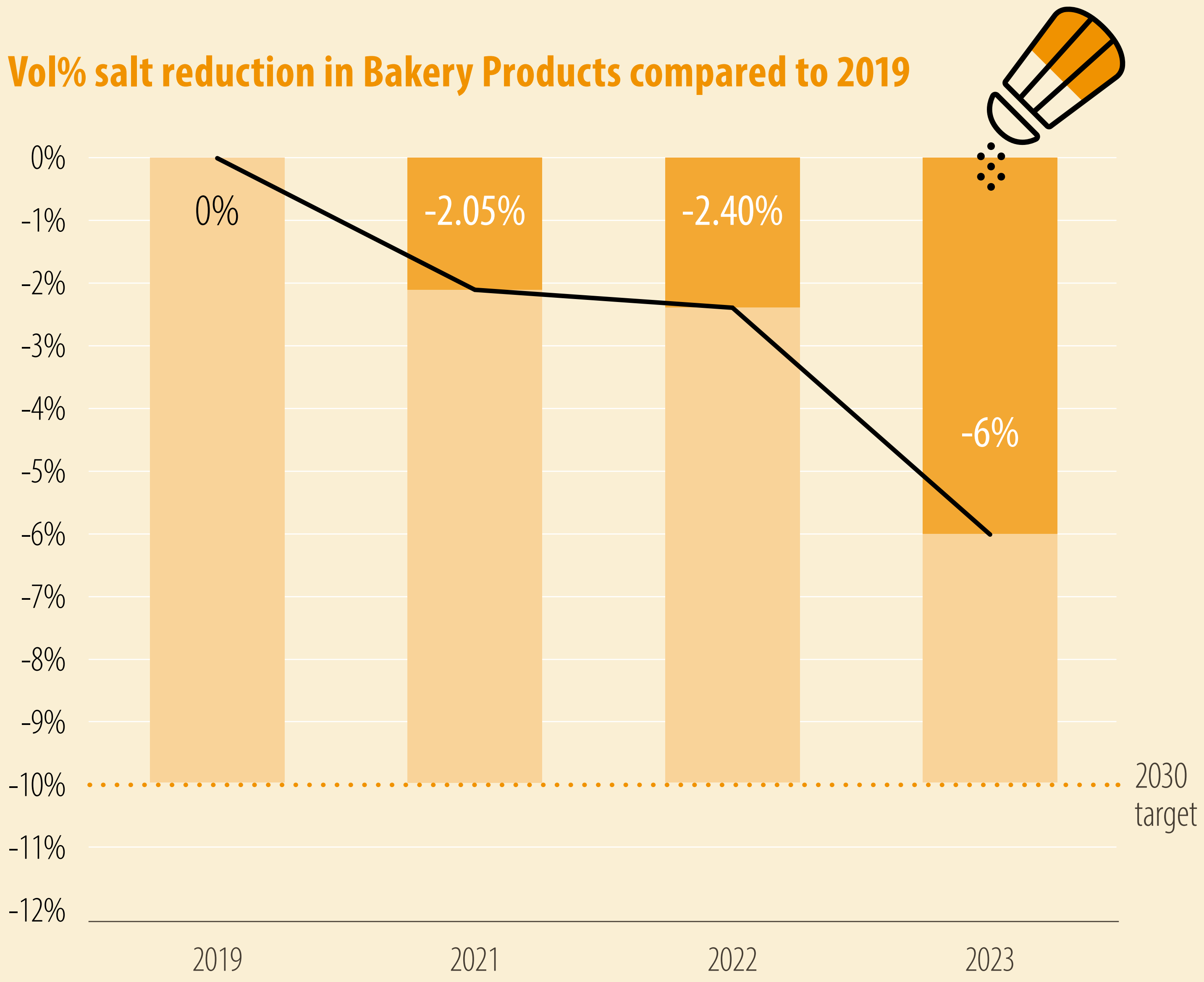
Trans fats are created when liquid oils are turned into solid fats by partial hydrogenation. Vandemoortele already started reformulating its margarines 25 years ago to **reduce the trans fat content** in these products. We recognise that trans fats, both from animal and vegetable origin, have a negative effect on human health, and that their presence needs to be reduced. We were therefore very pleased when the **European Commission limited the use of industrially produced trans fats** to 2 grams per 100 grams in all products for human consumption.

Conscious nutrition commitments » Nutrition profile | Plant-based alternatives | Well-informed food choices | Food safety and quality

Improving the nutrition profile of our products

To shift towards a healthier diet, people's general intake of salt and sugar should be reduced. Vandemoortele contributes to this by setting a target for reducing the salt and sugar content of certain product groups by 10 vol% by 2030. We have opted for a gradual decrease that does not compromise the premium taste of our products.

Vol% salt reduction in Bakery Products compared to 2019



-6%

salt reduction in Bakery Products

OUR PERFORMANCE

	2023	TARGET 2030
Vol% salt reduction in Bakery Products compared to 2019*	-6%	-10%
Vol% sugar reduction in pastry, sweet treats & patisserie compared to 2019	-2%	-10%

→ **Check out all our targets and progress in the sustainability scorecard**

* The salt reduction is calculated based on how the product is consumed, so it takes into account water lost during the baking process. Therefore, this value is a hypothetical value based on previous experiments and tests carried out by experts at Vandemoortele.

OUR PERFORMANCE IN 2023

In 2023, we continued to lower the salt and sugar levels in our products. The **salt content** of our bakery products decreased by 6%* compared to 2019. The target value for salt content has been modified by our updated strategy from a 15% reduction by 2025 to a 10% drop by 2030. In 2024, we will focus more on the salt reduction in pastry products, specifically croissants and chocolate rolls.

Sugar content in pastry, sweet treats and patisserie decreased by 2% versus 2019. A lot of work is still needed to achieve our 10% reduction target. Therefore, we **extended our sugar reduction process by five years**. We want to keep pace with the market, making all salt and sugar reductions part of a gradual process of improvement. We only implement changes after sensory trials, and we give consumers enough time to adapt to the new taste.

Alongside our salt and sugar reductions, we also aim to provide the market with **bakery products that have other health benefits**. Over the years, we have developed and launched several breads with important health and nutrition claims, like 'high in fibre', 'high in protein' or 'wholegrain'. However, the number of bread references without health claims is high, so increasing the number of breads with health claims has a very small effect on percentage ratio. For this reason, we have decided to continue to create **wholegrain products**, but to stop expressing this as a target.

In 2023, we already **reached our 2025 Nutri-Score® targets of 7% spreads and cooking fats with a better Nutri-Score®**. These positive scores were the result of adjustments to the fat content, the salt content, and the oil types we used (i.e. as little saturated fat as possible). From 2024 onwards, a new algorithm will be used to calculate Nutri-Scores®. As a result, nearly all of our spreads will receive a Nutri-Score® C. Since making a significant difference will become very hard, we have decided against a further follow-up of this target.

The number of PBFS products with a health claim has increased significantly in recent years. We now offer a wide range of products with **extra vitamins, minerals or omega-3**, and therefore we will no longer follow this target.

Scientific partnerships

Our nutritional innovations are accelerated through partnerships with trusted scientific institutions. In the Vandemoortele Centre for Lipid Science and Technology, we collaborate with the **University of Ghent** to carry out scientific projects for the Plant-Based Food Solutions (PBFS) business line. One of our projects involves industrial margarines with a low saturated fat content. Our R&D department also collaborates with **KU Leuven** to research potential sugar reduction measures. The know-how we gather from these studies is taken into account when we develop new products or improve existing ones.

* The salt reduction is calculated based on how the product is consumed, so it takes into account water lost during the baking process. Therefore, this value is a hypothetical value based on previous experiments and tests carried out by experts at Vandemoortele.

OUR ACTION PLANS

Salt and sugar reduction

We have been progressively reducing the salt and sugar levels in our donuts over a number of years. To continue on this path, we have defined an **action plan for our pastry, patisserie, donuts and bread range**. In countries like France and the Netherlands, our actions are supported by new guidelines that impose salt and sugar reductions for various products. Such measures create a level playing field for all food companies.

Nutrition and health claims

The improved compositions of our breads and our margarines for spreading and cooking allow us to make various nutrition and/or health claims. These claims include **'high in fibre', 'high in omega-3 fatty acids', 'cholesterol lowering'**, etc. In our breads, we increasingly use wholegrain wheat, which contains higher levels of fibre and minerals. We also offer a range of spreads that contain extra vitamins, minerals and/or omega-3.

In 2020, we joined a four-year **research project into the effect of processing** on the nutritional and sensorial qualities of sourdough bread. The project includes two scientifically controlled studies involving people, to ensure that any potential future health claims will be science-based.

External cooperations

As a committed food producer, Vandemoortele participates in **valuable research projects** initiated by third-party organisations. Our current cooperations include 'PulseBake', 'FIBRAXFUN' and 'Well on Wheat?'.

- The research project **'PulseBake'** aims to translate the available knowledge about legumes into tailored advice for mills, ingredient suppliers and (industrial) bakeries. The goal is to create a more diverse, healthy and sustainable range of bakery products.
- Dietary fibre plays an important role in a balanced diet. **'FIBRAXFUN'** is a collective fundamental research project that aims to create a knowledge platform about new types of wheat with an extremely high dietary fibre content. The project was completed in 2023, and the partners are now sharing the knowledge they gained with interested parties.
- A growing number of people describe themselves as gluten and/or wheat intolerant, often without any real diagnosis. The international **'Well on Wheat?'** project addresses the health aspects of wheat consumption as well as avoiding wheat and gluten. The project was completed in 2023, and we are currently considering how to implement what we have learned.

OUR PROJECTS

Our SourFun project

"Improving the wholesomeness of our bakery products without compromising on taste and texture is only possible by gaining a good understanding of the underlying connections. In the SourFun project, an ICON project supported by Flanders' FOOD and VLAIO, Vandemoortele brings together its own expertise with that of renowned universities and industrial partners* to unravel the contribution of sourdough. We have long been committed to performing research to optimise our processes and products and to drive innovation. As an industrial bakery producer, we've investigated how our processing should be adapted to leverage the benefits of sourdough. Through two scientific studies involving people, we bridge the gap between lab discoveries and practical benefits for consumers."

→ Read more about the project

* Flanders' FOOD, Puratos, Bio bakkerij De Trog, KU Leuven (onderzoeksgroepen 'Translational Research in Gastrointestinal Disorders', TARGID en 'Lab of Food Chemistry and Biochemistry', LFCB), VUB (onderzoeksgroep 'Industrial Microbiology and Food Biotechnology', IMDO)

OFFERING PLANT-BASED ALTERNATIVES

OUR IMPACTS, RISKS AND OPPORTUNITIES

With the global population having surpassed 8 billion, the staggering impact on an overburdened planet is becoming more and more evident. **How will we feed so many people** in the future, especially without causing additional damage? Switching towards a more plant-based diet is one of the easiest and most eco-friendly solutions.

By moving towards **more plant-based ingredients** and products, Vandemoortele reduces its carbon footprint and lessens its climate impact, in line with the European Green Deal. Vandemoortele focuses on plant-based food solutions, like margarine instead of butter.

The production of margarine requires far less land, and its carbon footprint is more than 50% smaller. We also increase our **positive impact on consumer health and on animal welfare**. Our plant-based products meet current and future consumer needs and support people in making healthy and nutritious food choices. The growing consumer awareness about healthy food and sustainable manufacturing also creates economic opportunities. By offering healthy and sustainable products, we increase our sales volume and improve customer satisfaction.

Material IRO* defined in the double materiality analysis	Description of the IRO
Plant-based diet	Positive impact on people and planet by offering plant-based products that are better for the climate and human health
Changing consumer behaviour	Financial opportunity or risk of consumer behaviour changing to healthier diets and sustainable products

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

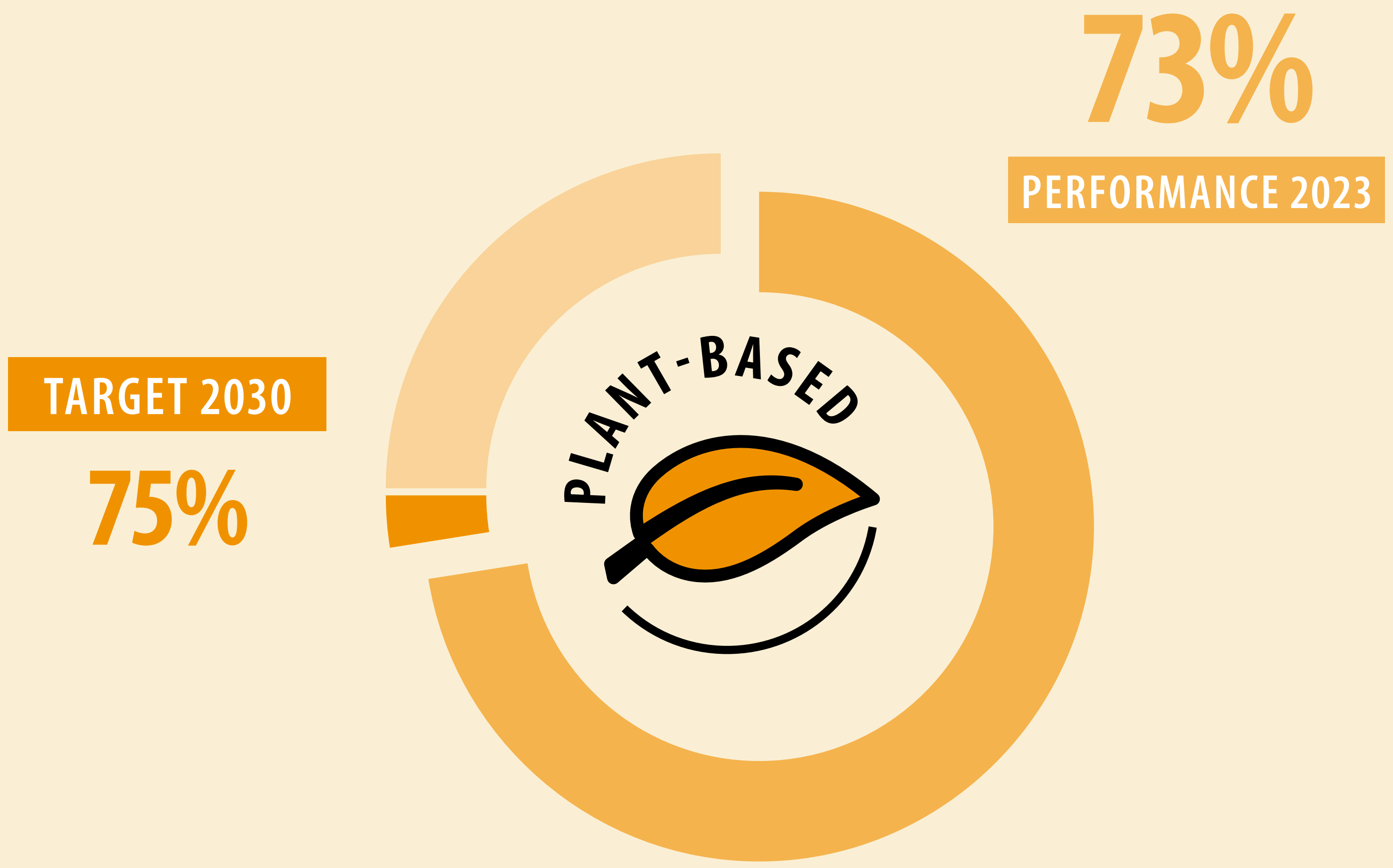
OUR POLICY

Although the demand for vegan and vegetarian products is growing and the range of products available is expanding, there is still **no EU legislation for vegan or vegetarian claims** on food packaging. As a responsible player in the food market, we want to correctly inform our consumers about our products. How we deal with various claims and definitions is outlined in our position paper **'Our position on plant-based/vegan'**. Our current claims for 'vegan', 'plant-based' and 'vegetarian' products are based on the definition of the European Vegetarian Union (EVU), ISO 23662:2021 or the Publicly Available Specification (PAS) Guideline. In 2024, we will develop a policy that defines our plant-based strategy.

Offering plant-based alternatives

In 2023, we established a specific goal for the percentage of plant-based products in our PBFS business line. We aim to further increase our positive impact by expanding the share of plant-based products. This new target emerged as part of the revised sustainability strategy.

Vol% plant-based products in PBFS

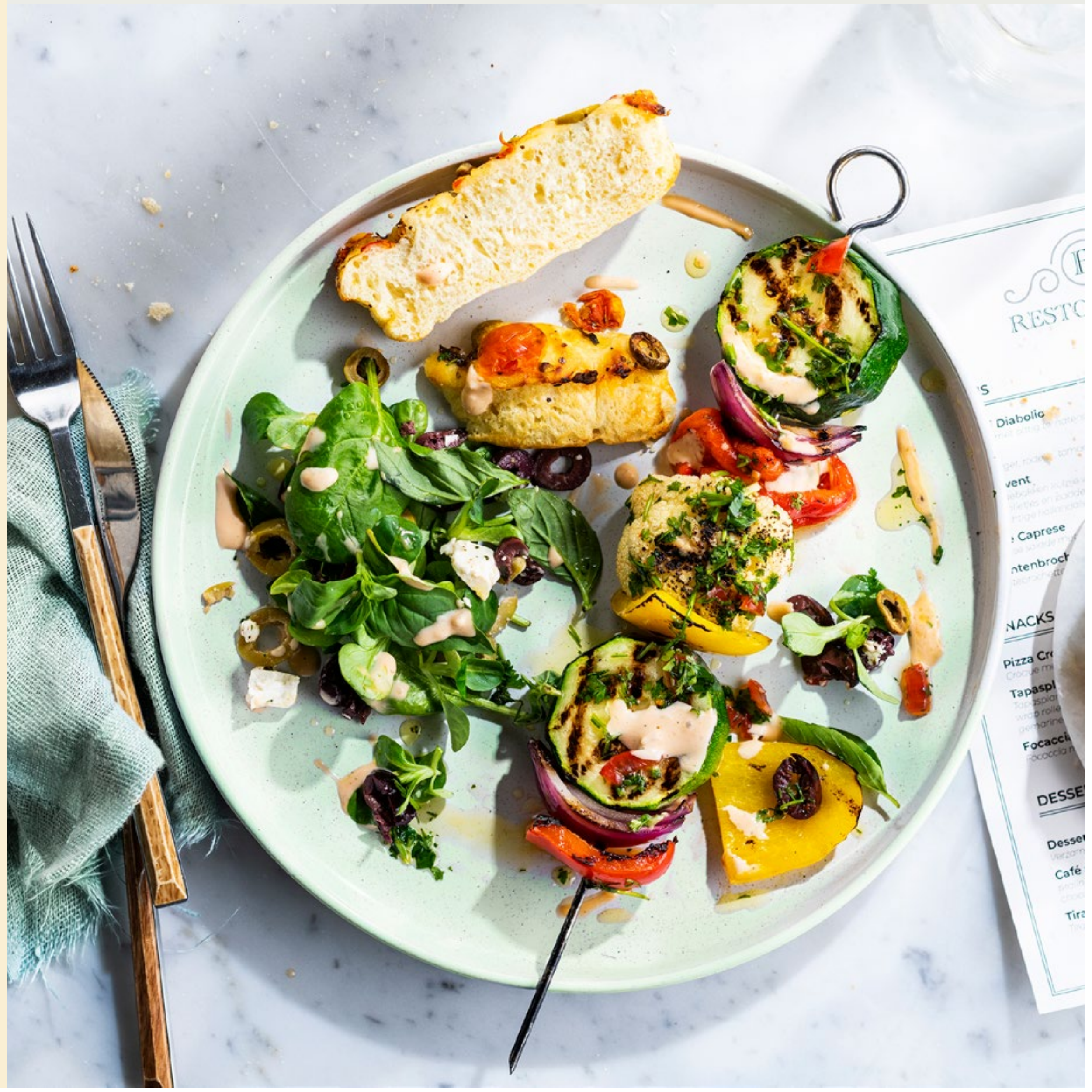


73%

plant-based products in PBFS

OUR PERFORMANCE	2023	TARGET 2030
Vol% plant-based products in PBFS*	73%	75%

→ Check out all our targets and progress in the sustainability scorecard



* Currently, only vegan products are included in this KPI.

Plant-Based Foods Award

In 2023, the annual Vandemoortele Healthy Food Award – an **award for thesis students** who work on healthy or plant-based products – became the Vandemoortele Plant-Based Foods Award.

The first winner was MSc in Food Technology graduate **Kelly Kristabel Wibowo**, who received the award for her thesis on **plant-based drinks.** Kelly obtained her master's degree at the Ghent University Faculty of Bioscience Engineering, one of Vandemoortele's research partners. The Vandemoortele Award felt like an extra encouragement to her. Kelly: "This award is very special to me, as I completed my internship at the Vandemoortele R&D centre in Izegem. During that time, I was introduced to the R&D environment, met many inspiring colleagues and gained interesting knowledge on bakery science."

OUR PERFORMANCE IN 2023

Vandemoortele is investing heavily in the **development of plant-based alternatives**. We are always looking for new products to expand our portfolio in both of our business lines. Last year, the share of plant-based products within the PBFS business line was 73%; a promising result, and a first step towards achieving 75% by 2030.

ACTIONS IN 2023

Our **PBFS portfolio** includes plant-based **margarines, spreads, cooking oils and vinaigrettes**. Compared to butter, margarines and spreads contain less saturated fatty acids and more unsaturated fatty acids, and sometimes also more omega-3 fatty acids. In addition, their environmental impact is significantly lower than that of butter. We are continuously improving and expanding our product range. In 2023, we launched our fourth vegan vinaigrette, 'Fine herbs', also containing 25% less sugar. Half of our vinaigrette range is now vegan.

In our **BP business line** we also offer many plant-based products, such as our **vegan croissant, our vegan chocolate roll, and the majority of our bread portfolio**. In addition, we have developed a range of vegan patisserie products, from a banana cake to high-quality chocolate and blueberry mousses. Nevertheless, we still often rely on traditional dairy products, such as milk, butter and eggs. Our researchers are constantly looking for plant-based alternatives that can match the authentic taste and structure of these ingredients.

To decrease our own impact, we aim to create and sell more plant-based products. However, we still preserve many of our traditional recipes with eggs and dairy products. Our goal is to achieve **a good balance in our product range**, so we can offer tasty solutions suited to everyone's liking. In 2023, we launched a plant-based chocolate cake and a vegan choco-cherry cake-to-go.

Plant-based pan-frying

Our R&D department has developed a **plant-based alternative for pan-frying margarines**. In regular pan-frying margarines, milk or whey protein is often added to reduce spattering. By using pea protein in place of milk or whey protein, we have succeeded in developing a plant-based alternative with the same benefits. We launched this product as a private-label brand in 2023.

FACILITATING WELL-INFORMED FOOD CHOICES

OUR IMPACTS, RISKS AND OPPORTUNITIES

Food transparency is a growing trend: consumers want to know what they are eating, where the ingredients come from, and what their food choices mean for the planet. Vandemoortele aims to create a positive impact by **communicating transparently about ingredients, food additives, preservatives, allergens, etc.** With our own Clean Label definition, we respond to the growing consumer demand for 'natural' products with fewer additives.

We work towards ingredient transparency through the use of **simple and recognisable ingredients**. Over the past few years, we have eliminated many food additives from our products, without compromising on taste, quality or food safety. Some food additives have been replaced by 'cleaner' alternatives, like natural flavourings. Every step is considered from various angles. For example, eliminating an additive linked to a product's shelf life should not lead to increased food waste.

Over the next few years, we will attach even greater importance to clear and transparent consumer information. This not only involves our **Clean Label**, but also our **carbon footprint** and the **origin of our ingredients**. By performing Life Cycle Analyses (LCAs), we aim to better understand the impact of our products. Effectively communicating this information to consumers enables them to make informed choices. This transparent communication responds to the expectations of our consumers and has a positive impact on both our sales numbers and our reputation.

Material IRO* defined in the double materiality analysis	Description of the IRO
Product transparency	Positive impact on consumers by communicating transparently on, for example, health claims, origin of the ingredients, food additives and preservatives, and carbon footprint
Impact labelling (carbon footprint)	Sustainable product labelling can present a financial risk or opportunity because it offers valuable insights into a product's impact for consumers, enhancing our reputation and potentially boosting sales
Life cycle analysis	Financial risk or opportunity when using LCAs to indicate whether a product has a low or high impact

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

OUR POLICIES

Guideline for new (compound) ingredients

Both our BP and PBFS business lines use many different ingredients. This guideline concerns new ingredients and compound ingredients (such as coatings and fillings) that we consider using. As a general rule, all of them must comply with the applicable EU food laws. However, this guideline **exceeds the minimum legal requirements**. It covers four areas:

- **consumer health and safety** (e.g. suppliers should propose compound ingredients with the lowest possible amount of sugar, salt and saturated fats, without compromising on quality);
- **sustainable sourcing** (e.g. only barn eggs and RSPO segregated palm oil);
- **safe and healthy work environment**: ingredients with hazard codes GHS06 ("toxic") or GHS08 ("long-term health hazard") in the Safety Datasheet (SDS) are not permitted;
- **Quality Management System and Certificate**: only GFSI-recognised certification programmes are allowed.

Our definition of 'Clean Label'

In 2020, Vandemoortele outlined its first Clean Label definition: a label that provides our consumers with clear information about which ingredients we use. This first definition still permitted nine different food additives. In 2022, we launched a **new and stricter definition**, which allows **only four food additives**: carotene E160aii, carotene E160aiii, ascorbic acid (E300) and the emulsifier lecithin (E322). Carotenes are orange or yellow fat-soluble pigments, mostly obtained from fruit and vegetables. Ascorbic acid, also known as vitamin C, is used in our products as a bread improver. The final additive is lecithin, a functional lipid also found in egg yolk, which we use as an emulsifier in chocolate and other products. The plant-based lecithin we use in our factories is derived from sunflower seeds, rapeseed or soya beans. In products that do not qualify for our Clean Label, we still aim for the lowest possible number of food additives.

Clean Label definition

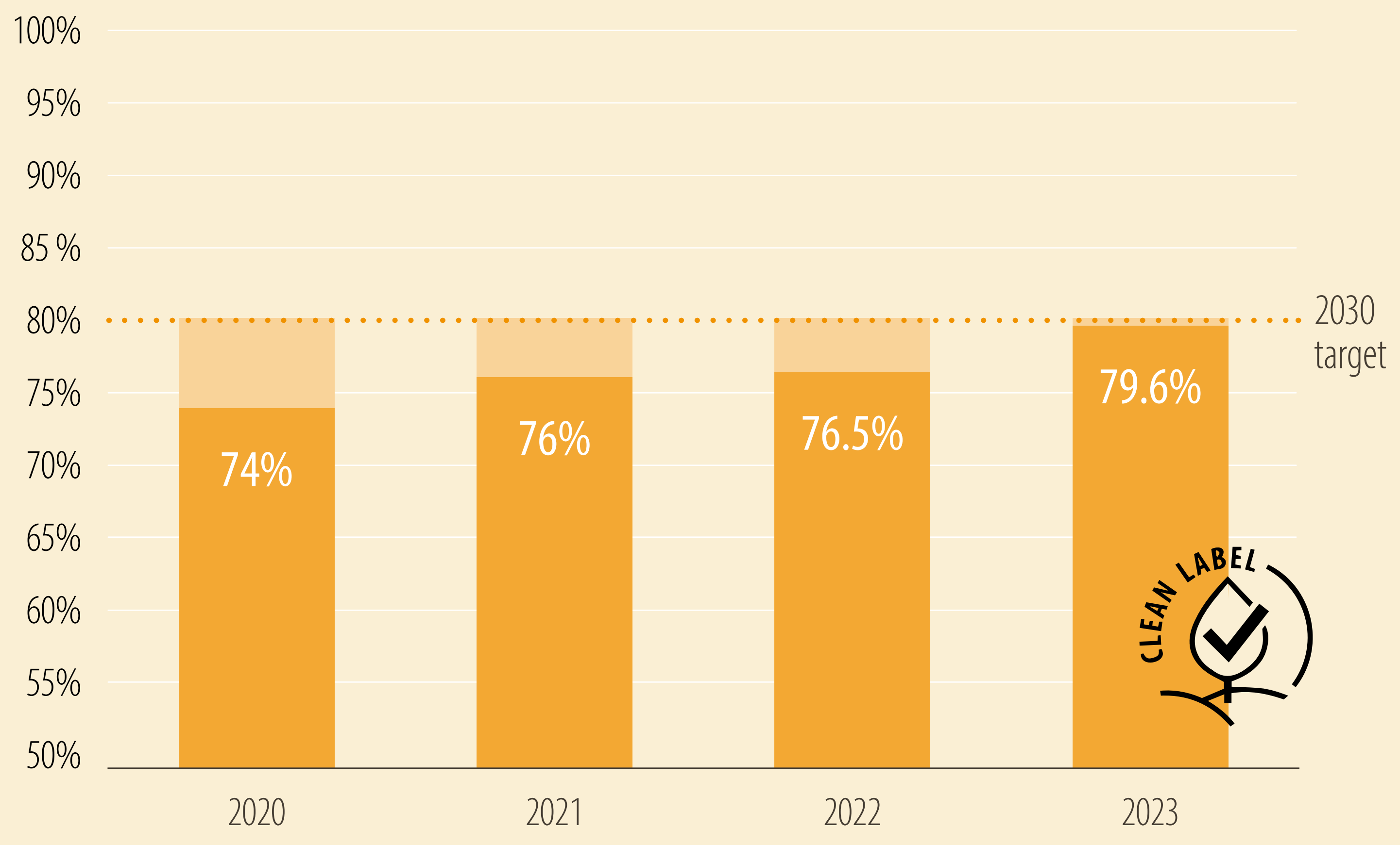
Only four food additives are currently allowed on our ingredient lists:

- carotenes (E160aii & E160aiii);
- ascorbic acid (E300);
- lecithin (E322).

Facilitating well-informed food choices

Our Clean Label target has been defined in line with customer and consumer expectations. It starts from the assumption that people prefer products with fewer food additives, more 'natural' ingredients and names they can understand.

Vol% Clean Label in Bakery Products



79.6%

Clean Label Bakery Products, having almost reached our target

OUR PERFORMANCE	2023	TARGET 2030
Vol% Clean Label in Bakery Products	79.6%	80%

Check out all our targets and progress in the sustainability scorecard

OUR PERFORMANCE IN 2023

Bakery Products (BP)

In 2023, we continued our efforts to remove food additives from all of our BP product categories. We adapted our portfolio to increase the vol% of references that comply with our Clean Label requirements. As a result, **79.6% of our bakery products were Clean Label in 2023** (based on our new definition). This means our Clean Label ambitions are still on track. However, we are not prepared to remove extra food additives if this means we have to compromise on taste, or if it increases the risk of food waste. We also had to remove our donuts from our list of Clean Label products, since it is unfortunately impossible to create their tasty texture without the baking powders (E450, E500) and emulsifiers (E471, E481) we need to create their tasty texture.

In 2022, we have adjusted our **Clean Label target from 83% to 80%** (the lower target being a result of our stricter definition). That target will be retained for another five years, until 2030.

Plant-Based Food Solutions (PBFS)

Under our stricter Clean Label definition, emulsifiers like E471 are no longer allowed. Since these are required to prevent mould and to protect the food safety and quality of most of our spreads and margarines, we cannot simply remove them. As a result, the number of Clean Label products in our **PBFS business line** will consequently be low, and we have **not set a new target**. However, we still eliminate as many food additives as possible without compromising on taste or safety.

OUR ACTION PLAN

R&D on Clean Label

Our R&D team continues to **research the potential removal of food additives** from all of our products in both our business lines (BP and PBFS) as they are the safeguards of our taste, food safety or quality.

In 2023, several of our **pastry products** became Clean Label, for example our cheese rolls. We also launched a plant-based and Clean Label chocolate cake. In addition, several of our production sites now create only Clean Label breads.

As a sustainable food manufacturer, we are regularly asked if we can remove a specific preservative from one of our PBFS recipes. To understand the possibilities, we participated in

a **study on the impact of removing synthetic preservatives (e.g. sorbate) from margarines**. We also learned more about the implications in terms of food waste and food safety. The study took place from 2020 to 2022, in collaboration with Ghent University, and with the support of the Flemish Agency for Innovation and Entrepreneurship (VLAIO). In 2023, we were able to implement the first results in our development processes.

E-free products

E numbers are codes given to food additives (e.g. colours and emulsifiers) based on a food **safety assessment** conducted by the European Food Safety Authority (EFSA). The European Commission considers all current E numbers to be safe, and permits their use in products for human consumption. Nevertheless, **consumers increasingly prefer products without food additives**. For this reason, we try to remove or replace E numbers whenever possible, always without compromising on taste, food safety or quality. When a customer requests E-free margarines (or references with fewer E-numbers), we propose the best E-free alternative from our existing E-free range, or – if needed – we start developing a custom-made E-free alternative.

Communicating about the carbon footprint of our products

We develop innovative technologies to produce tasty products with a lower carbon footprint. Our unique **BAKE'UP® technology** creates pastry products that are up to 60% smaller than our pre-proofed products, resulting in cardboard boxes that can be correspondingly **reduced in size by 60%**. Customers therefore require less storage space while reducing their logistics costs and transport emissions. The frozen products are ready in only 20 minutes, so that customers can offer and consumers can enjoy freshly baked authentic croissants and Danish pastries at any time of the day. This results in better on-shelf availability all day long and less food waste.

-60%

reduction in size of our pastry products and cardboard boxes thanks to our BAKE'UP® technology

OUR PEOPLE

"Let's continue to develop and shape tasty & healthy breads together"

Carine Cnudde

Senior Technical Expert Bread R&D

Belgium, Izegem R&D

"I joined the Bakery Products R&D department in 1991 and I'm still passionate about my work. I've had the opportunity to work on various international projects with a lot of colleagues. For 33 years, I've grown together with Vandemoortele to become an expert in bread. I'm fascinated about the technical aspects of making quality breads, and eager to increase and share my knowledge and give support where I can."

BEING A LEADER IN FOOD SAFETY AND QUALITY

OUR IMPACTS, RISKS AND OPPORTUNITIES

The safety and quality of Vandemoortele's products are paramount in protecting consumer health. Offering expired products or products with harmful substances, unknown objects or microbial contamination may impact consumers and compromise their physical well-being. Smaller errors, like a harmless but unpleasant smell, taste or texture, may still lead customers to buy their products elsewhere. In short, **safety and quality issues may have serious business repercussions**: from financial fines and lower sales numbers to a decline in trust and a damaged reputation.

By aiming to be a leader in food safety and quality, we **protect both consumer health and our own economic position**. To reach that ambitious goal, we always aim higher than the legal requirements. We also take into account the safety and quality expectations of our customers, to ensure our products are well-aligned with their wishes. By offering high-quality and authentic products, we ensure an optimal consumer experience.

In recent years, food quality and safety **requirements have become increasingly stringent**. Legislation is ever-changing, for example on cross-contamination or the use of pesticides.

This has an impact on our production processes, and makes it more difficult to go beyond the legal requirements. However, we continue to make every effort to be a leader in the field.

Material IRO* defined in the double materiality analysis	Description of the IRO
Product safety	Potential negative impact on consumers when offering expired products or products with harmful substances, unknown objects or microbial contamination
Allergen management	Potential negative impact on consumers when offering products that are unsafe for allergy sufferers
Quality products	Positive impact on consumers when offering authentic quality products for an optimal consumer experience
Safety errors	Financial risk of lower sales and bad reputation due to safety errors like foreign bodies in products, either on purpose (food fraud) or by accident
Hazardous substances	Financial risk of more health issues and reputational damage due to chemical compounds in packaging, pesticides in raw materials or other causes
Poor product quality	Financial risk of lower sales and bad reputation due to quality errors leading to unpleasant texture, smell or taste

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

OUR POLICIES

Quality charter

We want to be considered the best and most reliable supplier on the market, both in terms of product quality and customer service. Our quality charter defines the management principles and behaviours implemented to achieve that goal. These include:

- a good understanding of the **needs and expectations** of our customers and of the end consumers;
- compliance with both applicable regulatory **requirements** and agreed contracts;
- working in the most **efficient** way (for example: getting things right the first time);
- driving continuous **improvement**;
- promoting and monitoring a **food safety culture**;
- appointing and supporting **skilled local quality managers** who can act independently, supported by Group services;
- a **quality management system** in all of our production sites that covers the 4 pillars: food quality, food safety, food defence and food fraud.

The quality management system must be based on current quality standards and certified according to either the **International Food Standard** (IFS) or the requirements of the **Brand Reputation through Compliance Global Standard** (BRCGS) and **Good Manufacturing Practices** (GMP) (if applicable). This means it complies with the quality standards of the **Global Food Safety Initiative** (GFSI), a global non-profit organisation that standardises food safety norms. Our compliance assures our customers that we meet the highest standards in food safety. The ninth version of the BRCGS food safety standard has recently come into force, and is again stricter than its predecessors, making it harder to meet the requirements.

Foreign body policy

Vandemoortele takes **all necessary measures to prevent contamination with foreign bodies**, allergens, chemicals or microbiological elements. Our foreign body policy for the BP and PBFS business lines outlines a protocol to prevent foreign objects, such as pieces of plastic, metal or biological organisms, from ending up in our products.

The main elements of the policy are:

- managerial commitment;
- detection methods (metal and X-ray detection, plus filters in PBFS);
- packaging;
- ingredients;
- detached equipment;
- environment;
- maintenance and intervention;
- fixed equipment and infrastructure;
- Hazard Analysis and Critical Control Points (HACCP);
- other procedures.

Based on this policy, our **quality managers** perform gap analyses and develop specific action plans for their departments.

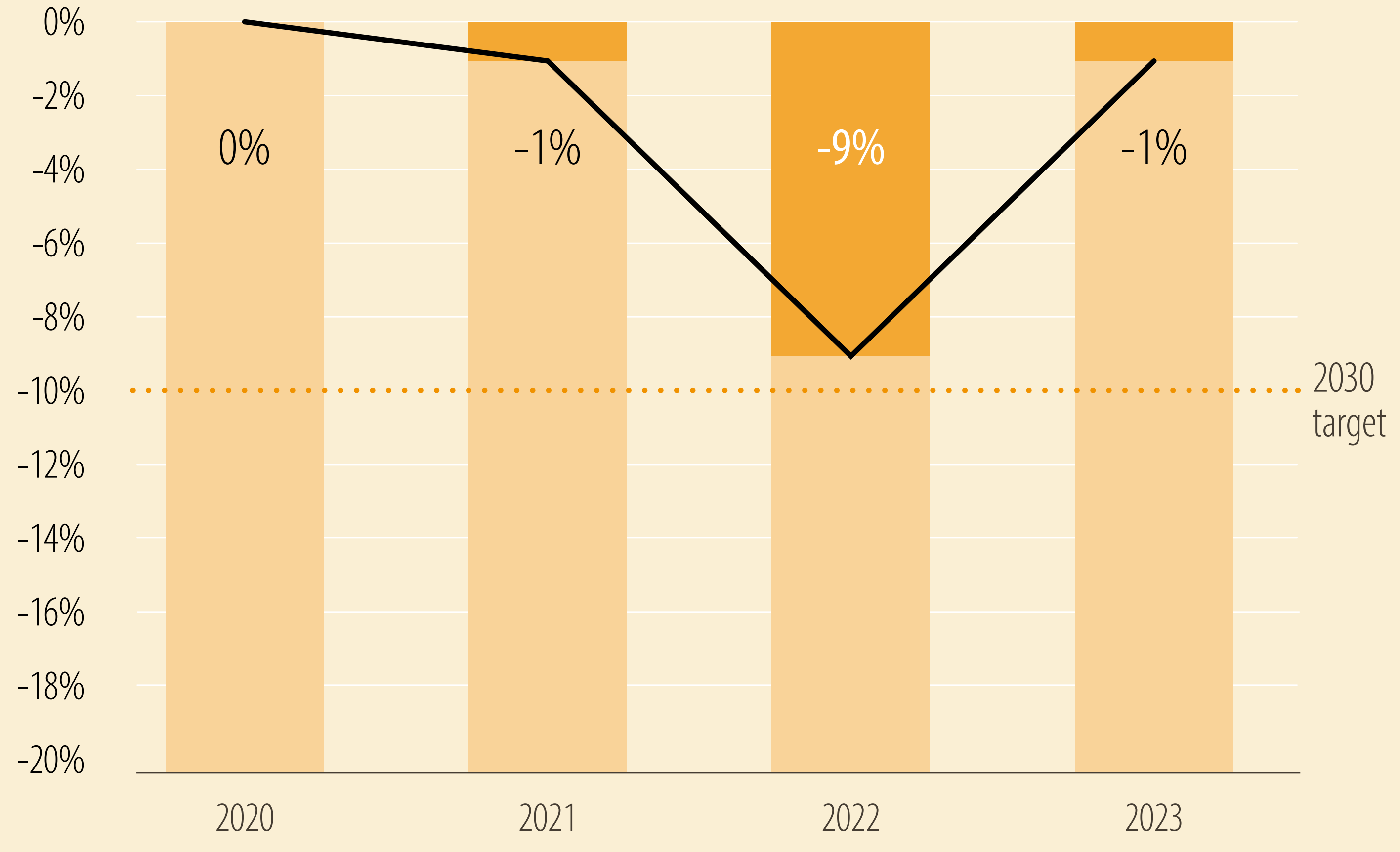
Other policies

Vandemoortele has many different policies and procedures in place to ensure the safety of our operations and the quality of our products: an **allergen** policy, a **good cleaning** policy, a **food defence** policy, a **food fraud** policy, various **traceability** and **complaints** procedures, foreign body management, a standard **hazard analysis** of critical control points, a roadmap for **external audits**, etc. We constantly monitor and assess our guidelines, and adjust them as needed.

Being a leader in food safety and quality

To achieve the objectives of our various food safety and quality policies, we have defined several targets. We ensure that all of our production sites are 100% unannounced GFSI certified, and we encourage our suppliers, traders & logistics partners to become certified as well. In addition, we have set a target for the number of food safety complaints and incidents with food defence and food fraud, so we can avoid as many food safety issues as possible.

Reduction of food safety complaints compared to 2020



-1%

reduction of food safety complaints in 2023 compared to 2020

OUR PERFORMANCE	2023	TARGET 2030
Unannounced GFSI certification (Vandemoortele operations)	100%	100%
Suppliers, traders & logistics partners compliant with GFSI principles	97.8%	98%
Zero incidents food defence & food fraud	0 incidents	0 incidents
Reduction of food safety complaints compared to 2020	-1%	-10%

→ Check out all our targets and progress in the sustainability scorecard

OUR PERFORMANCE IN 2023

Factory and supplier audits

In 2023, 100% of the Vandemoortele production sites underwent an **unannounced audit**. Factories that were still under the 'announced audit' system implemented the **new IFS auditing system**, which means that they are subjected to an unannounced audit once every three years, in addition to the announced audits. The new audit rules make it easier to ensure we meet the high quality and safety standards we have set for ourselves. 2023 was the second year in which we achieved the 'prepared for unannounced audit' status for all of our production sites.

Of our suppliers, traders and logistics partners, 97.8% now adhere to the fundamental principles of the GFSI. 88.67% of our suppliers, traders and logistics partners are GFSI certified; the remaining 11.33% are monitored by Vandemoortele, for example by means of a mandatory food safety questionnaire. We are **encouraging the remaining suppliers, traders and logistics partners to enter the certification process**, complete a food safety questionnaire, sign quality requirement agreements or be audited by Vandemoortele, in order to achieve our target of 98%. This remains a challenge, as it often concerns very small local suppliers. Nevertheless, we ask them to comply with our policy requirements.

100%

of the Vandemoortele production sites underwent an unannounced audit

Fewer food safety complaints

Thanks to our foreign body policy, the number of food safety complaints went down by 49% between 2016 and 2023. This is a highly positive result, which we largely owe to various types of **automation** and to the **increased awareness** of our associates. By 2030, we aim to reduce the 2020 figure by 10%. In 2023, the reduction of food safety complaints compared to 2020 was 1%. (For our 2030 strategy, we chose 2020 as our base year to compare with, instead of 2016, our previous baseline.) Each complaint is followed by a **deep root cause analysis** to prevent it from happening again. Concerning food defence and food fraud, we once again counted zero incidents in 2023.

OUR FOOD SAFETY AND QUALITY ACTION PLANS

Certification and auditing across the supply chain

To guarantee the highest possible quality and safety levels, we subject our production sites to **unannounced audits**. These happen at least once every three years, and may occur at any time during a four-month period. We set the **same high standards for our suppliers, traders and logistics partners**, and expect them to adhere to the fundamental principles of the GFSI. We encourage all of our partners to enter the certification process, be audited by Vandemoortele, or – for our low-risk suppliers – to complete a food safety questionnaire.

Our non-certified suppliers are categorised into high-risk and low-risk suppliers. A supplier is identified as a **high-risk supplier** based on the type of ingredient it supplies. 30% of our suppliers are high-risk suppliers (909 high-risk suppliers / total of 3030 suppliers). High-risk suppliers are scheduled for audits. During these audits, we evaluate their quality systems, their manufacturing processes, and the general order and cleanliness of the site. If suppliers perform poorly, we request that they improve their performance, and we draw up **action plans to monitor their progress**.

A supplier assessment is carried out every year, covering various factors such as non-conformities, certification status, volume, etc. If no improvement is made, we may decide to replace the supplier.

Our **low-risk suppliers** are mainly local suppliers, for whom certification may be difficult to achieve. The costs associated with acquiring certification are often disproportionately high for small companies. In such cases, we provide alternative quality checks, like the mandatory Vandemoortele Food Safety Questionnaire, which covers the fundamental principles of the GFSI.

New suppliers are only added after a **thorough risk analysis**. We try to choose suppliers that are located close to our manufacturing sites, to lower transport emissions and costs, and to reduce safety risks. **Existing suppliers are evaluated each year**, to ensure we maintain our high quality and safety levels.

Food defence and food fraud

To **protect our facilities against internal and external sabotage attempts**, we equip them with surveillance cameras, fences and other security systems. In addition to this, we avoid food fraud by conducting specific **risk analyses**. For example, we link the risk level of a specific supplier to the risk level of a specific ingredient. Depending on the outcome, we take extra actions to monitor the supplier in question, such as audits or traceability questionnaires.

New software for Product Lifecycle Management

In 2023, we started working on a new software system to manage the lifecycle of our products. This will be **fully implemented in 2024**. Our new Product Lifecycle Management (PLM) software is an upgrade of our current PLM system, DevEX, which we use to create technical data sheets (documents with technical information about our finished products). Technical data sheets are of great importance to **guaranteeing food safety**, as they provide our customers with correct product information. The new system will also include a **supplier collaboration portal**, where suppliers can add their own data and observations. This will improve our data collection with regard to ingredients and raw materials, and provide us with more information about the GFSI certification of our suppliers.

GOAL 2

PROTECTING NATURE

Aurélie Comhaire: "Vandemoortele is aware of its environmental responsibility as a food company. After all, food has a major impact on the ecological footprint of our society. How our food is cultivated, sourced and produced affects our soils, our natural habitats and water systems, our climate and air. The current food system challenges the limits of our planet through deforestation, degradation of soil, biodiversity loss and freshwater use."

"At Vandemoortele, we want to do business in a way that allows us to sustain our activities for years to come. As Group Sustainability Manager, I ensure that sustainable practices are integrated into all aspects of our business operations. For example, we aim to move to net zero, choose sustainable resources, improve water availability, and work towards zero waste. In this way, we contribute to tackling the big ecological challenges of today and tomorrow."


Aurélie Comhaire – Group Sustainability Manager

Our commitments:

- Taking climate action
- Ensuring sustainable resources
- Preserving water availability
- Working towards zero waste

TAKING CLIMATE ACTION

OUR IMPACTS, RISKS AND OPPORTUNITIES

Climate change is one of the biggest challenges facing both this and future generations. As a food company, we are aware of our impact, mainly through our **CO_2 emissions**. These occur along our **entire value chain**: from the sourcing of commodities like palm oil and wheat, to goods transport, packaging and the consumption of products. Our own use of gas, electricity, refrigerants and various means of transport should be included on this list.

To reduce our impact, we are taking measures to **lower our energy consumption**. We invest in energy-efficient buildings and processes, and use energy from renewable sources. In addition, we monitor the carbon emissions along our value chain and actively encourage our partners and suppliers to improve their performance.

With global warming turning into a major planetary threat, businesses are also at risk. **Climate change threatens food production and crop yields** around the world, and extreme weather conditions like floods and hurricanes can even damage our infrastructure. Rising energy prices and potential CO_2 taxes complicate matters further. By being at the forefront of the energy transition and working as sustainably as possible, we hope to turn these challenges into opportunities.

Material IRO* defined in the double materiality analysis	Description of the IRO
Own greenhouse gas emissions (scope 1 & 2)	Impact on the planet due to CO_2 emissions from the use of gas and electricity or refrigerants
Greenhouse gas emissions in the value chain (scope 3)	Impact on the planet due to CO_2 emissions from the sourcing of e.g. palm oil and wheat, goods transport, packaging and the consumption of products
Footprint of goods transport and logistics	Impact on the planet due to CO_2 emissions from our own transport
Energy management	Impact on the planet and its natural resources by reducing energy consumption, e.g. through more efficient processes, more energy-efficient buildings and lighting, or use of renewable energy
Extreme weather conditions	Financial risk due to more extreme weather conditions that destroy crops or infrastructure
Energy prices	Financial risk due to higher costs; this is also an opportunity because there is an incentive to become more energy-efficient

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

OUR POLICIES

Transition plan for climate mitigation

Reducing carbon emissions is important to us, our shareholders and various stakeholders. Vandemoortele wants to remain a frontrunner in terms of climate action. Therefore, we signed the commitment letter of the **Science Based Targets initiative** (SBTi) in 2021. We are now developing our new science-based targets using the SBTi criteria, in line with the Paris Agreement goals.

Companies in the Food and Beverage sector are required to set additional science-based targets: the so-called **FLAG (Food, Land use and Agriculture) targets**. We need to set these targets to reduce emissions at farm level. This requires a more detailed data collection process for our scope 3 emissions in the value chain. As we want to have one and the same baseline for all of our emission reduction targets (scope 1, scope 2, scope 3 FLAG, and scope 3 non-FLAG), we have decided to use the year 2023 as a baseline. The goal is to submit all of our SBTi targets in 2024 and have them approved.

Environmental charter

The Environmental Charter also applies to the commitment 'Taking climate action'. The main content of this charter can be found under the commitment 'Preserving water availability'.

CO_2 footprint of Vandemoortele

Scope 1 emissions: these are our direct emissions, for example from our process heating or driving our own vehicles.

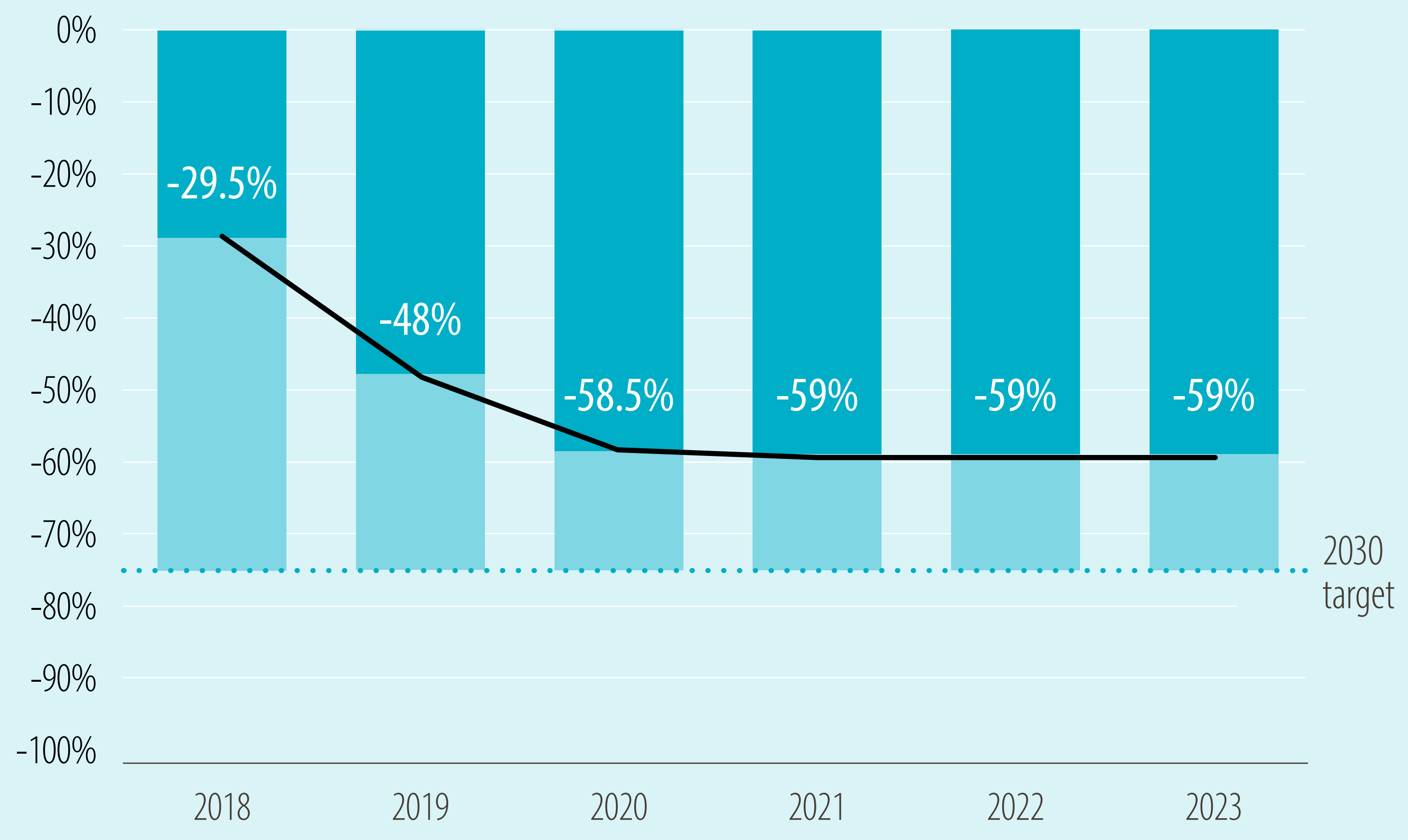
Scope 2 emissions: these are the emissions we generate indirectly through the purchase of electricity or other types of energy. We use these to run our machinery and our cooling equipment.

Scope 3 emissions: these are all the emissions associated with the activities up and down our value chain. For example, the emissions generated by our suppliers when they grow or produce our raw materials.

Taking climate action

Vandemoortele commits to science-based targets in line with the ambition to limit global warming to 1.5°C. Therefore, we aim to be net zero by 2050. To achieve that long-term goal, we have defined intermediate targets for our scope 1, 2 & 3 emissions, for a more efficient use of energy, and for a larger share of renewable energy.

CO_2 intensity reduction, scope 1 & 2 compared to 2015



-59%

reduction in our CO_2 intensity for scope 1 & 2 compared to the baseline year of 2015

OUR PERFORMANCE	2023	TARGET 2030
CO_2 intensity reduction, scope 1 & 2 compared to 2015	**-59%**	-75%
Total energy intensity reduction Group compared to 2020	**-5.8%**	-15%
Total energy intensity reduction BP compared to 2020*	**-9.1%**	-15%
Total energy intensity reduction PBFS compared to 2020	**-1.9%**	-15%
100% green electricity	**100%**	100%
'On site' green electricity generation (solar, wind)	**10.2%**	15%
CO_2 reduction, scope 1 & 2 compared to 2023	**New target, will be monitored as of 1 January 2024**	42%
CO_2 reduction, scope 3 FLAG compared to 2023	**New target, will be monitored as of 1 January 2024**	30.3%

OUR PERFORMANCE	2023	TARGET 2029
Supplier engagement, scope 3 non-FLAG	**New target, will be monitored as of 1 January 2024**	70.6%

→ **Check out all our targets and progress in the sustainability scorecard**

* Data from the new BP production plant were only included from September, after the start-up phase in June.

OUR PERFORMANCE IN 2023

Our CO_2 footprint

Our total carbon emissions amounted to approximately 2.37 million tonnes of CO_2 equivalent per year (data from 2022). Our scope 1 emissions accounted for 35,500 tonnes and our scope 2 emissions for 9,500 tonnes. So, only 1.9% of our emissions are directly derived from our production plants, warehouses, offices and purchased energy. Due to the steady progress on energy efficiency in our operations, and despite higher volumes in 2023, we managed to **decrease our CO_2 intensity for scope 1 & 2** by 59% compared to the baseline year of 2015.

Just like in other agrifood companies, **scope 3 emissions** make up the bulk of our CO_2 emissions: 98.1% of our emissions are due to indirect impacts, such as land use for our raw materials, the transport of these commodities, and the production of packaging materials. Land use has the greatest impact due to the loss in CO_2 capture capacity when cutting down forests, for example to use the land for agriculture. In 2022, our scope 3 emissions accounted for 2.32 million tonnes. We used the Greenhouse Gas protocol to calculate our scope 1, 2 and 3 emissions. The following greenhouse gases are included in these 2022 calculations: CO_2 (for scope 1 & 2) and CO_2, CH_4, N_2O and PFCs (for scope 3). Once the CO_2 reporting tool will be fully operational also PFCs will be included along with CO_2 for scope 1 & 2 emissions.

Our energy performance

In 2023, we were able to **reduce our energy intensity at Group level by 5.8%** compared to 2020. The BP business line reduced its energy intensity by 9.1%*, while the PBFS business line saw only a 1.9% decrease. At Group level, we used 3,800 MWh less energy than in 2022, despite our higher production volumes.

Launch of a monitoring and reporting tool for energy and CO_2

In 2022, several multidisciplinary expert teams began to work on the development of a customised and auditable accounting and reporting tool for energy & CO_2. In 2023, we ran a proof-of-concept on our scope 1 and 2 emissions. After intensive verification and adjustments, the energy monitoring module proved to be reliable. **In early 2024, the tool will be operational**, and we will make it available throughout our entire organisation.

Our operations and maintenance services will have access to a series of dashboards that show **near-real-time energy data**. This will allow them to detect any anomalies in energy consumption, and to intervene more quickly. Studies have shown that such monitoring and dashboarding systems can reduce energy consumption by between 5% and 8%. The application also contains a module for calculating and reporting our scope 1 & 2 CO_2 emissions on a monthly basis. In this way, Vandemoortele is undertaking the preparations to have a reliable and auditable reporting tool, in line with corporate carbon accounting standards.

* Data from the new BP production plant were only included from September, after the start-up phase in June.

OUR ACTION PLANS

Tackling our scope 1 & 2 emissions

To further decarbonise our operations and reduce our greenhouse gas emissions, we have developed a strategy with the following **key priorities**:

- efficiency improvements;
- minimising the use of fossil fuels;
- maximising the use of renewable energy sources;
- shifting to low-GWP refrigerants.

Efficiency improvements

In order to reduce our energy consumption, we invest in sustainable solutions and optimise our processes. Since 2015, we have successfully implemented more than **400 energy reduction projects** and initiatives across our company. In 2022 and 2023, the rising energy prices gave our energy reduction investments an extra push. All of our production sites draw up their own action plans to implement our fourfold strategy. Every four months, the sites review their action plans and adapt them where necessary. They also report to headquarters on the effectiveness of these actions.

For many years, we have been investing in **upgrades of our buildings and equipment** to make them more energy-efficient. We have improved the insulation in our buildings and equipment, and we have replaced most of our conventional lights with LED lighting technology. In our operations, we have improved our existing installations to make them more efficient:

- insulation of ovens, steam and hot water pipes;
- heat recovery on refrigeration and/or air compressor systems;
- steam piping and steam trap adjustments;
- energy-efficiency improvements on gas-fired appliances (ovens, boilers, etc.).

We are always looking for energy improvements to **further decarbonise our process heat**, with our focus on effective maintenance and operational improvements. For instance, we challenge and adjust our process setpoints (for temperature and pressure), we monitor peaks in energy consumption, and we adapt start-stops accordingly. In this way, we improve the energy efficiency of our heating processes.

To enhance energy-saving awareness amongst our teams, several pilot sites launched **local 'climate pillar'** teams in 2023. This was coordinated and supported by a central and multi-disciplinary team. Together, they developed a series of operational excellence tools. They also helped various sites to implement the best available energy saving technologies, they developed 'golden energy saving rules' for operations and maintenance, and they created new performance monitoring tools for the factory dashboard systems. The initiative will be continued in 2024, and will become one of the most important operational excellence pillars in our factories.

Minimising the use of fossil fuels

In 2023, our factories and cold stores used approximately 119,000 MWh of **energy generated from fossil fuels** (natural gas, propane, LPG, gasoil, etc.), accounting for 40% of our overall energy demand. 95% of this energy consumption came from ovens, cleaning systems (hot water) and process heat (steam). The remainder was used for comfort heating in offices and other workplaces. To further decarbonise this part of our operations, we are conducting studies to explore the opportunities of:

- electrification of some of our gas-fired heat applications (fryers, thermal oil heaters);
- raising temperatures by means of heat pump technology to generate hot water and/or steam.

Maximising the use of renewable energy sources

Since 2021, **100% of the electricity** used in our production plants and the corresponding offices has come from **renewable energy sources** with Guarantees of Origin (GOs), predominantly from hydropower, wind and solar power systems. The goal is to maximise our own on-site energy generation through solar power systems. When all installations for which contracts have been signed are in operation, we will generate 10.2% of our electricity ourselves. These solar panel installations will become operational from 2024.

Approximately 36% of our annual energy consumption is generated by natural gas. We are exploring the possibilities to **switch to green gas** sources for our heat processes; mainly ovens and steam generators. As it is not possible to electrify all of our heat processes, a fuel and/or technology switch will be necessary to further reduce the carbon emissions of our operations, in the context of our journey towards net zero in 2050.

Shifting to low-GWP refrigerants

We are currently phasing out our moderate-to-high Global Warming Potential (GWP) refrigerants by shifting to **natural refrigerants**. In the meantime, we operate our cooling installations as safely and efficiently as possible, and we employ strict maintenance schemes to avoid refrigerant leakages. We have set up a company-wide refrigerant database to monitor the leakage rate and related CO_2 emissions.

Tackling our transport emissions

In 2021, we mapped the carbon emissions of Vandemoortele's downstream transport, i.e. the transport of our products to our customers. We assessed the emissions of three different **transport models**, in combination with their fuel consumption and their 'empty' kilometres.

1. **Execution**: transport that we carry out ourselves, with our own trucks (scope 1). In 2023, our two transport subsidiaries – Metro and Panalog – merged into one new company: Vandemoortele Transport Solutions.
2. **Chartering**: transport carried out by external transport companies (scope 3). These carry products from Vandemoortele's warehouses to our distribution centres or customers on a load-to-load basis.
3. **Third-party logistics** (3PL): transport carried out by external transport companies (scope 3). In addition, these distribute our products from their own warehouses: the Vandemoortele goods are only a portion of their freight. 3PL transport accounts for 33% of our deliveries to customers.

After mapping the impact of each transport model, we defined an action plan to meet our CO_2 reduction target. This **action plan** consists of six elements:

1. increase the fill rate of trucks: the more we put in, the better;
2. convert to intermodal transport options like rail traffic or shipping for long distances;
3. network optimisation: the fewer transport kilometres, the better;
4. alternative energy sources;
5. carrier management with transport suppliers;
6. teach drivers to drive more efficiently.

The shift to alternative energy sources is our number one sustainable transport strategy. The preferred options are **hydrogen trucks** (for long distances) and **electric vans and smaller trucks** (for short distances). However, due to technological challenges, it will take time to achieve significant carbon reduction through this. Until new technologies are more mature, we will continue to work on the other elements of our strategy, but these will only result in relatively minor emission reductions.

Tackling our commodities emissions

Our scope 3 emissions account for 98.1% of our company-wide carbon emissions (based on our 2022 data). The biggest contributors fall within the **purchased goods & services** category of the Green House Gas (GHG) Protocol. These account for 88%. Within this category, **vegetable oils, butter, flour and cocoa** are the biggest contributors.

To tackle our scope 3 emissions from purchased goods and services, we will:

- continue to increase our volume of sustainable palm oil, in line with our sourcing target;
- purchase low-carbon flour;
- further explore CO_2-reduced cocoa & butter;
- implement various other, smaller measures.

Supplier engagement

In 2024, we intend to launch our Supplier Engagement Programme. We expect our **suppliers to join us in the fight against climate change**, and to reduce their own carbon emissions. They can show their commitment by developing their own carbon reduction strategies, and/or by joining the Science Based Targets initiative.

In the future, Vandemoortele will give preference to suppliers that have also been rated by EcoVadis or similar organisations. To achieve our sustainability targets, we encourage our suppliers to start their own decarbonisation journey. More specifically, we ask them to:

- state clear targets and develop an action plan to reduce carbon emissions;
- obtain a scorecard of EcoVadis or another similar organisation to assess their sustainability performance;
- commit to the Science Based Targets initiative (SBTi).

In 2024, we will also continue our quest for a software tool to calculate scope 3 emissions and to model scope 3 reduction scenarios. With such a tool, we should be able to understand our progress, gather accurate data, and model CO_2 reduction scenarios in order to meet our targets.

Green CapEx

Vandemoortele increasingly **invests in environmentally sustainable economic activities** (our Green CapEx). In 2023, we invested €4.1 million in the Bakery Products business line, and €570,000 in Plant-Based Food Solutions. At present, we are factoring in an internal carbon price of €100 per tonne for green capital expenditures. Furthermore, we are expanding our assessment to include more long-term projects, and we are considering an extended payback time.

Adaptation actions

We are currently examining the climate adaptation actions required for Vandemoortele's various production sites, operations and resources in the future.

€4,670,000

is the total amount we invested in our BP and PBFS business lines for sustainable economic activities

OUR PROJECTS

Reducing emissions with our first e-truck

In 2023, Vandemoortele Transport Solutions took a significant green step by introducing its first electric truck in France. The truck completes three round trips per day, between the Vandemoortele production site in Torcé and the warehouses in Chatillon or Fougères. This amounts to an average of 200 km per day. By using an e-truck, we reduce our carbon emissions by 40 tonnes per year. The drivers also appreciate the truck's quiet nature and its high performance. The team is now waiting for trucks with a larger battery range – of at least 400 km – to purchase more electric vehicles.

→ **Read more about the project**

ENSURING SUSTAINABLE RESOURCES

OUR IMPACTS, RISKS AND OPPORTUNITIES

Research undertaken by the United Nations Environment Programme (UNEP) shows that **the global food system is the primary driver of deforestation and biodiversity loss**. As a large food manufacturer, we risk contributing to these issues, for example when sourcing key commodities like palm oil, soya or cocoa. The same goes for the purchase of unsustainable packaging materials like single-use plastics. According to UNEP, 8 to 10 million tonnes of plastic are released into the ocean every year. The effects on biodiversity loss also pose a threat to our own operations, for example through droughts or ingredient shortages.

To counter these risks, **we source our ingredients sustainably**, with respect for people and the planet alike. We assess our impact on local biodiversity and take measures to minimise it. At the same time, we invest in product traceability and monitor where our raw materials come from and how they are produced. To enhance our positive impact, we work with suppliers who adopt regenerative farming practices, thereby supporting ecosystem regeneration.

In terms of **packaging materials**, we reduce the amount of packaging and give preference to recyclable, reusable or recycled materials. This lowers our environmental impact and enhances our reputation for sustainability. However, the market is currently anticipating low availability and high prices of recycled plastics and other reduced-impact materials. In addition, we cannot always avoid the use of single-use plastics due to specific functionality requirements, or quality or safety reasons. To respect the environment and maintain the trust of our customers, we are continually looking for new ways to address this issue.

Material IRO* defined in the double materiality analysis	Description of the IRO
Responsible sourcing and purchasing	Choosing resources that are produced in a sustainable manner
Deforestation	Deforestation as a result of, for example, palm oil sourcing or cocoa farming
Product traceability	Monitoring where our raw materials come from and how they are produced
Regenerative agriculture	Working with suppliers that adopt regenerative farming, to support ecosystem regeneration
Circular packaging	Using recyclable, reusable or recycled packaging, reducing the amount of packaging
Biodiversity loss	Financial risk of losing farming capacity due to land-use change, desertification or lack of pollinators, leading to shortage of resources
Use of single-use plastic	Financial risk, due to e.g. a ban on single-use plastics, loss of consumers due to their critical views on plastic packaging, etc.
High demand and high cost of recycled plastic	Financial risk due to low availability and high prices of recycled plastic

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

OUR POLICIES

Vandemoortele palm oil sourcing commitment

As one of Europe's leading food manufacturers, our plant-based food solutions and bakery products are consumed by millions of people. Palm oil is an ingredient in many of our products, so we are fully aware of **the important role we play in the palm oil value chain**. We use palm oil for various reasons, two of these being: 1) the use of palm oil as an ingredient ensures that our products have the desired structure and taste; and 2) palm oil has a higher yield per hectare than any other vegetable oil. We take **all the necessary measures to minimise the environmental and social risks** associated with palm oil cultivation and production. These risks include – but are not limited to – deforestation, loss of biodiversity and the exploitation of local farmers.

We are committed to only sourcing palm oil from **suppliers** who guarantee that they meet the following **criteria**:

- no development on High Carbon Stock (HCS) forests and High Conservation Value (HCV) areas;
- no development on peatlands, irrespective of depth;
- no burning to clear land;
- full respect for human rights, including the right to Free, Prior and Informed Consent (FPIC) of indigenous and local communities for plantation developments on land they own legally, communally or by custom.

Vandemoortele soya sourcing commitment

Vandemoortele purchases soya bean oil, mainly for use in margarines, and to a lesser extent other soya ingredients, such as soya flour, bran and flakes for use in bakery products. Indirectly, soya bean meal – which is often used as animal feed – also plays a role in the production of animal-derived products, such as dairy, eggs and meat. We use these in many of our products. Unfortunately, the growth of soya bean production in Brazil has resulted in a number of negative effects on the environment, as well as on local communities. We believe it is our responsibility to supply our customers with soya products that have **no connection with deforestation**, whether directly or indirectly.

Vandemoortele egg sourcing commitment

Cage egg production presents various animal welfare problems. Because of the small size of the cages and the barren living conditions, caged hens suffer from the denial of many natural behaviours, such as nesting and perching, which leads to high stress levels. We believe it is our responsibility to supply our customers with eggs that have no connection to negative animal welfare issues. That is why, since 2019, we have committed ourselves to **only using cage-free eggs** as direct ingredients in our products. For the eggs used in our sauces, we go even further: since 2016, we have exclusively used free-range eggs.

Vandemoortele plastic packaging sourcing commitment

We advocate a circular economy, which keeps materials in the cycle for as long as possible, rather than disposing of them. At Vandemoortele, we see it as our responsibility towards our customers, consumers and society to ensure our products do not contribute to plastic pollution. Firstly, we are continuously searching for smarter packaging designs that require a minimum of materials. Secondly, we strive to **increase the use of recycled plastic materials** in our packaging. If recycled plastic materials are not an option (e.g. because they cannot come in direct contact with food), we opt for virgin plastic materials that are used efficiently and have been designed to be recyclable. We are also exploring the opportunities of reusable packaging.

Since 2020, we have been a member of the **New Plastics Economy Global Commitment**. This initiative, led by the Ellen MacArthur Foundation in collaboration with UNEP, urges companies to rethink their packaging designs, and to thoroughly assess their use and reuse of plastics. The full report of our 2023 achievements and outlook for 2024 is included in the Annex.

Vandemoortele paper and cardboard packaging sourcing commitment

Vandemoortele buys various paper and cardboard materials for primary and secondary packaging purposes. For primary packaging materials, which come into direct contact with the product, we typically use virgin paper or cardboard, due to hygiene and food safety reasons. For secondary packaging, we use **corrugated cardboard, predominantly made from recycled fibres**.

We see it as our responsibility towards our customers to ensure that our products **do not contribute to deforestation** in any way. Through our search for optimal packaging designs, we reduce the quantities of packaging materials we need. We also aim to use recycled materials in our packaging wherever possible. **If recycled materials are not an option** (e.g. because of close contact with food), **we opt for virgin materials that are certified sustainable**. These materials have to be certified by the Forest Stewardship Council (FSC) or the Programme for Endorsement of Forest Certification (PEFC) schemes. Both of these international organisations are committed to ensuring that forests are managed responsibly by taking social, ecological and economic factors into account.

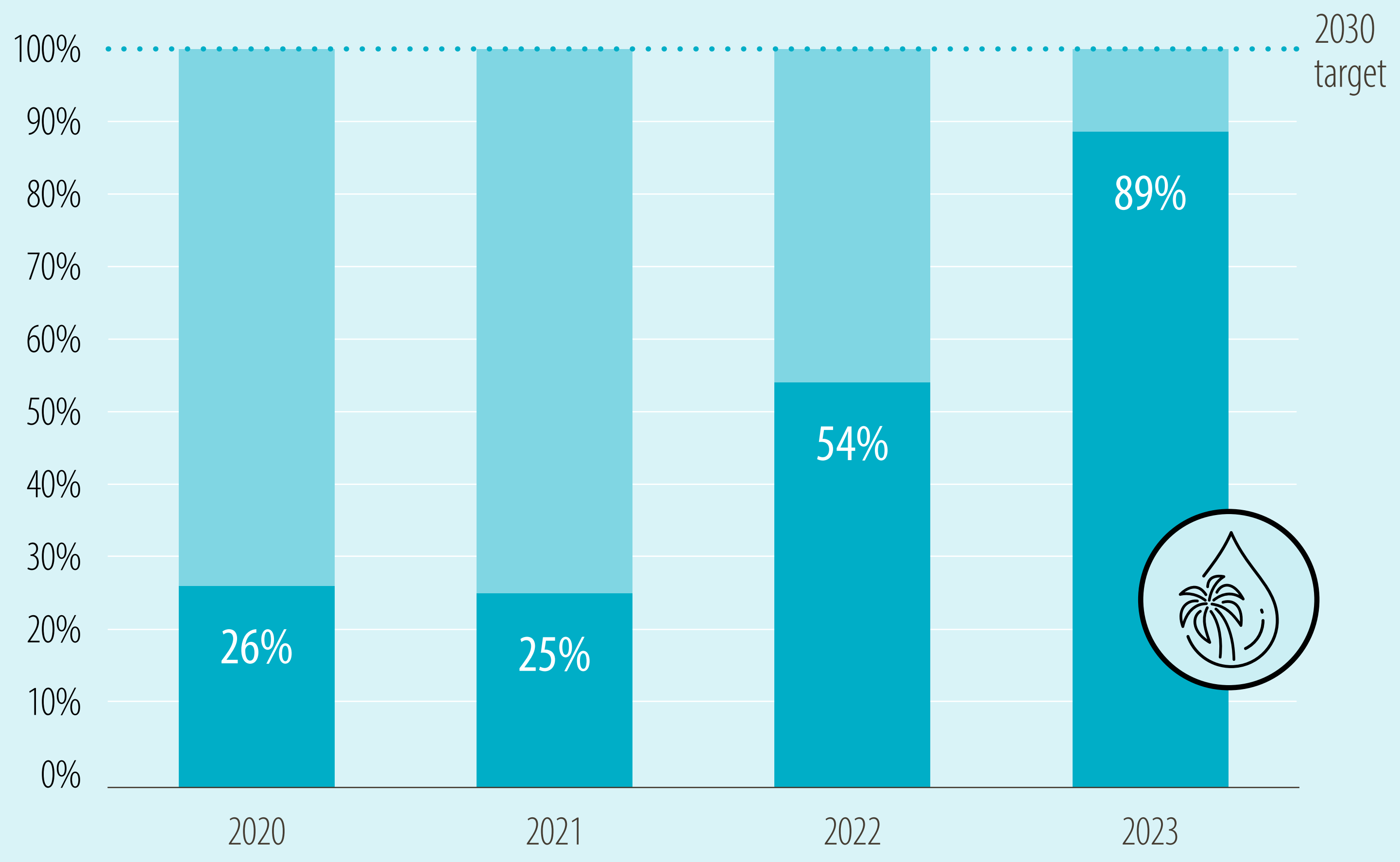
We advocate a circular economy, which keeps materials in the cycle for as long as possible

Ensuring sustainable resources

By sourcing sustainably, we reduce our impact on the availability of resources and on how they are produced. We want to achieve this by procuring 100% of our key commodities – palm oil, soya and cocoa – with sustainable certification. We set a target to trace 100% of the palm oil we purchase back to the mill and plantation to ensure sustainable sourcing. We aim to provide an action plan for 100% of reported grievances, in order to address any negative impacts.

In addition to our focus on commodities, we have set a target for our packaging materials. We aim to incorporate 25% recycled PET in our packaging by 2025, and we use 100% FSC- or PEFC-certified sustainable paper or cardboard.

Vol% sustainable certified palm oil (consumer and professional brands)*



89%

sustainable certified palm oil

OUR PERFORMANCE	2023	TARGET 2030
% sustainable certified soya (consumer and professional brands)	100%	100%
% sustainable certified cocoa (consumer and professional brands)*	71%	100%
% traceability to mill for palm oil	100%	100%
% traceability to plantation for palm oil	75%**	100%
% of Vandemoortele sites with an action plan on biodiversity	New target, will be monitored as of 1 January 2024	100%
% cage-free eggs	100%	100%
% FSC- or PEFC-certified sustainable paper or cardboard	100%	100%

OUR PERFORMANCE	2023	TARGET 2025
% sustainable certified palm oil (consumer and professional brands)	89%	100%
% of verified grievances on environment related to our palm oil and cocoa have an action plan***	100%	100%
% recycled PET****	22.5%	25%

→ Check out all our targets and progress in the sustainability scorecard

* % of finished products with sustainable cocoa compared to the total number of finished products with cocoa. ** This result is only available with a six-month delay. The data presented is the result of S1 2023. *** From 2024 onwards, we will include soya and relative grievances in the scope of this target. **** In our updated sustainability strategy, the target for r-PET will be adapted to 30% recycled PET per packaging unit (brands) by 2027, instead of for all PET packaging.

* % of the total volume of sustainable palm oil in finished products compared to the total volume of palm oil in finished products.

OUR PERFORMANCE IN 2023

Sustainable-certified palm oil

Since 2009, we have been a member of the **Roundtable on Sustainable Palm Oil** (RSPO). We have made a great deal of progress in our sourcing practices since then. At the start of our journey, we only purchased credits from RSPO-certified growers, crushers and independent smallholders. Now we are also sourcing physically sustainable certified palm oil. To achieve this, we accept both segregated palm oil, which comes only from certified sources, and palm oil from the Mass Balance Supply Chain model, in which sustainable palm oil from certified sources is mixed with conventional palm oil. We have also received the RSPO-certification and therefore we are entitled to label our products as RSPO-certified.

Since 2015, we have been committed to sourcing **palm oil that is certified as 100% sustainable** for both our consumer and professional brands (industry clients and non-Vandemoortele brands are excluded). In 2023, we reached 89% physically sustainable palm oil for both our consumer and professional brands: a huge improvement compared to 2022. We aim to reach our goal of 100% as soon as possible, which we believe to be achievable even in spite of pricing and availability issues. To raise the bar even higher, we commit to reaching 100% physically sustainable certified palm oil for our entire portfolio by 2030.

Traceability of palm oil

Approximately 1,000 mills supply our factories, each of them receiving palm oil from different plantations. This large number of suppliers poses a particular challenge in obtaining a clear and thorough overview of the entire supply chain, starting with the farmers and their plantations, then on to mills and refineries, right up to the transport to Vandemoortele's sites. Our initial target was to achieve traceability all the way back to the mill. In 2019, we decided to extend this by aiming for **transparency all the way back to the plantation**. In 2023, we achieved traceability to mill for 100%* of our palm oil. Based on our suppliers' scores, we could also trace 75%* all the way back to the plantation.

Sustainable-certified soya

Vandemoortele has been a member of the **Round Table on Responsible Soy** (RTRS) since 2011. This organisation advocates the production of responsible soya through the promotion of good agricultural practices, respect for the environment, and fair working conditions. RTRS soya is 100%

* Based on the latest data available for the first half of 2023.

Deforestation and Conversion Free (DCF) and fully compliant with the new EU legislation on deforestation-free commodities.

Since 2017, we have exclusively used **100% RTRS-certified soya in our own consumer and professional brands**. By 2030, we aim to expand this to 100% RTRS-certified soya in all of our products. In 2023, 100% of all soya used in our supply chain was covered by sustainable certifications; either RTRS credits (for indirect volumes) or ProTerra certification (for direct soya oil volumes).

Sustainable-certified cocoa

The chocolate value chain faces **severe structural problems**, from poverty among cocoa farmers to depleted soil, deforestation, etc. In order to secure the future of chocolate, all actors across the value chain need to step up their efforts to address these structural issues. At present, we purchase liquid and solid chocolate that has been certified by Rainforest Alliance (RFA). When requested by the customer, we also source chocolate that bears the Fairtrade® label. We have received the RFA-certification and therefore we are entitled to label our products as RFA-certified.

By 2025, we aim for 100% of the cocoa in our consumer and professional brands (industry clients and non-Vandemoortele brands are excluded) to have received Mass Balance Certification. In 2023, we achieved 71% certified cocoa in our branded products, which was 22.5% more than in 2022. This increase was the result of an internal push to include sustainable-certified cocoa in more products. We maintain our ambition to achieve 100% sustainable cocoa in our consumer and professional brands by 2030.

100% cage-free eggs

Since January 2020, we have only purchased cage-free liquid eggs as direct ingredients for our products. This means that the hens are not locked up in cages but kept in a large barn. We use such eggs for all of our products, except for our sauces, like mayonnaise, which are usually made with 100% free-range eggs, obtained from farms where hens are allowed outside.

Packaging materials

In 2023, 22.5% of the PET we used consisted of recycled materials (r-PET). This progression is in line with our target of 25% r-PET by 2025. By 2027, we want to achieve 30% r-PET per packaging unit.

Since 2021, we have exclusively used 100% recycled and recyclable paper and cardboard. This means we only purchase paper and cardboard from FSC- and PEFC-certified suppliers. Both international organisations are committed to ensuring that forests are managed responsibly, taking social, ecological and economic factors into account.

Grievances on environmental issues

In 2023, we extended the scope of our grievance mechanism from only palm oil to palm oil and cocoa. We received two complaints on environmental issues related to these commodities, and have an action plan in place for 100% of grievances. In our revised sustainability strategy, we have further expanded the commodities included in the scope of our grievance mechanism. In 2024, we will also include soya and relative grievances in the scope.

22.5%

of the PET we used in 2023 consisted of recycled materials

OUR ACTION PLANS

Dialogue with palm oil suppliers

For Vandemoortele, good cooperation and regular conversations with our suppliers are key to responsible sourcing. To stimulate such dialogue, we regularly conduct an **Engagement Policy Implementation (EPI) survey**, provided by Earthworm Foundation. The survey audits how our suppliers implement the No Deforestation, No Peat, and No Exploitation (NDPE) policy, with focus areas ranging from traceability to grievance mechanisms. This policy requires our suppliers to refrain from converting forests or peatland into additional plantations. We also expect them to uphold labour and community rights. Since 2017, all of our key palm oil suppliers have committed to an NDPE policy (our key palm oil suppliers represent more than 95% of all our palm oil suppliers). This helps us to contribute to a more sustainable palm oil value chain.

In 2023 we made our grievance mechanism public, in order to increase transparency about how we tackle grievances

In 2022, we asked our palm oil suppliers to participate in a new EPI survey. In 2023, we discussed the results and agreed on action plans to be followed until the next assessment. In 2024, we will engage with our suppliers again for a status update. This allows us to monitor the progress of the actions that we have agreed upon.

Grievances management for palm and cocoa

In 2022, we trialled our new grievance mechanism. This was based on the internally agreed procedure to handle grievances relating to our palm oil supply chain. By drawing up this grievance mechanism, we can now **deal with grievances in a structural and more timely manner**, instead of on an ad hoc basis. The mechanism is fully aligned with other processes, like our whistleblowing procedure. In 2023 we made our grievance mechanism public, in order to increase transparency about how we tackle grievances, and we make sure everyone is able to report a grievance through the right tool. This allows us to monitor our value chain and engage with our direct suppliers to correct any breach of our sourcing commitments.

Round Table on Responsible Soy association member

In 2011, Vandemoortele joined the Round Table on Responsible Soy (RTRS). We were also one of the eight initial subscribers to Alliance4Soy (established in 2018), a consortium of food companies that currently chairs the RTRS. The Round Table ensures that **soya is obtained in an environmentally correct, socially adequate and economically viable way**. By investing in local social and environmental projects, RTRS has provided direct and indirect support to thousands of individuals.

Since the founding of the RTRS, many other companies have joined us. Our goal: to gradually build alliances and facilitate governance alignments to achieve 100% responsible soya. Through our involvement in Alliance4Soy, we also take part in the Collaborative Soy Initiative (CSI), a global platform that aims for 100% deforestation- and conversion-free supply chains. We support this mission by purchasing RTRS credits for all soya in our supply chain. The credits directly benefit farmers in the critical Cerrado biome, Brazil, and their surrounding environment. By adding new incentives for soya bean growers, we recognise their efforts in stopping the conversion of their native habitats.

In 2023, we also purchased our soya oil via AceTrack, a **new soya purchasing approach with geo-localisation**, which will allow us to trace our soya beans all the way back to farm level. As a result, we will be able to guarantee full traceability.

Sustainable farming practices for wheat

Wheat plays an important role in our Bakery Products (BP) business line, because the quality of our bakery products relies on its excellence. To maintain high-quality wheat, we need to actively engage in more **sustainable and regenerative wheat farming practices**. Our goal is to go beyond reducing our carbon footprint, as wheat has a major impact on our scope 3 emissions. We aim to enhance soil health, boost wheat availability and maintain product excellence.

Many wheat farmers work every day to contribute to a sustainable future in agriculture. In our factories in France, we use flour made from Culture Raisonnée Contrôlée® (CRC®) certified wheat in our bread & pastry products. This French certification guarantees responsible and local farming that encourages biodiversity and offers farmers fair wages. We are partnering with our suppliers to further explore regenerative agriculture.

Low carbon wheat

Wheat is the third largest contributor to our scope 3 carbon footprint, after vegetable oils and butter. We see 3 approaches to reduce the carbon impact of wheat:

1. use less fertilisers;
2. use carbon sequestration;
3. use sustainable fertilisers.

Vandemoortele is leading the way in low-carbon wheat. In 2023, we purchased low-carbon flour to achieve our ambitious FLAG (Forest Land and Agriculture) target, which aims at the reduction of our scope 3 carbon emissions.

The wheat, integral to this initiative, was sown in the fall of 2022 using regenerative agricultural practices, thereby reducing carbon emissions, enhancing the soil quality through better water retention and improving biodiversity. Harvested last summer, those efforts have now come to fruition. It marks a first milestone in our journey towards sustainability, resulting in our use of low-carbon flour in 2024. With such purchases, Vandemoortele actively contributes to a fair remuneration for sustainable agricultural practices.

Working group on biodiversity

Since 2022, we have participated in a new Belgian working group on biodiversity: the **Action Lab on Biodiversity of The Shift**. This group has representatives from various companies that undertake international activities. The aim is to align our efforts to achieve European nature-positive targets with different players. Within the framework of this project, all participants will create and implement a personal roadmap. For example, they may choose to commit to an international standard on biodiversity, like the science-based targets for nature.

In 2023, a group of young graduates began to work on impact assessment, in the context of our Young Graduates programme. More specifically, we asked them to assess the impact of Vandemoortele's activities on biodiversity. This will allow us to focus our efforts on specific biodiversity gaps in our sustainability strategy, and it will provide a starting point from which to define more specific targets. By the end of 2024, we aim to have an overview of all of our actions plans to tackle biodiversity challenges at different production plants.

Bon appetit for you, and the planet

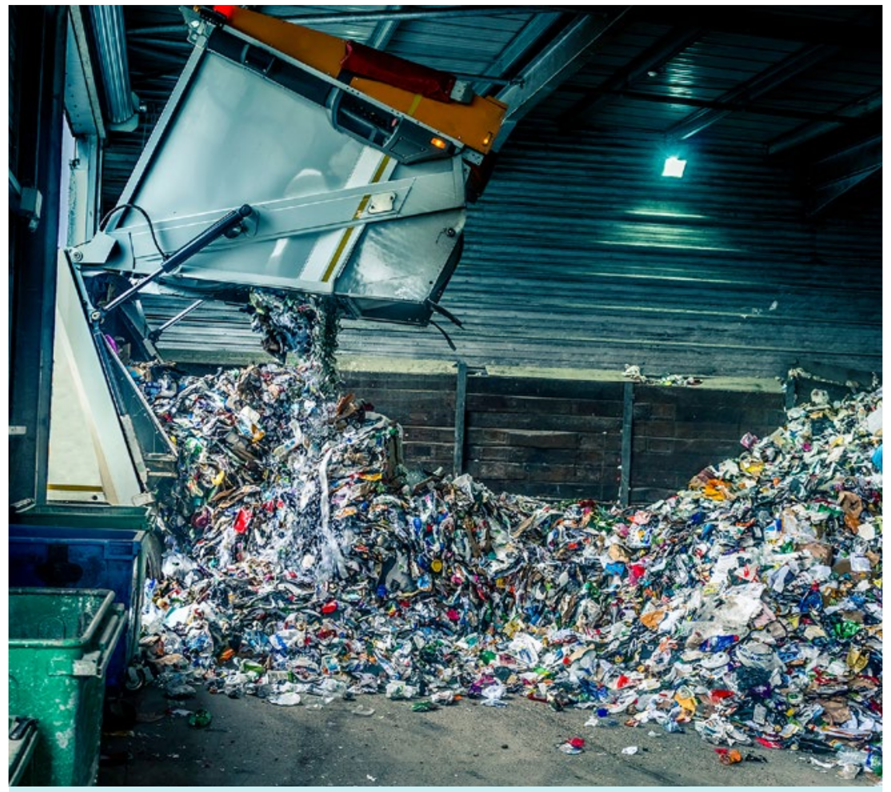
In 2023, Vandemoortele served burgers at the annual Hospitality Innovation Planet (HIP) fair in Spain. For each burger we served, we promised to plant a tree. As a result, we planted 880 trees in deforested areas in Spain, in collaboration with Bosques Sostenibles. In addition, we decided to plant a tree for every tonne of Risso oil sold in 2023. In that way, Risso contributed to the environment by reforesting damaged woodlands. By the end of 2023, we had planted **around 3,000 trees**.

Our actions for the environment will continue in 2024 and beyond. We are already planning new tree planting events, collectible prizes, etc. Such high-visibility actions help us to build strong and recognisable brands, as well as to contribute to the environment in line with our sustainability strategy.

Plastic packaging

Since the summer of 2023, our 1- and 2-litre oil bottles contain 30% **r-PET**. The same is true for our 3-litre sauce jars. For our 450 ml vinaigrette bottles, we are finalising the move to a new supplier, who will also include 30% r-PET and make the bottles 6% lighter.

To make packaging reporting more efficient, we are currently **updating our database** to gather more data on both outgoing and incoming packaging. The improved database system went live in the summer of 2023. We are working hard to retroactively add more data, and we are collaborating with our suppliers to receive more and better data about our packaging materials in the future. A better workflow and governance structure will allow us to (at least partly) automate the reporting of our packaging data. The new system also makes it easier to provide our customers with information about our packaging choices. To ensure we continue to innovate, we monitor projects to make packaging 'smarter', for example by adding data carriers (labels, watermarks, etc.) to enable better traceability throughout the value chain.



Research and innovation

In our Young Graduates programme, people who have recently joined Vandemoortele are given the opportunity to work on a team project for one year. In 2023, they explored opportunities for reusable packaging (such as foldable crates) for bakery products. They presented a compelling business case, which we will certainly study further. Similarly, in the PBFS business line, pilot trials were held to replace one-way industrial bulk containers with reusable foldable containers.

OUR PEOPLE

“We learn how to save energy and work more sustainably”

Fabian Peters Machine Operator

“Since 2021, I have been a production worker at Vandemoortele Dresden. Because I work in a three-shift system, I need to qualify for at least three jobs. My first task was to operate the machines that put margarine in tubs. Then I learned how to work as a ‘preparer’, and I’m now learning how to operate the cube and bar machine. The various qualifications are necessary for us to be able to work as a team. We also learn how to work sustainably, for example by switching off the cooling system when our machines are idle.”

“I experience sustainability already in small things at our company, for example lighting runs via motion detectors where possible and if I have a longer standstill with the machines, then I switch the cooling off, because that is the main consumer of energy.”

Germany, Dresden

PRESERVING WATER AVAILABILITY

OUR IMPACTS, RISKS AND OPPORTUNITIES

Vandemoortele has both a direct and indirect impact on water. Our direct impact is fairly limited, and stems solely from **tap water usage in our manufacturing processes**. The water we use as an ingredient in our products represents 60% of that direct water consumption. Our indirect impact on water is larger, and stems from the **irrigation of crops and the cultivation of our raw materials**.

Global water resources are under growing pressure from climate change and the competing demands of communities, agriculture and industry. This represents a potential risk for Vandemoortele, as water shortages in our sourcing regions could have a significant impact on our activities. Since water resources are becoming increasingly scarce, we use water as sparingly and economically as possible.

OUR POLICIES

Vandemoortele is committed to improving its environmental management. In our Environmental Charter, we state how we aim to reduce our negative impact and develop a sustainable business.

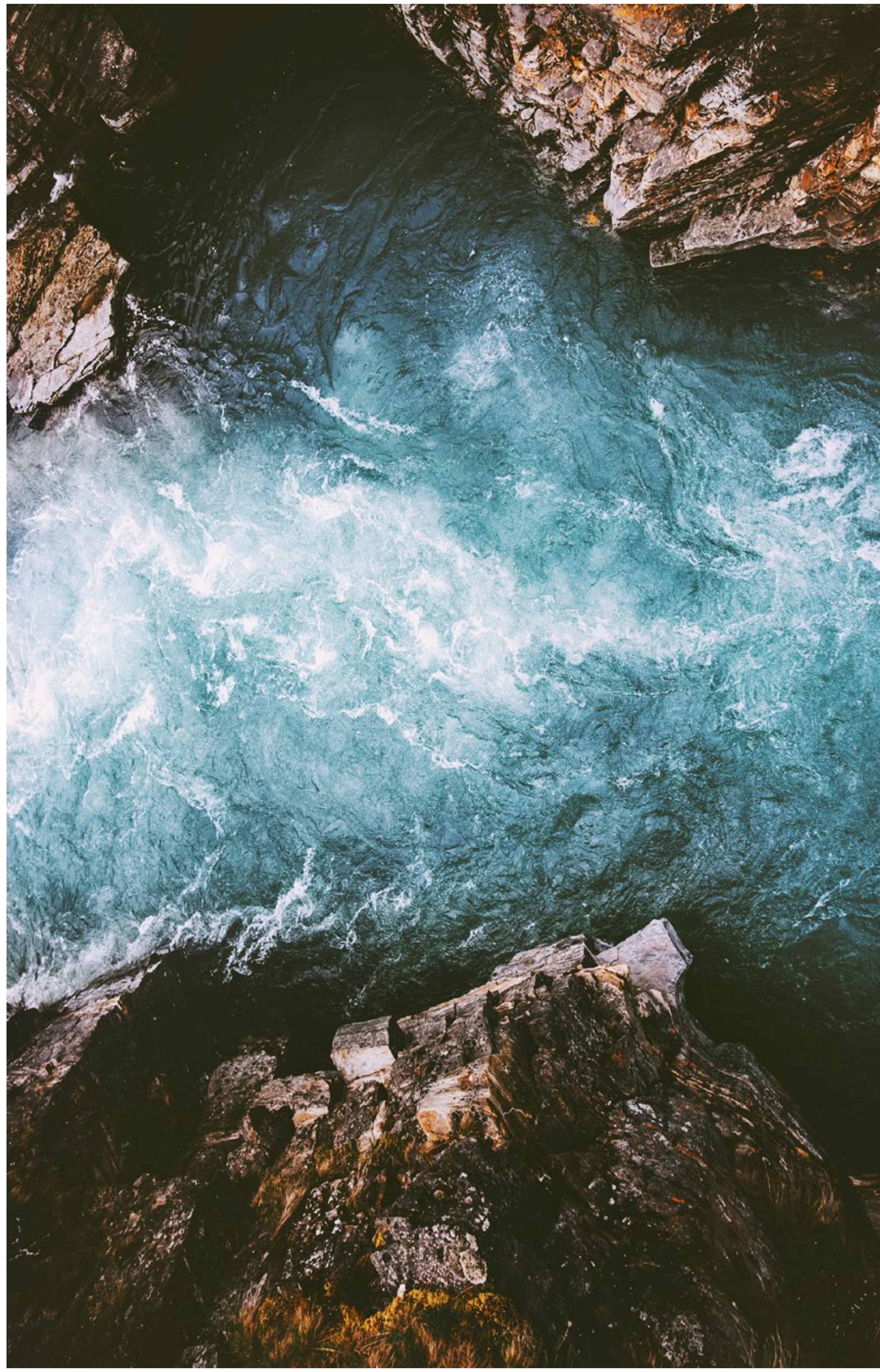
Environmental Charter

To achieve a high standard of environmental performance, we operate according to national and/or local regulations. We strive for **continuous improvement of our operations and a rational use of raw materials, water and energy**. We minimise our emissions to air, water and soil, and we take measures to prevent or reduce our waste streams. We avoid accidental emissions through systematic risk assessments, preventive actions and emergency preparedness. Specific training is provided to raise awareness regarding the environmental impact of our operations.

Material IRO* defined in the double materiality analysis	Description of the IRO
Water consumption in own operations	Impact from the use of natural water resources, such as groundwater, in own production processes or during sourcing
Water availability	Financial risk due to shortages of sufficient natural water resources

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

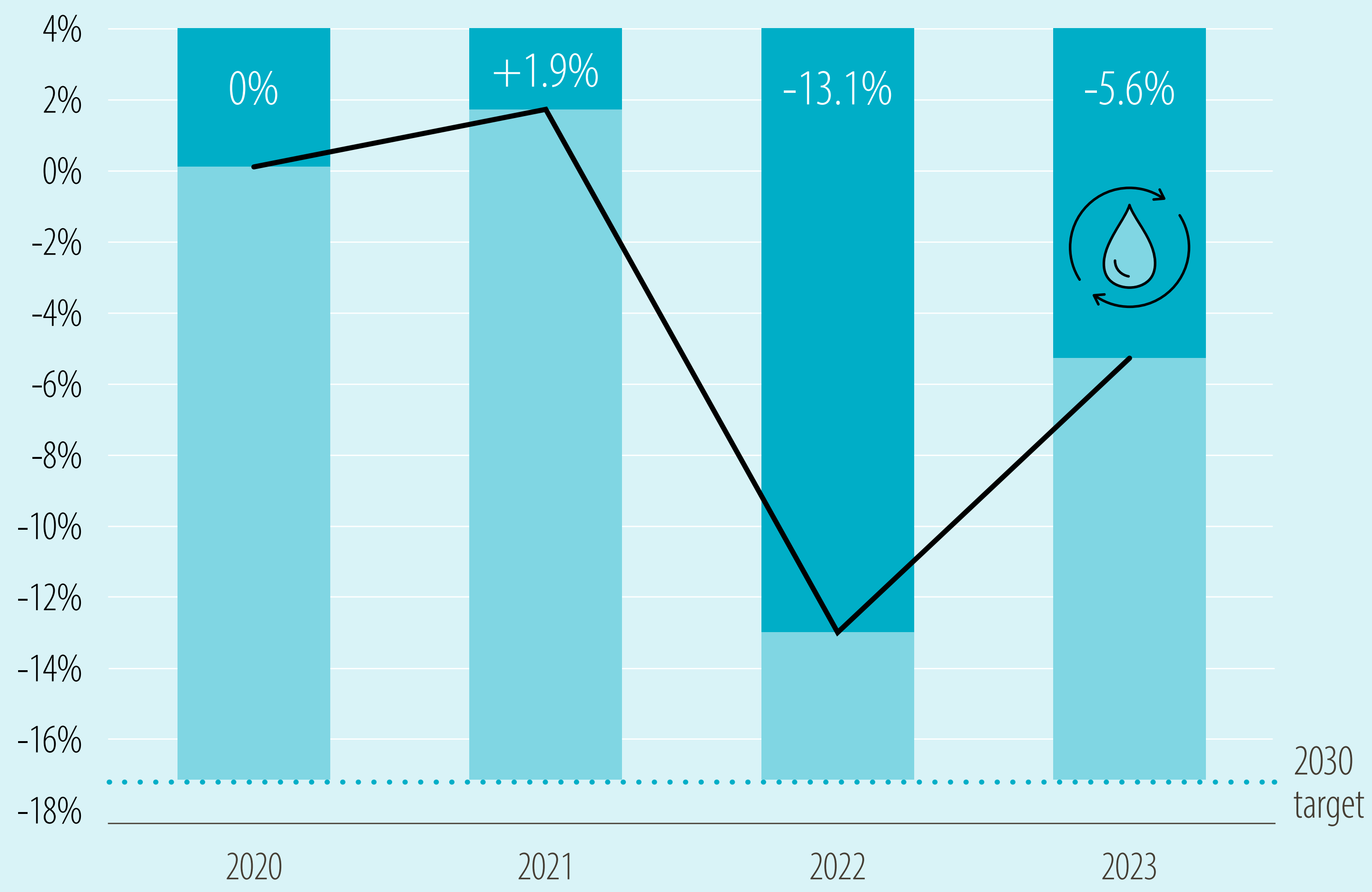
Since water resources are becoming increasingly scarce, we use water as sparingly and economically as possible



Preserving water availability

The freshwater usage in our operations is monitored by means of a water intensity indicator. This makes our water consumption visible to the whole organisation, and in particular to our operational staff. As our water consumption is directly linked to our production volumes, this knowledge allows our operators and supervisors to react quickly when our water consumption goes up, and to promote work methods that require less water.

Reduction of water intensity in our operations (excluding water as an ingredient) compared to 2020



-5.6%

reduction of water intensity in our operations compared to 2020

OUR PERFORMANCE	2023	TARGET 2030
Reduction of water intensity in our operations (excluding water as an ingredient) compared to 2020	-5.6%	-17%

→ **Check out all our targets and progress in the sustainability scorecard**

OUR PERFORMANCE IN 2023

In 2023, our joint factories used 780,040 m³ of **fresh water** (all tap water). Approximately 60% was used in our products, while the other 40% went to cleaning, CIP (cleaning in place) and cooling processes. Our options to reuse water in our production processes are limited, due to strict food safety regulations.

Compared to our reference year of 2020, our water consumption per kilogram of product went down in 2023. This was mainly due to our **ongoing efforts to use water more efficiently**, particularly in our BP production sites, where we implemented new cooling tower technologies. The increase in our production volumes also allowed us to organise our processes more efficiently. In our PBFS sites, the water reduction was less, due to food safety constraints and strict new cleaning protocols. Overall, we still managed to decrease our water intensity from 0.465 l/kg in 2020 to 0.438 l/kg in 2023: a decrease of 5.6%.

HOW WE ACT ON WATER

Actions in our production plants

As we have already taken numerous measures to improve water efficiency in our production processes, **our options to further reduce water consumption are limited**.

Already-implemented actions include the introduction of dry cleaning in certain parts of our production processes, the automation of our CIP installations and the automation of cooling tower water purges.

At the end of 2023, we installed a new CIP system at our PBFS site in Izegem. The new system **automates, monitors and secures the entire cleaning process**. As of 2024, it should also reduce the amounts of cleaning agents and process water we use. When everything is working properly, we should be able to save up to 8,000 m³ of water per year.

To save energy and fresh water at the same time, we invested in **heat recovery systems for our cooling compressor units**. This resulted in less water evaporation in the cooling towers. In parallel, we invested in adiabatic cooling towers to further reduce the amount of fresh water used.

All of our production plants discharge wastewater according to their discharge permit conditions. Both pre-treatment and final treatment facilities are operated by our own associates. To make our operators and supervisors aware of the **quality of our wastewater drainage**, we check the organic load before the water is treated. This

Adiabatic cooling towers at our BP site Torcé (France)

At our site in Torcé, we installed adiabatic cooling towers to drastically reduce the amount of cooling water we use. Adiabatic cooling towers use 95% less water than traditional cooling towers. The technology also has a positive impact on water treatment chemicals. With this state-of-the-art technology, combined with other water saving actions in our production processes, we have been able to limit our water consumption and our environmental impact to a minimum.

monitoring allows for a quick reaction in the event of incidental raw material losses or deviating cleaning activities.

Actions in our sourcing areas

In the areas where we source our ingredients, we support initiatives such as Rainforest Alliance, the Round Table on Responsible Soy (RTRS) and the Roundtable on Sustainable Palm Oil (RSPO). These **initiatives promote more efficient water use**, in order to ensure availability and to avoid negative impacts on other local water users. They apply management practices for both mills (e.g. better wastewater management) and plantations (e.g. optimal use of fertilisers, good water management and restoration of protected areas).

To prepare for the **impact of droughts** on crop growth, we also identify single source suppliers, i.e. suppliers that are our only supplier of a particular commodity or ingredient. We investigate alternative sourcing possibilities or suppliers for these commodities or ingredients, to spread the risk of crop failure and shortage of raw materials.

WORKING TOWARDS ZERO WASTE

OUR IMPACTS, RISKS AND OPPORTUNITIES

Pollution due to waste is a huge environmental challenge. Due to poor waste management systems around the world, large amounts of plastic packaging are sent to landfills or – even worse – end up in our natural environments. This **threatens wildlife, alters ecosystems and poses risks to human health**. At the same time, **food waste is also a major problem** that affects the environment, our economy and our society. It is estimated that up to a third of all food produced for human consumption is lost or wasted globally, leading to unnecessary use of ingredients, raw materials, transport and packaging. All of this waste contributes to greenhouse gas emissions and other environmental issues.

As a food company, we see it as our responsibility to **reduce all kinds of waste** – both during and after production – to a minimum. By optimising our production processes, we reduce changeover losses and losses due to quality issues or incorrect formulas. We also improve our sales forecasting methods to prevent commercial obsoletes. We ensure proper waste management to reduce the environmental impact of waste.

Material IRO* defined in the double materiality analysis	Description of the IRO
Food waste	The impact of using reusable, recycled and sustainable resources, and the efficient use of resources
Sustainable resource use	The risk or opportunity arising from recycling waste and/or reducing the amount of production waste

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

OUR POLICIES

Food waste policy

In order to minimise food waste, we focus on three pillars: 1) We aim to improve our **material efficiency** through operational excellence and automation; 2) With our **First Time Right approach**, we ensure that all procedures are followed and products manufactured in the right way, right from the start; and finally, 3) We rely on an **efficient demand management process** to avoid commercial obsoletes.

Concerning reuse, Vandemoortele has developed a clear **recycling policy for the Bakery Products** (BP) business line. Our main aim: to collect offcut materials and redundant products, and reincorporate them into the production process. We recycle dusting flour and have introduced milling machines into our bread sites. Our recycling matrix shows us which recipes are compatible in terms of allergens, ingredients, etc. This allows us to work more efficiently, while at the same time ensuring product safety. The remaining food loss is used for animal feed or fermentation.

In the **PBFS business line, our recycling efforts focus on remelting**: we remelt redundant products and reuse them in our manufacturing processes. At each step, we first check if this is permissible (with regard to food safety regulations, allergens, microbiology, etc.). If this is not the case, the products are reused as feedstock for biodiesel.

Environmental charter

The content of our Environmental Charter, which also applies to the commitment 'Working towards zero waste', can be found under the commitment 'Preserving water availability'.

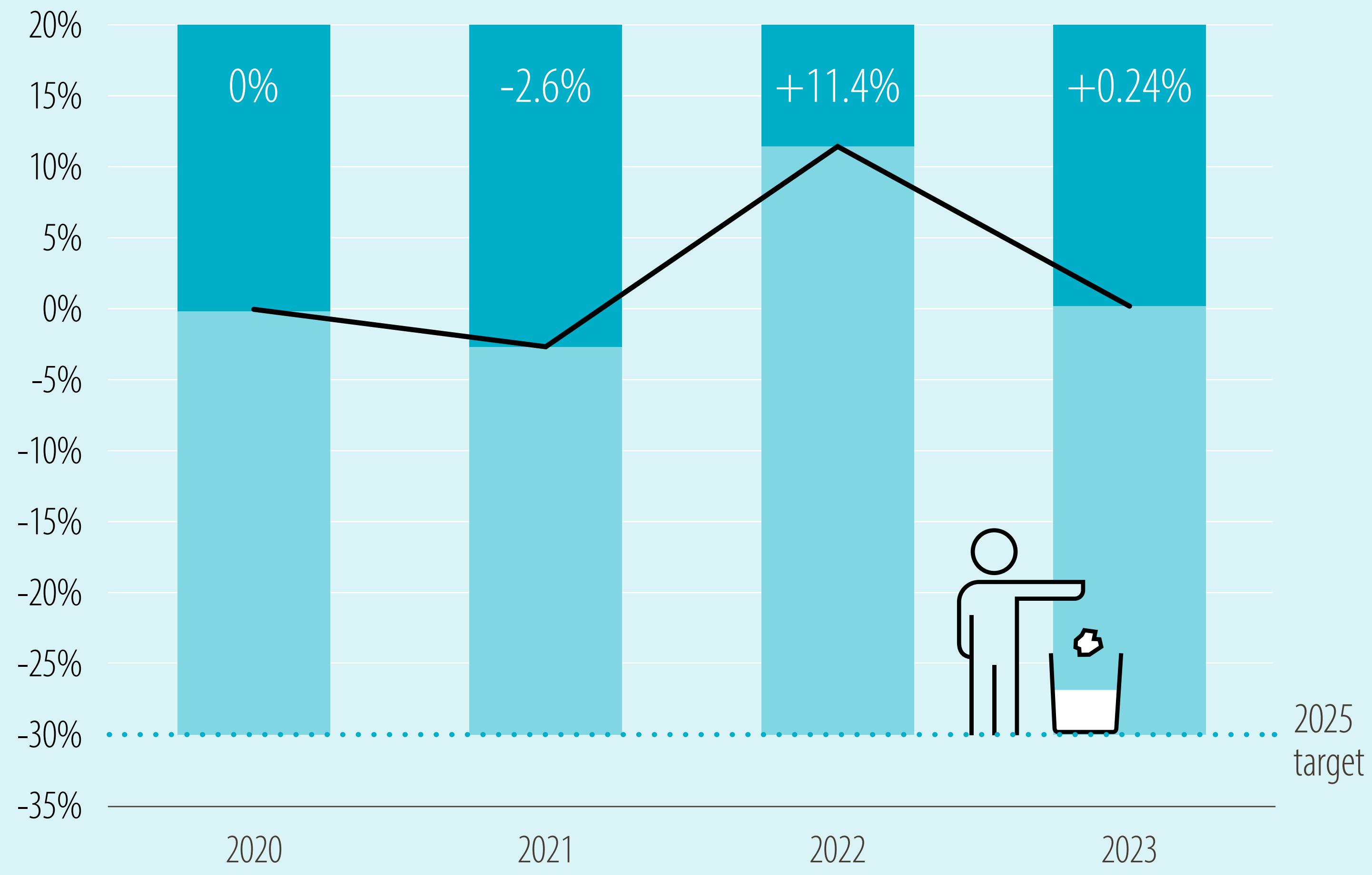
3

pillars to minimise food waste: material efficiency, First Time Right approach, efficient demand management process

Working towards zero waste

By focusing on the above-outlined targets, we try to tackle our direct impact on waste. Our various departments and business lines all take tailor-made measures in this regard. By reducing food losses, valorising organic streams as biodiesel, animal feed or fermentation, and sorting our residual waste streams in our operations, we contribute to our zero waste objective.

% reduction BP food loss intensity (food loss/ volume sold) compared to 2020



+0.24%

reduction in BP food loss intensity compared to 2020

OUR PERFORMANCE	2023	TARGET 2025*
% reduction BP food loss intensity (food loss / volume sold) compared to 2020**	+0.24%	-30%
% reduction PBFS food loss intensity (food loss / volume sold) compared to 2020	+2.5%	-10%

OUR PERFORMANCE	2023	TARGET 2030
% reduction of non-sorted waste	-5.8%	-50%

→ Check out all our targets and progress in the sustainability scorecard

* As of 2024, we will apply a new definition and a new baseline to the food loss targets in order to make them broader, more robust, aligned and transparent. With the update of the methodology, we defined new targets for 2030.
** The data for the new BP production plant was only included as of the start-up phase in June.

OUR PERFORMANCE 2023

Bakery Products (BP)

After a few **difficult and volatile years**, we refocused our attention on reducing food losses in 2023. Our food loss intensity in BP increased by 0.24% compared to 2020. This result is the sum of all the actions we have initiated in recent years*.

Our pastry production sites put in a great performance, even better than predicted. The new production facility at Torcé exceeded all of our expectations in terms of food loss management. However, we still **faced a few challenges**: our new product lines for donuts took some time to sort out, and the bread and patisserie business was still recovering from supply chain disruptions. With regard to pastry, we continue to reincorporate dough trimmings and/or unconfirmed products into our processes wherever possible, and we are further extending and optimising our approach. We are also improving our process control systems and offering our people tailor-made training plans.

A very specific challenge is the **increase in food losses at the end of the summer holidays** each year. This is probably related to a lack of experienced staff during the summer: temporary workers tend to make more mistakes in terms of cleaning and preventive maintenance, resulting in greater food losses. We are currently working on specific actions to prevent this.

The digital production site dashboard shows our immediate performance and our daily and weekly results. This allows us to **detect problems and define corrective actions** much more quickly. In the next few years, we will translate this success story from one product group to the next.

Plant-Based Food Solutions (PBFS)

For the PBFS business line, **2023 was not a good year in terms of food loss**. Our poor performance was caused by stricter hygiene requirements (more cleaning and hard changeovers), quality issues, varying forecasts and capacity constraints for certain production lines.

Non-sorted waste

With regard to waste management, our performance was much better. All of our sites collect and sort the waste streams they generate. In recent years, we have **gradually improved the sorting process**. We keep track of our efforts by monitoring the weight of non-sorted waste per tonne of finished product. Between 2020 and 2023, our sites were able to **substantially reduce the amount of non-sorted waste**. Although the volume of finished product increased, the amount of waste generated per tonne went down: from 3.32 kg/tonne in 2020 to 3.12 kg/tonne in 2023. This gives us a 5.8% reduction compared to the reference year of 2020. Compared to last year we generated 440,000 kg less non-sorted waste. Our good results are mainly due to new delivery methods for raw materials, like bulk and/or IBC deliveries, and regular checks of the separate waste collection efforts on the shop floor.

OUR ACTION PLANS

The focus on **food loss needs to improve** across our entire company. The topic is now consistently brought up during relevant meetings, such as forecasting meetings, planning meetings, S&OP meetings, daily production checks, etc. In addition, we are further automating our production lines, and we have added extra manual checks to quickly detect mistakes, foreign objects or quality issues.

Operational excellence

By focusing on operational excellence, we have achieved a high degree of material efficiency over the years. In our PBFS business line, we are currently nearing our limits, although we aim to

* Data from the new BP production plant were only included from June, after the start-up phase.

keep improving. The material efficiency in the BP business line is at a slightly lower level, largely due to the more extensive range of products and recipes.

To reduce food losses in our production lines, we focus on **line automation, good maintenance and optimal production planning**. Thanks to our advanced scanning system and our Manufacturing Execution System (MES), full traceability throughout our whole production process remains secured. Our production processes rely on MES to identify where materials are being used inefficiently, thus generating waste. Over the past few years, we have also invested significantly in evaluation and management systems, to **increase awareness of food waste** issues across our organisation. Our production site dashboards provide detailed information about material usage. By reviewing the results on a daily basis, our operators become more aware of their role in reducing food losses.

To monitor the performance of our operations, we have implemented a **Performance Control System** (PCS). This involves hourly, daily, weekly and monthly meetings at various levels within our organisation. In this way, we are able to identify loss-related and other operational issues in a timely manner, so we can quickly analyse and resolve or escalate them. In the PBFS business line, MES and PCS have been implemented at all production sites. In Zeewolde, where it has been identified that further improvement is required, we will soon implement a new Batch Control System.

First Time Right principle

Food losses can also occur as a result of quality-related problems or manufacturing faults. For example, the incorrect dosing of an ingredient or incorrect labelling. Such issues can be managed through the First Time Right principle: by **meticulously monitoring** all of our processes, we prevent mistakes. We are also continuing our efforts to make our associates more aware of food waste issues, and we are trying to implement a uniform mode of operation across all of our production sites.

Commercial obsoletes

Even without faults or quality issues, we sometimes fail to sell our products before their 'sell by' date: they become commercial obsoletes. By placing **an even greater focus on the demand side** (forecast bias and accuracy) and **closing the gap with the supply side** (S&OP, planning), we reduce commercial obsoletes to a minimum. When fluctuations do occur, we consult with our customers to offer them lower prices for products with a shorter 'best before' date.

In the BP business line, food loss is reduced by reusing simple raw products like raw bread or pastry in doughs (provided all health and safety conditions are met). If reuse is not possible, food waste is processed into animal feed, or it is fermented.

Waste management in Izegem

In 2023, we implemented several monitoring and awareness measures to further **improve the waste sorting process at our site in Izegem**. We individually mapped all waste streams for each department, and linked them to the product flow. We also introduced monthly follow-up meetings for each department, and we appointed a 'recycling coordinator' to perform regular checks in the workplace. In addition, we asked our waste haulier to perform spot checks on the non-sorted waste bins. These revealed that some plastic fractions still have more sorting potential.

All of our Izegem teams received 'Waste sorting' toolboxes. After these training sessions, we asked our associates to offer suggestions to further improve our waste sorting efforts. Our accumulated actions have resulted in a **significant reduction in the amount of unsorted waste**, from 1.53 kg/tonnes in 2021 to 1.33 kg/tonnes in 2023.

New Batch Control System monitors food losses

As a part of the further automation of our production sites, Vandemoortele has rolled out a new Batch Control System (BCS) at the majority of its PBFS sites. The system coordinates and monitors the **automatic dosing of ingredients and raw materials**. It also records the real consumption of all ingredients and raw materials, thus providing better insights into where and when food losses occur. The system has been successfully **implemented at three sites** to date, and facilitates improvements based on detailed insights. In the second part of 2023, we started the BCS upgrade project for the most recent site (Zeewolde). This should be ready by early 2025, and will allow more detailed tracking, reporting and improvement actions.

GOAL 3

ENHANCING LIVES

Marc Croonen: "Vandemoortele is dedicated to ensuring healthy, safe and inclusive workplaces for all associates. We encourage the development and personal growth of all our people, and appreciate the value of a diverse workforce. All of our associates are given equal opportunities to flourish in their jobs and to achieve their own professional ambitions. Behind a strong company is always a strong team, and I am proud to call this our 'big little family'. Vandemoortele embraces a people-centric approach where every member is respected and valued."

"At the same time, we cooperate constructively with our suppliers to ensure appropriate labour conditions for their associates, and we reach out to local communities in order to generate a positive social connection. In this way, we improve people's working and living conditions along our entire value chain."

Marc Croonen – Chief Human Resources, Sustainability & Communication

Our commitments:

- Offering an engaging professional journey
- Providing a diverse, equitable and inclusive workplace
- Ensuring a healthy and safe work environment
- Ensuring workers' rights in our value chain

OFFERING AN ENGAGING PROFESSIONAL JOURNEY

OUR IMPACTS, RISKS AND OPPORTUNITIES

As a large-scale employer, Vandemoortele has a direct impact on the professional journey and personal development of thousands of people. We encourage our associates to broaden and deepen their skills by providing them with the right **learning tools**. We facilitate opportunities for **internal mobility and job promotion**, and we encourage our managers to become strong **people- and performance-oriented leaders**. In this way, they enable our associates to reach their full potential. By focusing on the professional journey of our associates, we ensure that we attract and retain the right profiles.

The success of our company highly depends on our people. In the **war for talent**, attracting the right candidates is becoming increasingly difficult. More than ever, meeting our associates' personal development expectations has become very important. The rapid transformation, digitalisation and automation of jobs, and the expectation of on-the-spot learning are also evolutions that we want to leverage, so they become opportunities.

Material IRO* defined in the double materiality analysis	Description of the IRO
Talent retention	Positive impact by retaining talent
Talent attraction	Positive impact by attracting the right profiles
Career development	Positive impact through the development of our associates (performance reviews and internal mobility)
Training	Positive impact by encouraging our associates to broaden or deepen their skills and knowledge
Good leadership	Positive impact through strong people- and performance-oriented leaders who enable our associates to reach their full potential
War for talent	Business risk due to attracting and retaining the right profiles becoming increasingly difficult
No opportunities for career development	Business risk when unable to meet expectations regarding personal development
Digital transformation of jobs	Business opportunity when able to offer higher-quality jobs

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

OUR POLICIES

Our Personal Development, Training & Learning Commitment

Our people development commitment consists of two interrelated elements:

People 4 Growth: attract, develop and retain the right people for the right job, allowing us to grow as a company.

Growth 4 People: offer our associates a variety of development opportunities, so they can flourish in their jobs and throughout their professional journey. We aim for happy and engaged associates who improve their capacities and enjoy growing as a person.

In 2024, we will further establish our professional journey commitment in two formal policies: a **Performance & Development Management Process (P&DMP) Policy and a People Review & Professional Journey Policy**.

- The P&DMP Policy includes regular performance and development conversations between managers & associates. In these conversations, both parties will agree on appropriate annual performance & development goals, and decide how to follow up on these goals during the year.
- The People Review and Professional Journey Policy states the options available for supporting the professional journeys of our associates. It also describes how to build the right capacities within Vandemoortele. The policy includes tools like feedback conversations, competence matrices, cross-departmental calibrations, etc. Our approach ensures that we monitor and fill our 'talent pipeline', in order to keep talent on board and retain the right internal candidates to fill new vacancies.

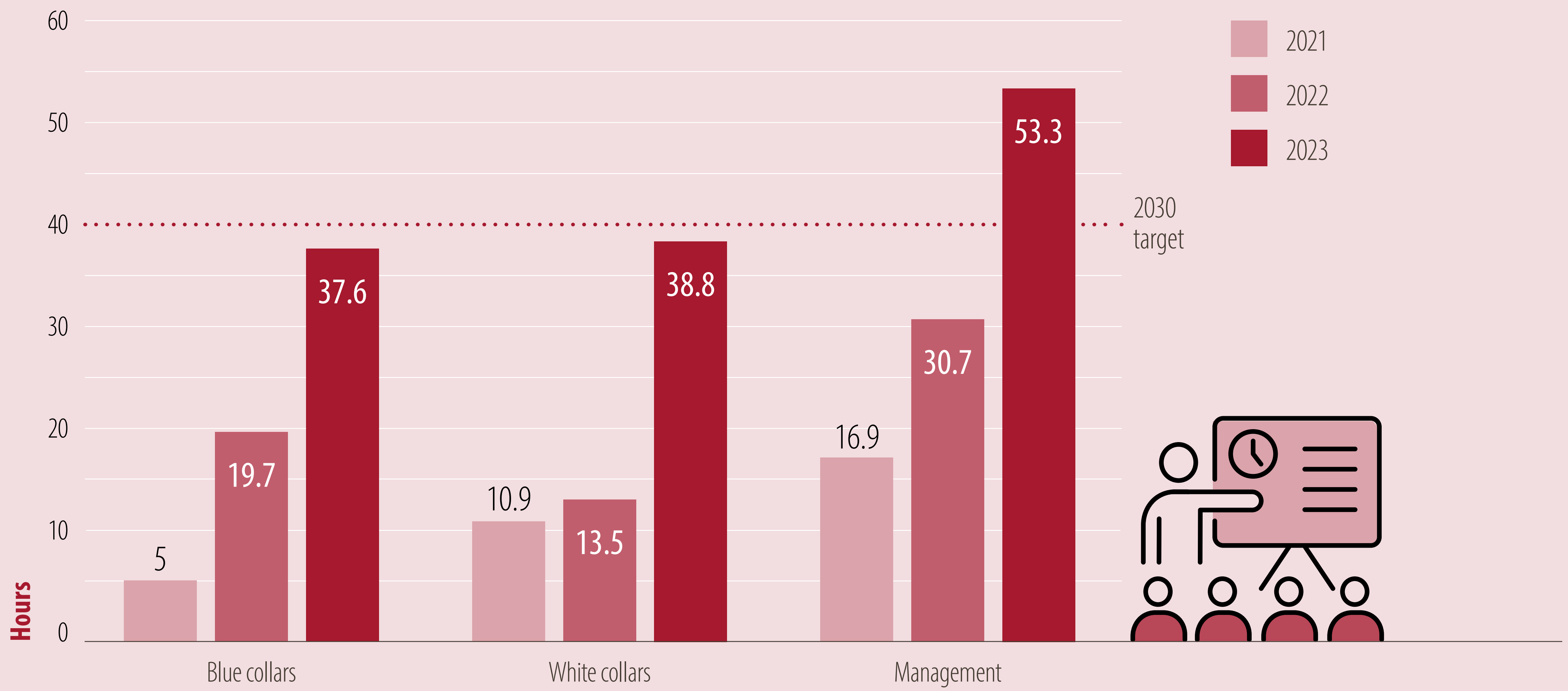
Broaden, deepen, sustain or lead

The People Review & Professional Journey Policy will encourage our associates to **reflect on their career paths** by introducing them to four possible options: broaden, deepen, sustain and lead. Associates who 'broaden' their knowledge aim to grow in another functional domain. 'Deepen' indicates that associates want to continue working in the same domain and further specialise in their field. 'Sustain' implies that associates are committed to growing in their current role, while 'lead' expresses an associate's desire to grow into a (next-level) leadership position.

Offering an engaging professional journey

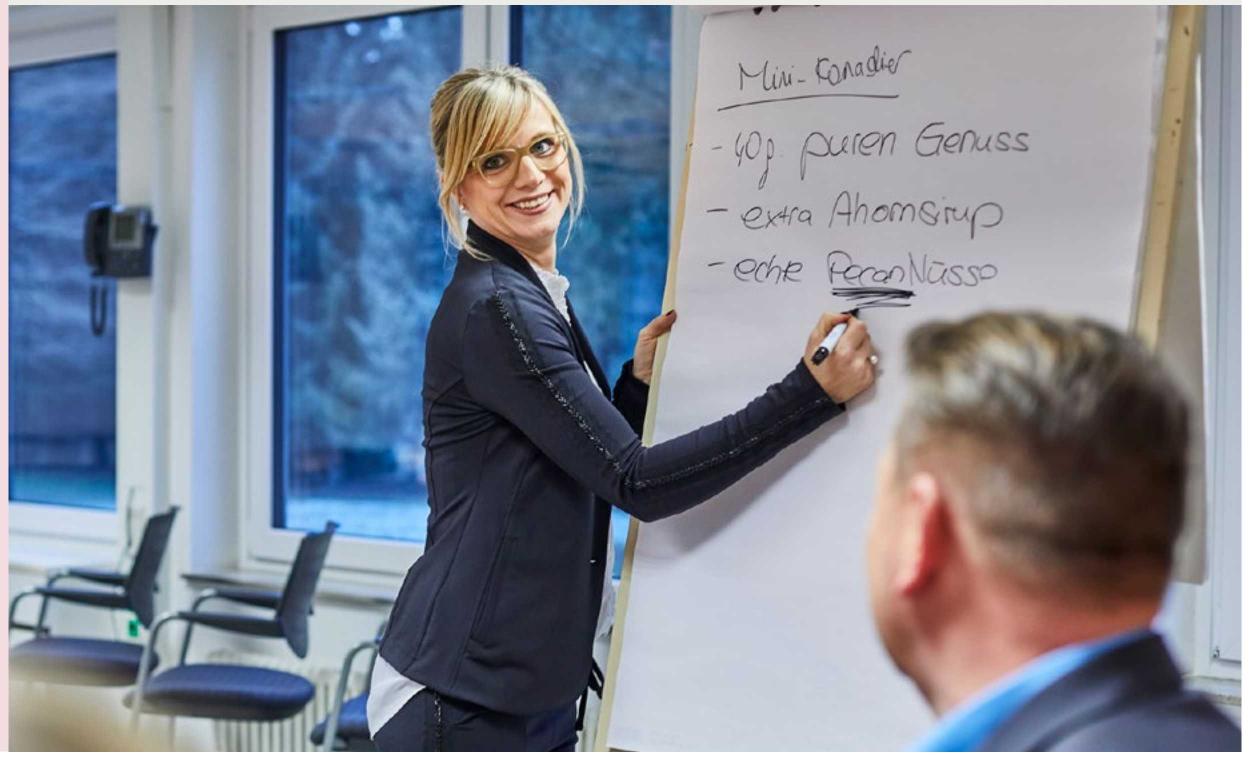
Vandemoortele invests in the professional journey of all of its associates. The aim is to provide appropriate development programmes to improve the competences and employability of all of our people, as well as our organisational capability. We have therefore set an average training target of 40 hours per year, per associate category. At least 95% of our associates should also adhere to the P&DMP.

Average hours of training per associate category



OUR PERFORMANCE	2023	TARGET 2030
Average hours of training per associate category	**All: 42.2 hours** **Management: 53.3 hours** **White collars: 38.8 hours** **Blue collars: 37.6 hours**	40 hours
Associates who adhere to P&DMP	**All: 90.15%** **Management: 99%** **White collars: 90%** **Blue collars: 87%**	All: 95% MG: 99% WC: 97% BC: 93%
Training & development score AES*	**63 points**	65 points
Sustainable engagement score AES*	**78 points**	82 points

→ Check out all our targets and progress in the sustainability scorecard



* Associate Engagement Survey.

OUR PERFORMANCE IN 2023

Across all departments and roles, our blue-collar workers generally engaged in 37.5 hours of training, our white-collar workers followed a total of 38.8 training hours, while management members clocked off on 53.3 learning hours. On average, 90% of our associates kept to the P&DMP: 87% of our blue-collar workers, 90% of our white-collar workers and 99% of our members of management. The most significant progress was made at the level of our **white-collar workers: 90% were involved in the P&DMP approach** in 2023 (compared to 84% in 2022).

At the end of 2023, we conducted our most recent **Associate Engagement Survey** (AES). Compared to the previous edition, we scored four points higher for training and professional development. Our survey shows that our associates feel they receive sufficient training to improve their skills, and that they are given enough opportunities for personal development and growth within Vandemoortele. Concerning sustainable engagement, we scored three points higher than in the previous survey. Our actions regarding people's professional journeys and engagement clearly have a positive impact.

OUR ACTION PLANS

Coaching and training

Over the past few years, we introduced **regular professional journey conversations** for all of our associates. This is gradually becoming part of our company culture. To show our leaders how best to conduct such conversations, we launched the workshop 'How to help your team craft their professional journey' in the final quarter of 2023. Participants are offered a step-by-step approach to career coaching, and a chance to practice their skills.

The **Performance & Development Management Process** provides our associates with continuous feedback on their performance and development goals. During the conversations, they can also discuss their career ambitions. This facilitates the talent review process and allows our leaders to discuss internal mobility, promotion opportunities, etc. Thanks to this 'leadership process', we have improved our internal mobility and succession nomination (from 36% in 2021 to 51% in 2023). We have also enhanced the satisfaction of our associates with their personal development and professional journey (from an engagement survey score of 51 in 2018 to 63 in 2023).

To help our associates and managers assess their professional competences, we are rolling out **competency matrices** – also known as skills matrices – across our organisation. This roll-out will allow us to map the development needs of individual associates and the collective training needs of our organisation. Over the past few years, we developed matrices for Operations, Sales & Marketing and Supply Chain. In 2023, we added matrices for HR, IT, Procurement and Finance. We are now setting up a matrix for Customer Service, to be launched in 2024. To check whether the competency matrices are effective, we track – at group level – the completion level, the main gaps and the evolution.

ACADEMY
Vandemoortele

Many development opportunities are provided to our associates through the **Vandemoortele Academy**. This training platform, with intensive courses, short workshops, e-learnings and more, aids our associates in their professional development, and strengthens our organisational capability. In 2023, we expanded the platform and enhanced its visibility for all associates. We also monitored the popularity of learning items to determine which kinds of training are most needed.

Leadership

To move forward as a company, we need strong people- & performance-oriented leaders who enable our associates to reach their full potential. Our **unique 'Leaders 4 Growth' leadership programme**, based on our corporate values of respect, cooperation and ambition, encourages people managers to actively examine and develop their leadership competences. The programme is available across all of our sites and countries, and provides two different training journeys: one for corporate managers, who lead white-collar workers, and one adapted for first line managers, who lead blue-collar workers.

Since the implementation of the programme, more than 400 people have followed either the corporate manager training (>200) or the first line manager training (>200). Most of these participants gave **very positive feedback**. Line managers who have not yet participated will be urged to do so in 2024 or 2025. The first results of the programme are encouraging: the leadership ratings of most of the participating leaders improved significantly after their training. In our 2023 Associate Engagement Survey, the general score for Line Management went up from 67 (in 2018) to 75.

Associate Engagement Survey

All of our associates are invited to participate in our annual engagement survey. Our aim is to gain a **better understanding of associates' opinions** about a wide range of topics. The survey measures satisfaction in terms of training and development opportunities, the quality of leadership and line management, the adequacy of our communication, the degree of inclusiveness, etc. In 2023, the response rate was 87%: a new record.

Based on the results of the yearly survey, we implement **actions for improvement** at all of our sites. Our managers review the results with their teams and define actions together. These actions are followed up during the year. Different teams are actively encouraged to share their actions and best practices.

400

leaders have followed our unique 'Leaders 4 Growth' leadership programme

More internal programmes

Our **mentorship programme** is a voluntary initiative that brings together two associates who are not hierarchically linked. The goal is for them to exchange knowledge and experiences. In 2023, we launched two new waves of mentors and mentees. To date, 242 associates (95 mentors & 147 mentees) are actively engaged in the programme: a resounding success. The programme adds an extra layer of support and development opportunities for our associates.

Through our **Young Graduates programme**, we give recently graduated students a chance to learn, build a network and gain extra experience. Our young graduates organise monthly workshops with various department heads, and work on a cross-functional strategic project in which they collaborate with senior management members. Twice a year, they all meet in person to learn, expand their network and have fun. In 2023, we kicked off the third wave of the Young Graduates programme. So far, no less than 78 young graduates have participated.

OUR PROJECTS

Sharing our taste for life with our new employer brand story

In a fast-changing business landscape, a strong employer brand is very important to attract and retain talent. That is why we unveiled our employer brand story at the end of 2023. This story consists of a compelling employer brand tagline, 'Share Our Taste for Life', and five 'employee value proposition pillars': five reasons why people choose Vandemoortele as their preferred employer. The implementation of our employer brand strategy will reinforce the unity of Vandemoortele's work culture, shared values and unique benefits for both current and future associates.

→ **Read more about the project**

PROVIDING A DIVERSE, EQUITABLE AND INCLUSIVE WORKPLACE

OUR IMPACTS, RISKS AND OPPORTUNITIES

Vandemoortele employs approximately 4,080 associates from different backgrounds, including hundreds of temporary workers. We are committed to creating a diverse, equitable and inclusive working environment. We ensure that our workplaces reflect society, and that **our associates can be themselves**, regardless of age, gender, ethnicity, abilities, religion or sexual orientation. We provide good working conditions in terms of safety, diversity, equity and inclusion, remuneration, etc. **All of our associates are treated fairly and receive the same support**. Respect is a key value for Vandemoortele: we do everything we can to make all of our associates feel welcome, involved and valued.

Material IRO* defined in the double materiality analysis	Description of the IRO
Female empowerment	Positive impact through the safeguarding of representation of women in selection procedures, ensuring women have the same career opportunities as men, and committing to equal pay for equal work
Digital inclusion	Positive impact by ensuring that all associates can keep up with the rapid transformation, digitalisation and automation of jobs
Diversity and inclusion	Positive impact by hiring people regardless of their gender, race, age, etc., and providing a workplace where everyone has a sense of belonging
Shifting demographics	Financial risk or opportunity of population growth, ageing, new generations, urbanisation, social mobility, migration, etc.
Lack of diversity and inclusion	Financial risk of losing talent by not being diverse or inclusive enough

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

4,080

associates from different backgrounds

Good working conditions increase the engagement and productivity of our associates. Conversely, a lack of good working conditions would contribute to higher staff turnover and lost investments in recruitment and training, due to the war for talent. This risk is even higher in a fast-changing society, marked by ageing, urbanisation, population growth, migration, etc. By providing a pleasant, inclusive and diverse work environment, we can prevent our associates from feeling underappreciated or misunderstood, and we are more likely to retain and attract the right profiles.

OUR POLICIES

Diversity and Inclusion policy

Our Diversity & Inclusion policy states our commitment to ensuring an equitable, diverse and inclusive workplace. We treat everyone equally and with respect and dignity, regardless of age, gender, ethnicity, (dis)ability, marriage or civil partnership status, pregnancy or maternity status, race, religion, political opinion or beliefs. We commit to recruiting, hiring, promoting, developing and retaining a diverse pool of candidates and associates. We also seek to eliminate any systemic barriers that may prevent certain groups from accessing opportunities or advancing their professional journey.

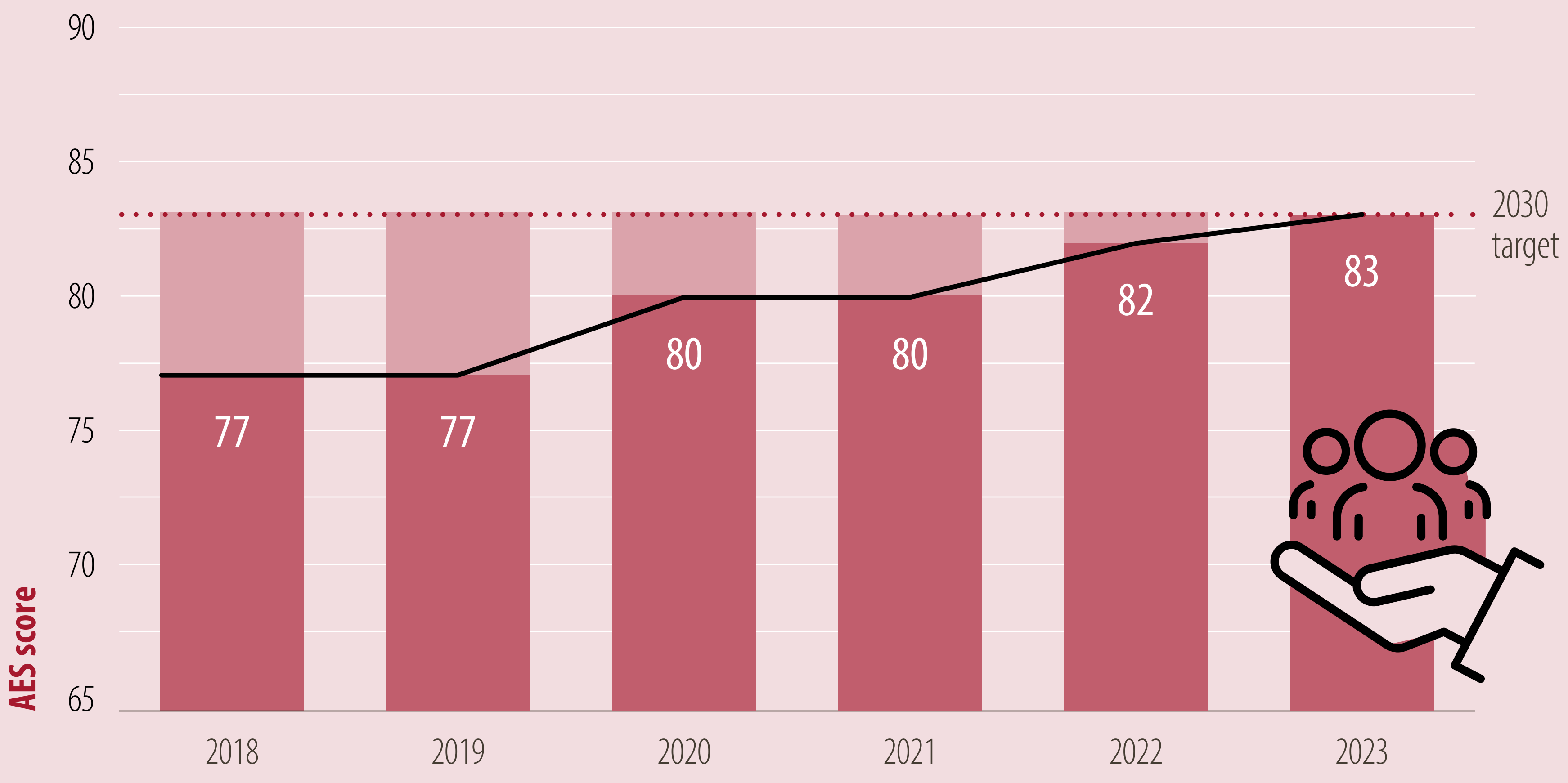
We prohibit discrimination, harassment, retaliation or any other form of misconduct, and we encourage associates to speak up if they witness or experience any of these things. Policy violations can be reported through our whistleblowing procedure or our online SpeakUp portal. We provide training, education and resources to help associates recognise and prevent discrimination and harassment. All associates are required to follow our e-learning training on our Code of Business Conduct & Ethics, which contains the same principles as this policy. All reported incidents are investigated thoroughly and fairly, and we take appropriate corrective and preventive actions based on the findings.

We provide education and resources to help associates recognise and prevent discrimination and harassment

Providing a diverse, equitable and inclusive workplace

As stated in our policy, we commit to recruiting, hiring, promoting, developing and retaining a diverse pool of candidates and associates. To achieve this commitment, we have set targets such as a zero gender pay gap and a representation of 40 to 60% female leaders (level B+). We also try to find an equal number of potential successors per gender for job openings (at C+ level). We also examine whether all associates feel welcome and included through our Associate Engagement Survey (AES).

Inclusive workplace score AES*



83

points for our survey score on an inclusive workplace

OUR PERFORMANCE	2023	TARGET 2030
Representation of women at senior level (B+ level)	28.7%	40 to 60%
Equal number of successors per gender in jobs with a successor C+	0.84	Ratio: 0.90 to 1.10
Equal hours of training per gender	1.02 M: 42.5 hours F: 41.8 hours	Ratio: 0.90 to 1.10
Zero gender pay gap at management level	1.8%	-2% to +2%
Inclusive workplace score AES**	83 points	83 points
Full inclusivity for minorities	4 points	0 points

→ Check out all our targets and progress in the sustainability scorecard

* The Associate Engagement Survey is conducted annually.

** Associate Engagement Survey

OUR PERFORMANCE IN 2023

Between 2020 and 2023, we made significant progress in terms of **gender diversity and inclusion**. The number of women in senior management positions (B+ level: top 100 Group-wide) increased from 23% to 28.7%. We aim to scale up the representation of female leaders to 40% or more by 2030. Looking at the entire Vandemoortele population, female representation increased slightly, from 35% in 2021 to 37% in 2023.

We improved the representation of women identified as potential successors across all management positions. Our revised target focuses on comparing the actual number of male and female successors. In 2023, there exists a 16% underrepresentation of women, highlighting the **need for further progress in achieving gender balance**.

Our male and female associates are offered the **same training and development opportunities**. In 2023, the difference in training hours between women and men was minimal. On average, our male associates took 42.5 training hours, versus 41.8 hours for our female associates. However, some associates individually took more training hours than others.

In 2023, we further **decreased the gender pay gap** at management level: from 2.6% in 2022 to 1.8% in 2023. This difference is not statistically significant. However, we continue to focus on departments of our organisation where minor differences are still evident. In this context, we have also analysed the pay practice for part-time and full-time management members and found a 0% gap.

To track our progress, we use the Associate Engagement Survey to measure the level of diversity and inclusiveness in different countries and our various teams. In 2023, we achieved a score of 83: 1 point higher than in 2022. We are happy to observe that **our associates recognise our efforts in terms of diversity, equity and inclusion**. In 2023, we also started measuring the extent to which people from minority groups feel included in our company. The average score of the people who identify themselves as (part of) a minority was 79, compared to a score of 83 for all associates. In the coming years, we aim to close this 4-point gap.

OUR ACTION PLANS

Coaching and peer-to-peer feedback

As stated in our Diversity & Inclusion policy, we encourage people to speak up or to indicate any form of inappropriate behaviour. In 2023, we integrated **peer-to-peer feedback on diversity & inclusion** in our 'I CARe, U2?' programme. This platform is available in all of our sites and for all associates. At the moment, it is mostly used to flag unsafe behaviour; non-inclusive acts or comments are reported less frequently. In addition to this platform, associates can flag inappropriate behaviour to team leaders, HR professionals, associate representatives, etc. Associates who do not feel comfortable giving personal feedback can resort to our whistleblowing procedure or our SpeakUp portal.

To ensure that people know whether certain behaviours are acceptable or not, we offer **coaching** (for teams or individual associates), **self-assessment tools** to detect hidden biases, and a **training about 'good manners'**. More important is our proactive approach to build an inclusive work environment. All of our programmes – on employer branding, mentoring, training and so on – also focus on representing minority or challenged groups. In addition, we provide transparent internal communication on how we handle inclusivity, equity and representation in different countries and areas.

Gender

At Vandemoortele, we aim to safeguard the representation of women in selection procedures. We **ensure that women have the same career opportunities as men**, and we commit to paying women equally for equal work, as stated in our policy. In 2023, a yearly budget was allocated to eliminate the gender pay gap at management level. We also completed a study into the gender pay gap at other levels and in other countries.

Ethnicity & beliefs

Starting from 2023, we complemented our focus on gender inequality with a focus on age, ethnicity, religion and beliefs. Our first step was to gather more data and to map our current situation. Since such information is considered private, this was undertaken on a voluntary basis, through a **survey among our associates**. The results show that people with an African or mixed background more often feel that their opinions are not fully taken into account. At the same time, people with an Asian or Middle Eastern background more often feel that their ethnic origin and their beliefs are not always respected.

To **remedy these feelings of dissatisfaction**, we all share our best practices. We create prayer rooms, translate instructions, communicate on respect and inclusivity, hand people self-assessment tools to detect hidden bias, offer our leaders recruitment trainings, etc.

Starting from 2023, we complemented our focus on gender inequality with a focus on age, ethnicity, religion and beliefs

ENSURING A HEALTHY AND SAFE WORK ENVIRONMENT

OUR IMPACTS, RISKS AND OPPORTUNITIES

As a large-scale employer, we have a responsibility to ensure a healthy and safe working environment for our associates and contractors. By **protecting them from accidents, work-related illnesses and injuries**, we preserve their physical integrity, and we avoid distress and low morale in the workplace. This reduces absences and ensures that our workplace is more efficient and productive. We strongly believe in managed safety instead of regulated safety: we focus on raising awareness, promoting a mindful attitude and using constructive feedback techniques.

In addition to physical health and safety, we also **protect people's mental health**. We take steps to improve the work-life balance and to prevent dissatisfaction and burn-out. By offering inclusive, safe and healthy working conditions, combined with meaningful and rewarding work, we promote happiness and well-being within the workplace. Fostering well-being is also a good way for Vandemoortele to retain qualified associates.

Although health and safety issues mainly have an impact on the associates involved (and their relatives), they also affect Vandemoortele as an employer. The **potential consequences** could be severe: from production stoppages, supply disruptions and operational costs, to reputational damage, absenteeism and lay-offs. A healthy and safe working environment is an inseparable part of our operational excellence, and of paramount strategic importance to Vandemoortele.

Material IRO* defined in the double materiality analysis	Description of the IRO
Safety and ergonomics	Negative impact on associates due to accidents, work-related injuries or illnesses
Mental health	Negative impact on associates due to insufficient attention to work-life balance, burn-outs, etc.
Absenteeism	Negative impact on associates due to work-related illness resulting in long-term absenteeism
Burn-outs	Financial risk of associates dropping out due to burn-out, stress and excessive working hours
Health and safety issues	Financial risk due to lay-offs, and reputational damage from hazardous and unhealthy working conditions

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

OUR POLICIES

Our Health and Safety Commitment

We are committed to providing and maintaining a safe and healthy workplace for all internal and external associates and visitors. We offer the **information, training and supervision** needed to achieve this.

- As a basic prerequisite, the Vandemoortele subsidiaries must comply with **local, national and European health and safety rules** and regulations.
- As **everybody's contribution** is essential, we endorse the following responsibilities:
  - It is the responsibility of each associate to work safely, to follow the given work instructions, to pay attention to one's own safety (and that of colleagues), to be pro-active in reporting dangerous cases, and to actively support the initiatives taken to reach higher levels of safety.
  - Members of management and team leaders must implement a Dynamic Safety Management system, based on risk assessment training and sustainable preventive and corrective actions.
  - The Executive Committee (ExCo) provides the necessary resources to achieve our stated objectives.
- Besides technical and organisational prevention measures, Vandemoortele also pays attention to **behaviour-based safety**. The following daily activities have been implemented:
  - incorporate safety in day-to-day functioning;
  - report and investigate dangers, incidents and accidents, and take the appropriate preventive measures;
  - respect the 5S + S principles of healthy and safe workplaces. Before and after each shift, our associates check that their work environment is neat and well-maintained.

Our Health & Safety Management system is based on the basic building blocks of the ISO 45001 Health & Safety Management standard, and is cross-audited at regular intervals.

Well-being: a part of our Code of Business Conduct

We watch over the physical and mental health of our associates, and endeavour to have a positive impact on their well-being. We condemn violence and harassment, as stated in our Code of Business Conduct, and we organise programmes to promote correct behaviour and 'good manners'.

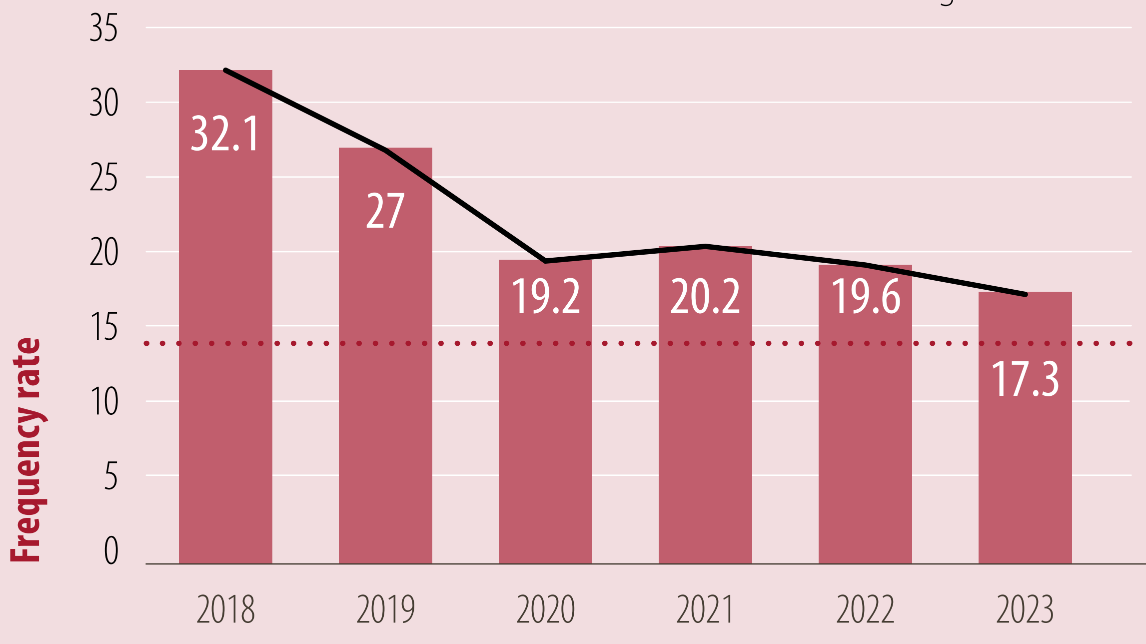
Ensuring a healthy and safe work environment

Our ultimate safety objective is zero accidents. The main indicators that show our progress are the number of work accidents with lost workdays per million hours worked, taking into account the severity. The lower these rates, the more we adhere to our company values of respect and cooperation. Together, we create a safer work environment.

We are committed to fostering a healthy work environment for our associates. That is why we have implemented a comprehensive well-being initiative, centred around seven 'Add Flavour' pillars. These include mental health, physical health, personal and professional development, leadership, the ABC of work happiness, social contact, and our corporate culture and values. Our progress is assessed through our annual Associate Engagement Survey (AES), assessments of employee turnover, an analysis of changes in absenteeism, and an evaluation of work-life balance metrics.

Frequency rate

$$\text{Frequency rate} = \frac{\text{\# of Lost Workday Accidents x 1 million}}{\text{\# working hours}}$$



17.3

is our lowest frequency rate ever

OUR PERFORMANCE

OUR PERFORMANCE	2023	TARGET 2030
Zero severe accidents (no permanent disability)	1	0
Severity rate of Lost Workday Cases*	0.66	0.3
Frequency rate of Lost Workday Cases*	17.3	14
Well-being index AES** (7 indicators)	76	79

→ Check out all our targets and progress in the sustainability scorecard

* Contractors, visitors and students/apprentices are excluded. The data for the new BP production plant was only included as of the start-up phase in June.
** Associate Engagement Survey.

OUR PERFORMANCE IN 2023

Accidents

We **aim for zero accidents**, and believe that all accidents can be avoided. In 2023, we had 17.3 Lost Workday Cases per million work hours (own staff and temporary workers, excluding contractors, visitors and students/apprentices), a decrease compared to the previous year. The severity rate of accidents (i.e. the number of lost workdays per 1,000 working hours) stood at 0.66. The accidents mainly consisted of bruises, small cuts, slips and tripping accidents, although one severe accident led to a limited, but permanent, disability.

Our accident frequency rate steadily decreased for several years. The 2023 severity rate, however, remained stable. Most of the incidents and accidents were linked to **human and/or organisational aspects**, the main challenges we need to address. As Health and Safety is a part of our Operational Excellence strategy, we use a safety maturity matrix to audit and evaluate the level of progress.

Well-being index

In the 2023 Associate Engagement Survey, we achieved a favourable general well-being score of 76 points. This score was the overall result of the seven well-being pillars we addressed.

The most progress was made in the areas of Development and Physical Health. Various initiatives contributed to this, such as extra learning opportunities in our Vandemoortele Academy, our aim to provide at least 40 hours of training per individual, our focus on people's professional journeys and our physical health programmes.

Although we made good progress in terms of mental health, there is still room for improvement. The feedback from the engagement survey indicates that we need to **set clear priorities and stick to them**: this reduces stress and has a positive effect on the mental health of our associates. All teams started working on action plans from November 2023 onward, formulating initiatives to improve well-being at different levels.

76

is the favourable score we achieved for well-being in 2023 based on the feedback from our associates

OUR ACTION PLANS

I CARe U2?

Most accidents are not caused by technical defects, but by unsafe behaviours. With our safety programme 'I CARe, U2?', we seek to spread safety leadership and attitudes. In this context, we have implemented various safety management tools, such as:

- **Root cause analyses and corrective action plans**: we identify the underlying root causes and determine appropriate and sustainable corrective measures.
- **Safety inspections**: a multidisciplinary team performs periodic inspection rounds of the workplace to detect unsafe situations.
- **Safety toolboxes**: toolboxes are short training sessions held in small groups at the workplace.
- **Peer2Peer interactions**: we promote a work environment where the exchange of experiences and ideas is only natural. In the event of unsafe behaviour, we ask our associates to react and give each other constructive feedback.
- **Gemba Walks**: our site management teams undertake regular 'proximity walks' on the floor to talk to our associates about safety, well-being and working conditions.

To complement these tools, we have developed a set of KPIs to monitor our progress.

Making our safety progress sustainable

Our progress of the last two years shows that **our safety leadership is growing**, and that our associates are taking more responsibility for the safety of both themselves and others. This is the ultimate objective of our 'I CARe, U2?' safety programme.

To maintain excellent working conditions at all times, we aim for a maturity level **'interdependency': we share our ideas and we care for each other**. Safety is one of our company values; it is how we do business, and how we seek to achieve operational excellence.

To get all site teams aligned, we have added appropriate safety tools to our Operational Excellence programmes. In this way, we promote synergies, and we sustain our progress on safety. Our tools include:

- **ICF model**: the Internal Control Framework model for safety-related risks encourages continuous improvement to manage our risks effectively. It enables us to take the right actions to improve our working methods and behaviour.
- **Group Safety Master Plan**: this master plan describes the Group's safety goals for the next seven years, with a clear ambition to further reduce workplace accidents by 50% by 2030.
- **Local Safety Teams**: in 2023, we started preparing our sites for the creation of multidisciplinary 'Safety Teams'. Everyone will be able to contribute their ideas and solutions.
- **Safety Maturity Matrix**: we created a balanced assessment tool to help achieve interdependent teams that care for each other. We monitor our progress and the gaps to be managed.

Well-being heroes

To further improve well-being, we foster a community of 'well-being heroes' across all of our countries and divisions. These heroes, who represent various functions and backgrounds, dedicate themselves to promoting the well-being of their colleagues. They coordinate action plans, roll out well-being initiatives according to the most prevalent needs and incorporate existing initiatives. The progress of all this is measured through the Associate Engagement Survey.

> **"In 2023, 12 different Vandemoortele sites shared no less than 70 well-being stories"**
>
> **Flore Couvreur – Group Communication Manager**

ADD FLAVOUR
AND HAVE A GREAT DAY AT WORK!
WHAT'S YOUR FLAVOUR?

What's your flavour?

Associates from all Vandemoortele sites can **share well-being stories** on the homepage of our intranet. These stories stem from local action plans, each incorporating one or more well-being pillars, according to the needs of the local audiences. The many well-being activities are eagerly read and shared; in 2023, 12 different Vandemoortele sites shared no less than 70 well-being stories.

OUR PEOPLE

Samir Bedrici HSE Manager

Belgium, HQ Ghent

"I joined the Vandemoortele Global HSE team in March 2023. The challenge excited me: my task is to care about safe and healthy working conditions, so our associates can safely create high-quality products with a minimal impact on the environment. I support the sustainable transformation of Vandemoortele through the 'I CARe, U2?' programme and the Climate Pillar of our sustainability strategy. By caring about each other, investing in good work conditions and reducing our environmental impact, we can build a sustainable future."

"Caring about each other is the best way to build a sustainable future"

ENSURING WORKERS' RIGHTS IN OUR VALUE CHAIN

OUR IMPACTS, RISKS AND OPPORTUNITIES

We aim to have a **positive impact on society** and to address social injustice. By ensuring fair working conditions, we seek to treat people well, not only within Vandemoortele but across our entire value chain. We contribute to positive social change and create chances for minorities and underprivileged groups, like decent working conditions and quality education.

In collaboration with local communities, we provide on-the-ground support to projects that **improve people's living and working conditions**. The results of our actions are threefold: we minimise the risk of human rights violations, we maximise our positive social impact and we address environmental challenges like deforestation.

Material IRO* defined in the double materiality analysis	Description of the IRO
Human rights in the value chain	Positive impact on workers in the value chain by ensuring fair and safe working conditions
Social dialogue with workers in the value chain	Positive impact on workers in the value chain by engaging with them to ensure they have good working conditions

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

OUR POLICY

Supplier Code of Conduct

To ensure that our commitments and standards are respected throughout our value chain, we ask all of our centrally managed direct suppliers to sign our **Supplier Code of Conduct**. These suppliers are our primary trading partners, who provide essential goods or services to our company. We only work with suppliers who adopt the same social and environmental practices that we do. Over the past few years, nearly all of our centrally managed direct suppliers have signed our Code, or have created their own code of conduct that is at least as strict as ours. More information on the Vandemoortele Supplier Code of Conduct can be found in the commitment on 'Partnering in the value chain' on page 145.

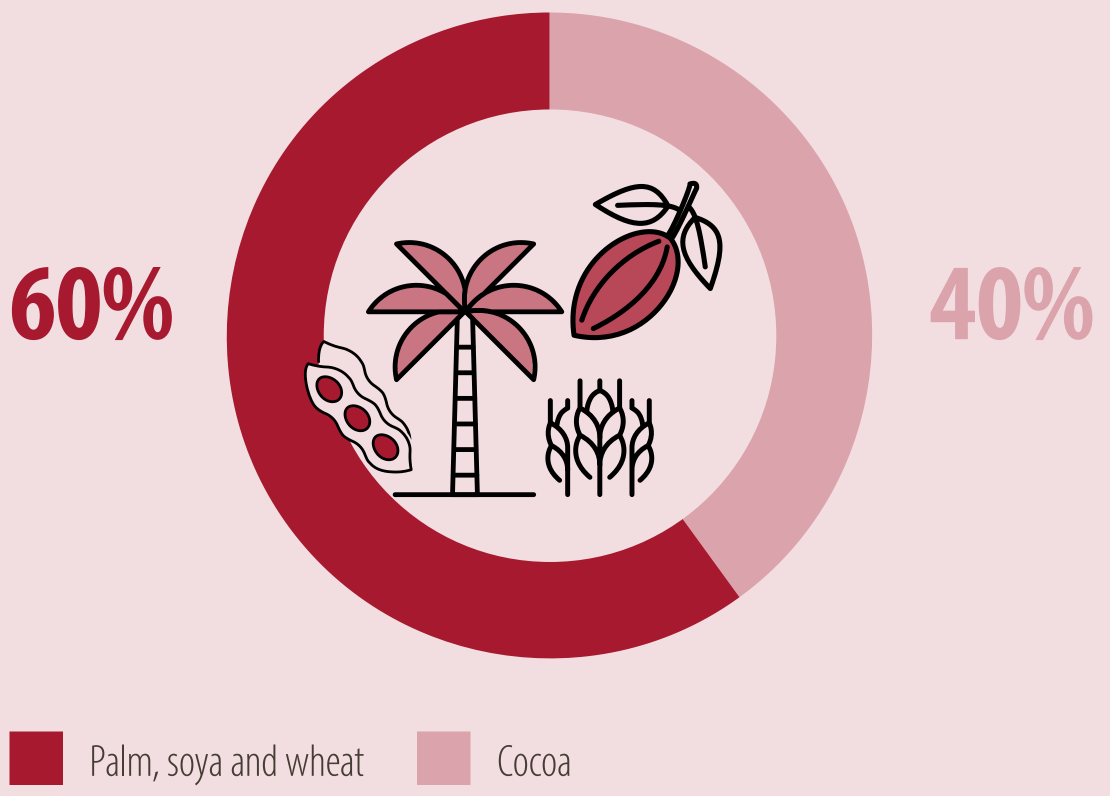
Sourcing commitments

Vandemoortele has established **procurement commitments related to palm oil, soya, eggs, plastic packaging, and paper and cardboard packaging**. These commitments describe how we reduce social and environmental issues through our procurement policy. More information on our sourcing commitments can be found in the commitment 'Ensuring sustainable resources' on page 97.

Ensuring workers' rights in our value chain

Through our grievance mechanism, we monitor breaches of our Supplier Code of Conduct or our NDPE (No Deforestation, Peat, and Exploitation) commitment. When a non-compliant act is verified, we take action by engaging with our direct suppliers. We track the percentage of grievances for which an action plan is in place. We also support on-the-ground projects to tackle social issues at their roots. Because we believe these projects play an important role, we have established a specific target for the percentage of key commodities participating in on-the-ground projects.

% key commodities participating in a project on the ground



60%

of our key commodities is participating in projects that locally tackle social issues

OUR PERFORMANCE	2023	TARGET 2030
Key commodities* participating in a project on the ground	60%	100%

OUR PERFORMANCE	2023	TARGET 2025
% of verified grievances on social related to our palm oil and cocoa have an action plan**	100%	100%

Check out all our targets and progress in the sustainability scorecard

* Key commodities: palm, cocoa, soya and wheat. ** From 2024 onwards, we will include soya and relative grievances in the scope of this target.

OUR PERFORMANCE IN 2023

Grievances on social issues

In 2023, we extended the scope of our grievance mechanism from only palm oil to **palm oil and cocoa**. We received one new grievance case on social issues related to these commodities. An action plan is in place for 100% of the active and verified grievances. Our revised sustainability strategy further expands the commodities included in our grievance mechanism. From 2024 onwards, we will also include soya and relative grievances. Grievances can be submitted through SpeakUp, the reporting portal we also use for whistleblowing cases.

Projects on the ground

By 2030, we will initiate at least one on-the-ground project for each of our key commodities: **soya, palm oil, cocoa and wheat**. With these projects, we aim to have a positive social impact on local communities and farmers in the upstream supply chain and beyond. To date, we have already initiated projects related to soya, palm oil and wheat. This represents 60% of all key commodities.

OUR ACTIONS IN 2023

Palm oil

Since 2018, we have collaborated with **Earthworm Foundation** (EF), an impact-driven global non-profit organisation, working on the ground to create scalable solutions for nature and people. EF works with companies and partners to regenerate supply chains, soils and communities across the globe. As a partner company, Vandemoortele contributes to **landscape projects** that target the sustainable production of palm oil. Until 2022, we contributed to a project in Aceh, Sumatra (Indonesia), while since 2023 we support the **Southern Central Forest Spine (SCFS) project in Malaysia**. The goal of this project is to create a sustainable landscape model that demonstrates the possibility of balancing sustainable production, forest conservation, resilient livelihoods and good labour practices.

In 2023, the SCFS project made significant progress. No less than **68 mills took measures to move towards traceability to plantation**. A training session for palm fruit dealers in Rompin was attended by 2 mills and 28 dealers. In late 2023, EF also launched the #Getitright campaign, in collaboration with the Malaysian Ministry of Human Resources. The campaign highlights how companies are making sustainable improvements to labour practices in Malaysia. The campaign aligns with the goals stated in the National Action Plan on Forced Labour, which aims to eliminate forced labour in Malaysia by 2030.

Soya

Since 2011, Vandemoortele has been a member of the **Round Table on Responsible Soy** (RTRS). This organisation ensures that soya is obtained through a process that is environmentally correct, socially adequate and economically viable. By investing in local social and environmental projects, RTRS has provided direct and indirect support to thousands of individuals.

We support their mission by purchasing RTRS credits for all the soya that we process. With these credits the organisation invests in **projects in the Cerrado**, the second most biologically diverse region of Brazil after the Amazon rainforest. Today, this savannah landscape has lost 50% of its original surface as a direct result of agricultural expansion. We also support projects in Maranhão and Piauí that tackle issues like deforestation, decent working conditions, access to education, standards of health and well-being, and sustainable agriculture. In addition, by purchasing soya oil with a ProTerra certification, we make sure that workers and communities are treated with dignity and respect.

Wheat

In 2023, we formalised a **carbon reduction project in collaboration with our direct wheat suppliers**. The aim: helping wheat farmers to provide decarbonised wheat. The project has a positive impact on our carbon footprint. In addition, we will contribute to the development of a fair wheat farming model that allows farmers to provide wheat in a sustainable and economically responsible way.

We will contribute to the development of a fair wheat farming model that allows farmers to provide wheat in a sustainable and economically responsible way

SUSTAINABLE ORGANISATION

Philippe Delsaut: "Sustainable growth means building a sustainable business for the generations to come. Integrity is a key part of our strategy: we promote ethical behaviour and make sure we act at all times in accordance with the law. Our value chain partners are essential for our sustainable business success and through increased collaboration with our various partners, we aim to create a positive impact for our planet and our people."

"We continuously look at ways to further improve our ways of working, both internally and externally. While we focus on innovative design, planning and technology to facilitate a sustainable business, we also make sure we effectively align and communicate on our sustainability strategy and goals with and to our internal and external stakeholders. Continuing to build trust with our associates, customers, and suppliers is key to our future success and essential for bringing large-scale change in the sustainability space."


Philippe Delsaut – Chief Legal and Risk Officer

Our commitments:

- Ensuring sustainable business growth
- Partnering in the value chain

ENSURING SUSTAINABLE BUSINESS GROWTH

OUR IMPACTS, RISKS AND OPPORTUNITIES

For Vandemoortele, sustainable growth means growing our business by focusing simultaneously on profitable growth, social inclusion and protecting the environment. These three elements are interconnected, and crucial for the **well-being of people and society at large**. It is for this reason that we constantly monitor changing customer needs, environmental impacts, associate expectations, new legal requirements and industry trends.

Integrity and business ethics are the key principles of our strategy: we promote ethical behaviour and ensure that there is no room for any form of bribery and/or corruption. Through our grievance mechanism and our whistleblowing procedure, we enable our customers, suppliers, associates and other stakeholders to report incorrect behaviour at any point during their dealings with Vandemoortele.

To boost our sustainable growth, we seek to enhance customer satisfaction by offering excellent service and high-quality products.

That is why we develop new technologies and invest in **sustainable innovations**. As we continue to grow, we also address the many opportunities and risks we may face so that we can proactively take the necessary measures and actions in the interests of all our stakeholders.

We focus simultaneously on economic growth, social inclusion and protecting the environment

Material IRO* defined in the double materiality analysis	Description of the IRO
Integrity and business ethics	Avoiding bribery and corruption and promoting ethical behaviour amongst our associates
Grievance mechanism and whistleblowing procedure	Enabling people to report incorrect behaviour at any time during their dealings with Vandemoortele
Cybersecurity and data privacy	Avoiding cyberattacks and ensuring the data privacy of our associates, suppliers and customers
Ethical business conduct	Financial risk of fines when not acting ethically
Lack of fair and free competition	Financial risk of fines linked to illegal practices
Cybercrime	Financial risk due to hacking, malware, phishing, etc.
Shift in the market	Being unable to keep up with market changes
Raw materials price volatility and availability	Customers reducing their purchase volumes or deciding to switch to another supplier because of increasing product prices
Environmental taxes and legislation (carbon tax, CSRD)	Financial risk of fines due to non-compliance, risk of losing market share when not able to achieve ambition level of our customers
Customer satisfaction and service	Financial risk or opportunity when customers are satisfied or dissatisfied
Sustainable investments	Financial risk or opportunity when investing in sustainable innovations
New technologies	Being ahead or lagging behind because of (not) applying new technologies (digitalisation, automation, Artificial Intelligence)
Protection of intellectual property	Financial risks related to intellectual property (lawsuits)

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS)

OUR CHARTERS & POLICIES

In 2023, we developed our **Sustainable Value Creation Charter**. Combined with our other charters – the Environmental, Social and Governance Charters – this serves as a compass for our organisation. All of our charters are incorporated in our strategy and our day-to-day activities. We are firmly convinced that a sustainable balance between socioeconomic development and the natural environment is a prerequisite for sustainable value creation.

Corporate Governance Charter

Adequate corporate governance is one of Vandemoortele's tools that are deemed essential to ensuring our sustainable growth and profitability, both now and in the future, to the benefit of all our stakeholders. The Vandemoortele Corporate Governance Charter is based on the principles of the 2020 Belgian Code of Corporate Governance.

The responsible conduct of our affairs is embedded in **eight best governance practices**:

- We adopt a clear governance structure.
- Our Board of Directors works efficiently and makes decisions in the best interests of our company.
- We use a strict and transparent procedure to appoint Board members and to evaluate their contributions, commitment and integrity.
- We set up specialised committees.
- We outline a clear executive management structure.
- We remunerate our directors and executive managers fairly and responsibly.
- We ensure an adequate disclosure of our corporate governance, with sufficient attention to transparency and public reporting.
- Our codes of conduct, policies and other charters guarantee the commitment of all our associates, directors, suppliers, customers and other business partners to ethical behaviour.

Code of Business Conduct and Ethics

Vandemoortele has developed a Code of Business Conduct and Ethics (the "Code") to provide all associates with **clear and unambiguous guidelines for ethical and moral conduct** in the workplace and in their dealings with our customers and suppliers. In 2023, the Code was reviewed and updated. We also updated the procedure for confidentially reporting incorrect behaviour, and an enhanced whistleblowing procedure was put in place at group level, in line with applicable legislation. The Code is a practical guide on how to behave in day-to-day activities and consists of three sections: 'Integrity', 'Care' and 'Protection'.

The Code offers specific information about how people can report violations, how the investigations are conducted, which rights and obligations people have when they report a violation, etc. The reports on incorrect behaviour are shared with the Audit Committee on a quarterly basis, in order to discuss the various findings and to ensure that **appropriate actions** are taken to avoid similar situations in the future.

Human rights policy

Vandemoortele is committed to respecting and promoting **human rights, both within our organisation and in the communities in which we operate**. This is a key principle of our Social Charter. We recognise the fundamental importance of human rights, and strive to ensure that our actions do not negatively impact the human rights of any individual, group or community.

Child labour is not tolerated under any circumstances, either within our organisation or across our supply chain. We are committed to ensuring that all work is performed voluntarily. Under no circumstances will we tolerate human trafficking, exploitation, slavery, servitude, or forced or compulsory labour.

We aim to comply with all **applicable local and international human rights** laws and standards, including – but not limited to – the Universal Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.

Any violation of our human rights policy can be reported through our whistleblowing procedure and our grievance mechanism. Vandemoortele **proactively monitors** whether its associates, contractors and suppliers comply with the principals of this policy.

Whistleblowing procedure

Our whistleblowing procedure provides guidance on how to **report suspected wrongdoings** in the workplace. The procedure explains what 'whistleblowing' means, where people can get help, who can report suspected wrongdoings, and how such reports can be submitted.

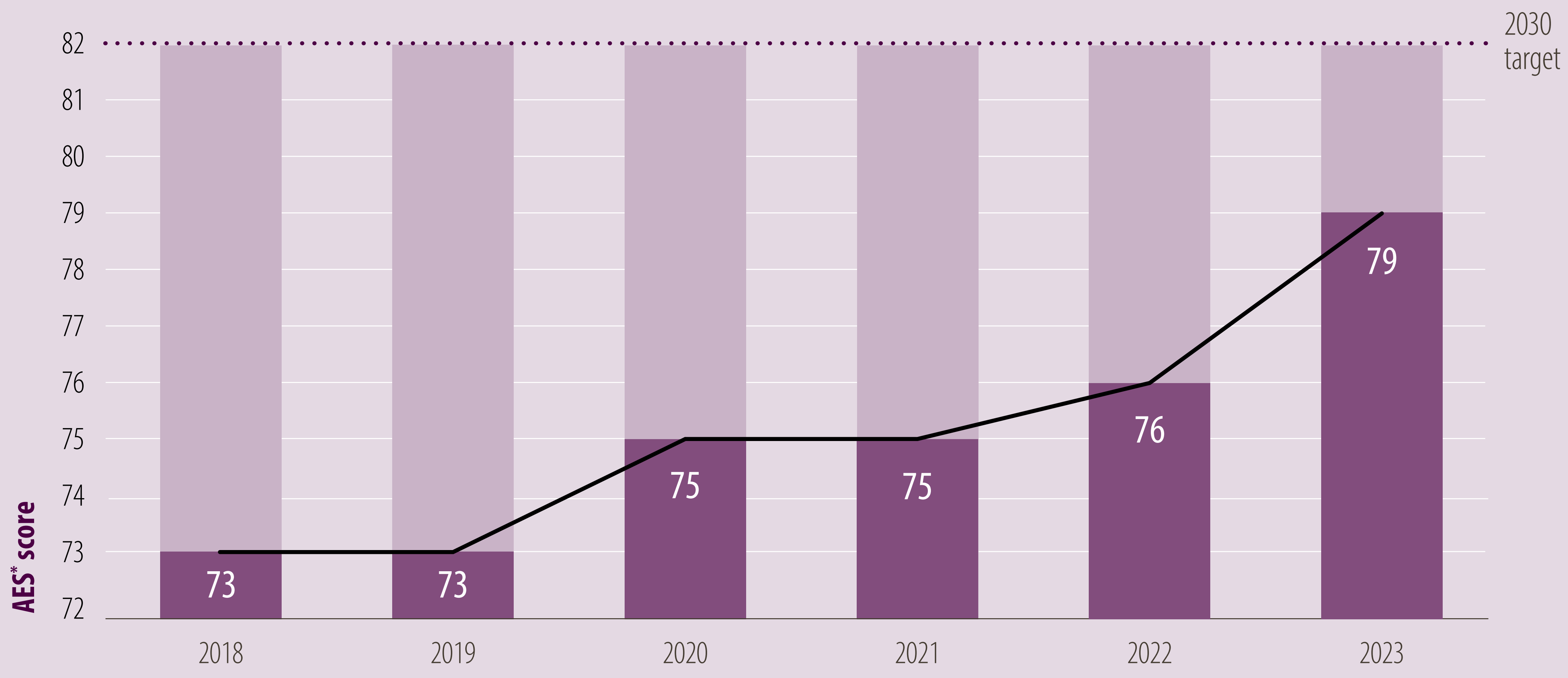
The whistleblowing procedure also explains how reports will be processed and followed up, and outlines which safeguards are in place to ensure **confidentiality, protection against retaliation, and privacy and personal data protection**. Case handlers receive guidance, instructions and training on how and when reports should be uploaded through our SpeakUp online platform.

Ensuring sustainable business growth

At Vandemoortele, we pride ourselves on doing the right thing and doing things right. Under no circumstances shall we disrespect this fundamental principle in order to gain a competitive advantage. Our choice to do things right is the reason why we are still adding value to society after 125 years, and why we will continue to do so.

We use two targets to monitor the correct conduct of the company and our associates: 1) the percentage of associates who have received training on our Code of Conduct and the whistleblowing procedure, and 2) our Associate Engagement Survey score for sustainability.

Sustainability score AES*



* Associate Engagement Survey.

OUR PERFORMANCE

OUR PERFORMANCE	2023	TARGET 2030
% of our associates received training on the Code of Conduct and the whistleblowing procedure	New target, will be monitored as of 1 January 2024	100%
Sustainability score of 82 in the Associate Engagement Survey	79 points	82 points

→ Check out all our targets and progress in the sustainability scorecard

OUR PERFORMANCE IN 2023

The 2023 update of our sustainability strategy includes a **new target to promote the correct behaviour of our associates**. By 2030, 100% of our associates will have undertaken one or more training sessions on the Code of Conduct and the whistleblowing procedure. This target will be monitored from 1 January 2024.

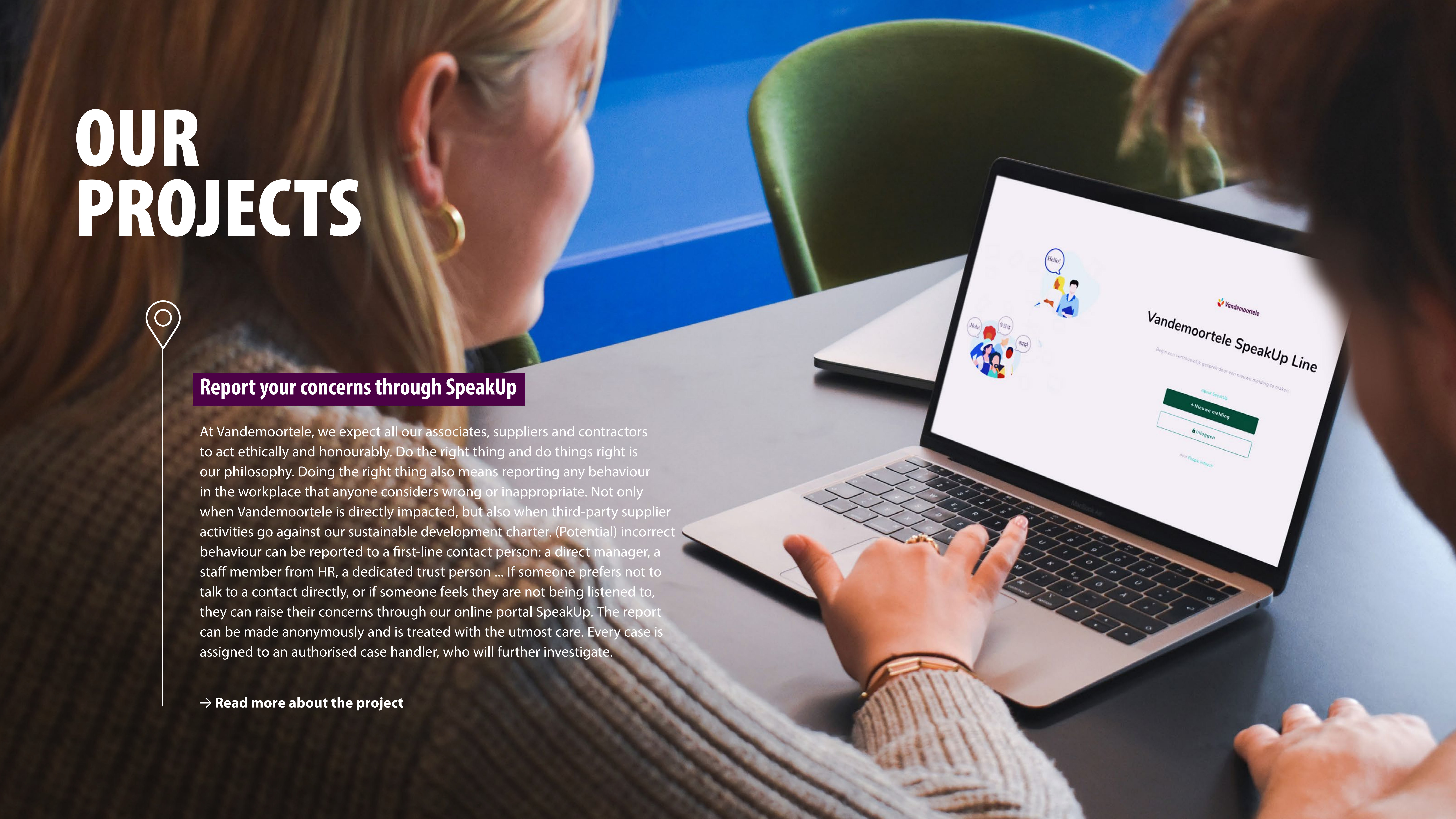
The sustainability score in our engagement survey notes how sustainable our associates think we are. In 2023, this score reached 79, marking a notable increase of 3 points from the previous year's score. This increase gives us great satisfaction, as it highlights the impact of our sustainability initiatives.

OUR ACTION PLANS

In 2023, we successfully revamped our internal Code of Conduct, and we rolled out our **whistleblowing procedure and grievance mechanism on a global scale**. This allows individuals across our organisation to report incorrect behaviour and to express their concerns, anonymously if necessary. These measures underscore our commitment to integrity and to fostering a positive and ethical attitude in the workplace. In this way, we enhance our governance model and we reduce various risks related to good business conduct.

In addition, we have developed an **e-learning session** to explain our Code of Business Conduct and Ethics (including corruption and bribery) and our whistleblowing procedure. From 2024, all of our associates will be required to follow this e-learning course. For blue-collar workers, we will also organise on-site face-to-face training sessions.

We rolled out our whistleblowing procedure and grievance mechanism on a global scale



OUR PROJECTS

Report your concerns through SpeakUp

At Vandemoortele, we expect all our associates, suppliers and contractors to act ethically and honourably. Do the right thing and do things right is our philosophy. Doing the right thing also means reporting any behaviour in the workplace that anyone considers wrong or inappropriate. Not only when Vandemoortele is directly impacted, but also when third-party supplier activities go against our sustainable development charter. (Potential) incorrect behaviour can be reported to a first-line contact person: a direct manager, a staff member from HR, a dedicated trust person ... If someone prefers not to talk to a contact directly, or if someone feels they are not being listened to, they can raise their concerns through our online portal SpeakUp. The report can be made anonymously and is treated with the utmost care. Every case is assigned to an authorised case handler, who will further investigate.

→ **Read more about the project**

PARTNERING IN THE VALUE CHAIN

OUR IMPACTS, RISKS AND OPPORTUNITIES

Value chain partners are essential to our sustainable business success. By collaborating with various partners, we create a positive impact in terms of climate, human rights, supply chain transparency, etc. We thoroughly screen our suppliers, and we engage with our stakeholders to identify potential negative impacts of our products or processes. In this way, we protect both our sustainable opportunities and our reputation.

Communication is key: for people to appreciate our sustainable efforts, they first have to know about them. We place a strong focus on **transparent internal and external communication**, and we share correct information on ESG (Environment, Social and Governance) topics. In addition, we promote both our products and our sustainable performance in a correct and responsible way, without exaggerating or greenwashing. By communicating clearly and honestly, we avoid reputational damage, and build trust with our customers and suppliers.

Material IRO* defined in the double materiality analysis	Description of the IRO
Responsible supply chain management	Screening our suppliers in terms of human rights, environmental commitments and training on these topics
Listening to stakeholders and stakeholder dialogue	Engaging with stakeholders to identify potential negative impacts
Communication	Transparent internal and external communication, sharing correct information on ESG topics
Responsible marketing	Promoting our products correctly (not ambiguously) and avoiding greenwashing
Partnerships in the value chain	Collaborating with various partners to create reputational opportunities and to have a positive impact in terms of climate, human rights, etc.
Greenwashing	Promoting the environmental performance of our products incorrectly or ambiguously may lead to reputational damage

* Impacts, risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

OUR POLICY

Supplier Code of Conduct

To decrease any possible negative social impact in our value chain, **we ask all of our key suppliers to sign our Supplier Code of Conduct** (SCOC). Key suppliers are suppliers that deliver ingredients, raw materials, traded goods or packaging materials that are used in a large number of our finished products, or suppliers with whom we have established a long-term partnership.

By requesting that our key suppliers sign our SCOC, we ensure that we primarily work with suppliers who commit to the same social and environmental practices as we do.
Additionally, we regularly and explicitly state the commitments we expect from our partners in terms of corruption and child labour. We ask our suppliers to be audited via EcoVadis or any similar platform on their sustainability criteria.

The requirements laid out in our SCOC were established in accordance with the **10 principles of the UN Global Compact**, the world's largest corporate sustainability initiative. The UN Global Compact is a call to companies to align their strategies and operations with universal principles on human rights, labour, environment and anti-corruption.

The Vandemoortele SCOC contains the following principles:

- Business must be conducted lawfully and with integrity.
- Working environments and social conditions must comply with international frameworks.
- All workers will enjoy freedom of association.
- Work is conducted on a voluntary basis.
- All workers are of an appropriate age.
- Working hours for all workers are reasonable.
- All workers are paid fair wages.
- All workers are treated equally, and with respect and dignity.
- The health and safety of workers is protected.
- Business is conducted in a manner that reduces its environmental impact.

Supplier onboarding procedure

Before we register a new supplier in our company's systems, we collect and analyse a wide range of data about them. The supplier onboarding form includes general information (such as the company name and address), financial information (default currency, bank account details, etc.) and information about the supplier's points of contact within the company. In addition, we request that the supplier sign our SCOC. **The supplier is only accepted after a thorough check**. This is necessary to ensure compliance and to ascertain that it is safe to purchase goods from them.

We primarily work with suppliers who commit to the same social and environmental practices as we do

Partnering in the value chain

To advance the use of our SCOC, we have established several targets. For example, all of our centrally managed direct suppliers must accept or sign the Code or have an SCOC in line with Vandemoortele's SCOC. In addition, we monitor our centrally managed critical suppliers according to sustainability criteria.

% of our centrally managed direct suppliers accepted/signed our SCOC, or have an SCOC in line with the Vandemoortele Code

83%

of our centrally managed direct suppliers accepted/ signed our Supplier Code of Conduct

OUR PERFORMANCE	2023	TARGET 2030
% of our centrally managed direct suppliers have accepted/signed our SCOC, or have an SCOC in line with the Vandemoortele SCOC	83%	100%
% of our centrally managed critical direct suppliers that are verified according to our sustainability criteria	85%	100%
Collaborations with customers	New target, will be monitored as of 1 January 2024	5

→ Check out all our targets and progress in the sustainability scorecard

OUR PERFORMANCE 2023

In 2023, **83% of our centrally managed direct suppliers accepted/signed our SCOC**, or had an SCOC in line with Vandemoortele's SCOC. Starting from 2023, we also asked our indirect suppliers with whom we established new business relationships to sign our SCOC.

In 2023, **85% of our centrally managed critical direct suppliers had been verified** or are going through the process of being verified by EcoVadis or a similar organisation. Our goal is to have 100% of our centrally managed critical direct suppliers audited by 2030 according to the sustainability criteria, wherever the action plan indicates the necessity.

By 2030, we aim to establish **five meaningful collaborations with key customers**. This is a newly defined target within our sustainability strategy.

OUR ACTION PLANS

Sustainability criteria

To create a meaningful impact together with our key suppliers, we gather **voluntary information about their sustainability efforts**. In 2021, we incorporated sustainability questions into our audits and sourcing tenders. More than 100 centrally managed direct suppliers agreed to share their answers with us. The results showed that 75% of those centrally managed direct suppliers already had a sustainability strategy, and 55% had implemented an SCOC for their own suppliers.

We use the EcoVadis tool to gain insight into the sustainability level of our centrally managed critical direct suppliers. Our 2030 goal is to work exclusively with partners who have been verified according to the EcoVadis sustainability criteria or are audited by similar organisations. We have trained our associates in the use of the EcoVadis tool, and we are encouraging our centrally managed critical direct suppliers to subscribe to the platform and to be rated on sustainability criteria.

Since 2020, we have been conducting the Engagement Policy Implementation (EPI) survey of our **palm oil suppliers** on a regular basis. This survey, provided by Earthworm Foundation, covers various topics, from traceability and transformation to grievance mechanisms and projects on the ground. In 2022, all of our palm oil suppliers were subjected to an EPI survey. The results allowed us to track their improvements.

Collaborations with customers

In our 2030 strategy, we want to **achieve our ESG goals in cooperation with all of our partners**. We are convinced that we can achieve more through long-term partnerships and agreements. Alongside suppliers, we want to **grow our partnerships with downstream partners**: first customers and eventually also consumers. To begin with, we want to partner up with a minimum of five key customers on sustainability projects. The main focus of these projects will be reducing scope 3 emissions, as this is a priority and an advantage for both parties. Partnerships on consumer health, packaging and plastic reduction will also be explored.

With our selected partner-customers, we want to **exchange knowledge** about various topics: for instance, what consumers expect and accept in terms of sustainability developments, and how we can convince them to accept more sustainable solutions without resorting to greenwashing. In this way, we will build a competitive advantage and strengthen the relationships with our customers and work together towards a sustainable future.

MEMBERSHIPS & ACTIVITIES

Vandemoortele is a member of various industry associations, national or international advocacy organisations and other initiatives. All our memberships are meant to reinforce each other and to help us have a **positive impact on society**. We are currently a member of:

- **The Shift**, the Belgian meeting point for sustainability;
- **FEVIA**, the Belgian Food Industry Federation;
- **IMACE**, the European Margarine Association;
- the **Federation of Major Bakeries in Belgium** (FGBB);
- the **International Association of Plant Bakers** (AIBI);
- **Flanders' FOOD**, an innovation platform for a more sustainable agri-food industry;
- the **Belgian Pledge 3.0**, a commitment by food companies concerning responsible advertising practices;
- **Earthworm Foundation**, a non-profit organisation that aims to improve the relationship between people and nature;
- the **Roundtable on Sustainable Palm Oil** (RSPO), which aims to transform markets to make sustainable palm the norm;
- the **French Culture Raisonnée Contrôlée®** (CRC®) quality mark, for wheat that is grown with less negative impact on the environment and on people's health;
- **Alliance4Soy**, a market transformation organisation for sustainable soya;
- the **Round Table on Responsible Soy** (RTRS), which aims to make sustainable soya the norm;
- **Rainforest Alliance**, an organisation that strives to improve livelihoods for farmers and forest communities around the world;
- SBTi, the **Science Based Targets initiative** for corporate climate action;
- **HolyGrail 2.0**, an initiative that advocates the use of digital watermarks for accurate sorting and high-quality recycling;
- the **Ellen MacArthur Foundation**, which develops and promotes the idea of a circular economy;
- the **Global Commitment of the New Plastics Economy**;
- the **Fost Plus** initiative;
- **Valipac**, a collective management organisation for commercial packaging;
- **Valorlux**, an organisation for sorting and recycling packaging waste;
- **Pack4Food**, a consortium of companies from the food and packaging industry and their suppliers;
- Various local initiatives and federations.

CHARITY

Vandemoortele supports numerous charities. Most of them have a **specific link** with sustainable food, with our sustainability strategy, with a customer or a supplier, or with an international organisation. In 2023, we paid special attention to Constellations asbl and the Hubi & Vinciane Foundation. We also supported local initiatives, such as sporting events, in the context of our various health goals, and youth organisations like Habbekrats, which helps children and young people all over Belgium. In addition, we launched the initiative Forza Romagna, providing aid to the residents of Emilia-Romagna after two weeks of extreme rain and flooding.

- **Constellations asbl – Sterrenbeelden vzw** is a Belgian non-profit organisation that seeks to integrate disabled people into society. Its main goal is building accommodation and daycare facilities for people with mental disabilities in and around Brussels. It also contributes to various inclusive initiatives such as House Artos, a Brussels day centre that offers bakery trainings to 25 young adults with a mental disability. This gives them a chance to participate in the local community. Vandemoortele donated 5,000 euro to support Artos and its various initiatives.
- **The Hubi & Vinciane Foundation** is an organisation that arranges humanitarian activities in Benin, West Africa. Vandemoortele has decided to support their anti-malnutrition programme because this matches very well with our company's sustainability strategy. The programme detects, treats and prevents child malnutrition. Vandemoortele strives to give all people healthy food options, including those in vulnerable and dire situations.
- **Forza Romagna**

  In two weeks' time, the Italian region of Emilia-Romagna was hit by the same amount of rain that normally falls in seven months. The resulting flooding particularly affected the city of Ravenna. Although the Vandemoortele plant at Ravenna was not damaged, we needed to close it for a while. Many of our associates also suffered major personal losses. Vandemoortele offered financial support to all associates who were impacted by the disaster. Our associates also insisted on helping residents: with a GOFUNDME campaign, they raised 6,795 euro in donations, to which Vandemoortele added another 95,000 euro.

EU TAXONOMY REPORTING

The EU Taxonomy Regulation, approved in 2020, is a **classification framework** established to determine **whether an economic activity is environmentally sustainable**. It requires reporting on eligibility and alignment against six environmental objectives: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

Under the EU Taxonomy Regulation, the European Commission was empowered to adopt delegated acts. The first Taxonomy Disclosures Delegated Act specifies the content and presentation of the information to be disclosed. For Vandemoortele, the reporting requirements concern reporting on the eligibility and alignment of three key performance indicators: **turnover, capital expenditure (CapEx) and operating expenditure (OpEx)**.

Vandemoortele has screened the technical annex to the Taxonomy on climate change adaptation and mitigation (the 'Climate Delegated Act'), the technical annex for the four other environmental objectives (the 'Environmental Delegated Act', issued in summer of 2023) and the FAQs released by the European Commission.

The reporting for 2023 has been drawn up in accordance with the **transparency requirements for non-financial undertakings**. No changes were made in the assessment methodology, assumptions or calculation method. All calculations are based on the data reported in Vandemoortele's consolidated financial statements. The full Taxonomy report can be found in the Annex on page 184.

Turnover

The contribution of the food and beverage sector to climate change mitigation and climate change adaptation is currently considered negligible. In addition to this, publication of the technical annex to the Environmental Delegated Act for the food and beverage sector was delayed. Therefore, **Vandemoortele's turnover is not considered eligible**. We are closely monitoring all new publications on the other environmental objectives, and are preparing ourselves to report on our turnover if our activities become Taxonomy-eligible.

CapEx

Vandemoortele's activities are not considered eligible under the Climate Delegated Act. Therefore, our CapEx associated directly with these activities is not eligible either. However, **investments made in relation to 'individually sustainable measures'** (as defined by the Taxonomy Regulation) **are considered eligible**. The probability that CapEx can be classified under eligible is limited, as our investments are mainly related to our production. The eligibility assessment of the 2023 investments was therefore only performed on investments above €200,000. We identified 13.8% of these acquisitions, from all acquisitions of property, plant and equipment and intangible assets (as included in note 16 and 17 of the financial report 2023) to be eligible. The investments mainly concern:

- construction and real estate;
- energy;
- water supply, sewerage, waste management and remediation.

The relatively **low percentage of eligible CapEx** is a result of the specific definitions in the Taxonomy Regulation. A more comprehensive overview of Vandemoortele's climate ambitions and the investments it will undertake can be found in its climate transition plan on page 89-95. A **high-level assessment of alignment** was performed on the 2023 eligible CapEx. This revealed a very limited CapEx with a potential for being Taxonomy-aligned. Therefore, we are continuing to focus on building an in-depth understanding of the Technical Screening Criteria (TSC) and the Do No Significant Harm (DNSH) principle to ensure effective and efficient reporting in the future.

We have just launched our **Green CapEx process**. As a next step we will add EU Taxonomy criteria/ requirements as part of our Green CapEx process. That is why we cannot share this %/share yet. Despite the substantial overlap between our green capital expenditure ("green investments") and the CapEx reported as eligible CapEx under EU Taxonomy, there is no perfect match as definitions are different.

OpEx

The EU Taxonomy Regulation has defined direct non-capitalised costs (also called Operating Expenditures or OpEx) as those costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditure that relates to the day-to-day servicing of assets and property, plants and equipment. OpEx costs are generated by outsourcing activities that are necessary to the continued and effective functioning of such assets. The total amount of OpEx as defined by the EU Taxonomy Regulation represents 2.5% of total 2023 operating expenditures (calculated as the sum of 'Services', 'Employee benefits expenses' and 'Depreciation, amortisation and write down' as included in the consolidated income statements). **Most of these costs relate to activities that are not considered eligible**, and therefore we have not checked these for alignment.

Minimum safeguards

Reporting of EU Taxonomy-aligned activities requires an assessment against the Minimum Safeguards. Even though Vandemoortele does not report any taxonomy-aligned activities at present, **we operate in compliance with the safeguards** referred to in Article 18 of the Taxonomy Regulation, requiring organisations to establish processes in alignment with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights (including the Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation, the eight fundamental conventions of the ILO, and the International Bill of Human Rights).

We have **performed our checks** against the Final Report on Minimum Safeguards issued by the Platform on Sustainable Finance, an independent advisory body to the EU Commission (published October 2022). This report identifies four substantive topics in the OECD Guidelines and UN Guiding Principles that are pertinent to the minimum safeguards:

- human rights, including workers' rights;
- bribery/corruption;
- taxation;
- fair competition.

Furthermore, this Report suggests two criteria to determine compliance with the minimum safeguards; i.e. the **implementation of adequate due diligence processes and the absence of certain negative impacts or events**. The sustainability section of this annual report describes the policies and procedures in place for each of these dimensions. In 2023, we have further strengthened our actions through, for example:

- supplier assessment via EcoVadis;
- SpeakUp tool for our associates;
- an annual training on competition law;
- launch of the Human Rights Policy.

Vandemoortele did not have any interactions with an OECD National Contact Point or a Business and Human Rights Contact Centre. It has not been found in violation of any labour or human rights, anti-corruption, tax or competitions laws.

Outlook

As the current Delegated Acts do not yet cover the food and beverage sector, Vandemoortele's reported figures are mainly considered non-eligible. As such, the potential that these activities have to contribute to the EU's Green Deal ambitions is still unclear. The release of TSC and DNSH principles for the food and beverage sector under the four environmental objectives should make this potential clearer. Vandemoortele has clearly expressed its sustainability ambitions, from energy and climate change to water, packaging and responsible sourcing. More information on our ambitions and progress can be found on page 153. We will seek **integration of the EU Taxonomy in our sustainability ambitions wherever relevant**.

We operate in compliance with the safeguards referred to in Article 18 of the Taxonomy Regulation

REPORTING SUMMARY

Economic activities		Absolute Value (in thousands EUR)	Proportion (%)
TURNOVER			
A. TAXONOMY-ELIGIBLE ACTIVITIES			
A.1.	Environmentally sustainable activities (Taxonomy-aligned)	€0	0%
A.2	Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	€0	0%
Total (A.1 + A.2)		€0	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy-non-eligible activities (B)		€1,924,624	100%
Total (A + B)		**€1,924,624**	**100%**
CAPEX			
A. TAXONOMY-ELIGIBLE ACTIVITIES			
A.1.	Environmentally sustainable activities (Taxonomy-aligned)	€0	0%
A.2	Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	€12,222	13.8%
Total (A.1 + A.2)		€12,222	13.8%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
CapEx of Taxonomy-non-eligible activities (B)		€76,152	86.2%
Total (A + B)		**€88,374**	**100%**
OPEX			
A. TAXONOMY-ELIGIBLE ACTIVITIES			
A.1.	Environmentally sustainable activities (Taxonomy-aligned)	€0	0%
A.2	Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	€0	0%
Total (A.1 + A.2)		€0	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
OpEx of Taxonomy-non-eligible activities (B)		€18,486	100%
Total (A + B)		**€18,486**	**100%**

SUSTAINABILITY SCORECARD: PERFORMANCES AND TARGETS

SUSTAINABILITY KPI	BASELINE VALUE	BASELINE	STATUS 2019	STATUS 2020	STATUS 2021	STATUS 2022	STATUS 2023	TARGETS 2030	TARGETS 2025*
Improving the nutrition profile of our products									
Vol% salt reduction in Bakery Products	1.22%	2019	/	/	-2.05%	-2.4%	**-6%**	-10%	
Vol% sugar reduction in pastry, sweet treats & patisserie	12.5%	2019	/	/	-1.6%	-4.3%	**-2%**	-10%	
Offering plant-based alternatives									
Vol% plant-based products in PBFS			/	50%	64%	73%	**73%**	75%	
Offering Clean Label products									
Vol% Clean Label in Bakery products				74% (old definition)	76.3% (old definition)	76.5%	**79.6%**	80%	
Being a leader in food safety & quality									
Unannounced GFSI certification (Vandemoortele operations)			88%	88%	92%	100%	**100%**	100%	
Suppliers, traders & logistics partners compliant with GFSI principles			86%	93%	97%	97.2%	**97.8%**	98%	
# incidents food defence & food fraud			/	0	0	0	**0**	0	
% reduction food safety complaints	0.25 complaints/1000 tonnes produced	2020	/	/	+1%	-17%	**-1%**	-10%	
Taking climate action									
% CO_2 reduction scope 1 & 2	***	2023					**new**	-42%	
% CO_2 reduction scope 3 FLAG	***	2023					**new**	-30.3%	
Supplier engagement, scope 3 non-FLAG							**new**	70.6% (target year: 2029)	
% CO_2 intensity reduction, scope 1 & 2	70 kg CO_2 eq./tonnes end product	2015	-29.5%	- 58.5%	-59%	-59%	**-59%**	-75%	
% total energy intensity reduction Group (energy consumption/ volume sold)	1.68 GJ/tonnes end product	2020	/	+1.8%	+1.90%	-1.2%	**-5.8%**	-15%	
% total energy intensity reduction BP (energy consumption/ volume sold)	2.39 GJ/tonnes end product	2020	/	/	-5.2%	-8.5%	**-9.1%**	-15%	
% total energy intensity reduction PBFS (energy consumption/ volume sold)	0.738 GJ/tonnes end product	2020	/	/	+6.5%	+3.1%	**-1.9%**	-15%	
% green electricity			85%	100%	100%	100%	**100%**	100%	
% "on site" green electricity generation (solar, wind)			/	0%	0%	10.2%	**10.2%**	15%	
Ensuring sustainable resources									
% sustainable certified palm oil (consumer and professional brands)**			100%	26%	25%	54%	**89%**		100%
% sustainable certified palm oil							**new**	100%	

* The targets set for the year 2025 are aligned with our strategy for 2025. Next year, these targets will be updated to align with our strategy for 2030. ** For our private brands, we offer our customers the option to choose sustainable certified solutions, but ultimately the decision lies with them. Therefore, we only have a target on our own consumer and professional brands. Consumer and professional brands account for 28% of our total production.
*** Currently, we do not yet have a fully operational tool to calculate our CO_2 emissions. Next year, the baseline value will be completed.

SUSTAINABILITY KPI	BASELINE VALUE	BASELINE	STATUS 2019	STATUS 2020	STATUS 2021	STATUS 2022	STATUS 2023	TARGETS 2030	TARGETS 2025*
% sustainable certified soya (consumer and professional brands)**			100%	25%	58%	82%	**100%**	100%	
% sustainable certified cocoa (consumer and professional brands)***			/	/	30%	48.5%	**71%**	100%	
% traceability to mill for palm oil			100%	99.4%	99.9%	100%	**100%**	100%	
% traceability to plantation for palm oil			/	45%	65.3%	67%	**75%**	100%	
% of the Vandemoortele sites with an action plan on biodiversity							**new**		
% cage-free eggs			100%	100%	100%	100%	**100%**	100%	
% of verified grievances on environment related to our palm oil and cocoa have an action plan							**100%**		100%
% of verified grievances on environment related to our commodities and action plan							**new**	100%	
% FSC or PEFC-certified paper or cardboard			98.9%	99.6%	100%	100%	**100%**	100%	
% recycled PET			/	/	20%	21.5%	**22.5%**		25%
% recycled PET per packaging unit (brands)							**new**	30%	
Preserving water availability									
% water intensity reduction (excluding ingredient water)	0.46 l/kg	2020	/	/	+1.9%	-11.4%	**-5.6%**	-17%	
Working towards zero waste									
% reduction BP food loss intensity (food loss/ volume sold)	6.2%	2020	/	/	-2%	+10.9%	**+0.24%**		-30%
% reduction PBFS food loss intensity (food loss/ volume sold)	1.45%	2020	/	/	-0.2%	+1.88%	**+2.5%**		-10%
% reduction BP food loss intensity (food loss/ volume sold)							**new**	-30%	
% reduction PBFS food loss intensity (food loss/ volume sold)							**new**	-6.3%	
% reduction of non-sorted waste	3.31 kg/tonnes	2020	/	/	/	/	**-5.8%**	-50%	
Offering an engaging professional journey									
Average hours of training per associate category			/	/	management: 16.9 white collars: 10.9 blue collars: 5	management: 30.7 white collars: 13.5 blue collars: 19.7	**all: 42.2 management: 53.3 white collars: 38.8 blue collars: 37.6**	40	
% associates who adhere to P&DMP			/	/	management: 98.6% white collars: 96% blue collars: 86.4%	management: 99% white collars: 97% blue collars: 90%	**all: 90.15% management: 99% white collars: 90% blue collars: 87%**	all: 95% management: 99% white collars: 97% blue collars: 93%	

* The targets set for the year 2025 are aligned with our strategy for 2025. Next year, these targets will be updated to align with our strategy for 2030.
** For our private brands, we offer our customers the option to choose sustainable certified solutions, but ultimately the decision lies with them. Therefore, we only have a target on our own consumer and professional brands.
*** For our private brands, we offer our customers the option to choose sustainable certified solutions, but ultimately the decision lies with them. Therefore, we only have a target on our own consumer and professional brands. Consumer and professional brands account for 20% of our total production.

SUSTAINABILITY KPI	BASELINE VALUE	BASELINE	STATUS 2019	STATUS 2020	STATUS 2021	STATUS 2022	STATUS 2023	TARGETS 2030	TARGETS 2025*
Training & development score AES**			51	58	58	59	**63**	65	
Sustainable engagement score AES**			76	77	77	75	**78**	82	
Providing a diverse, equitable and inclusive workplace									
% representation women at senior leadership (B+ level)			/	23%	21%	29.5%	**28.7%**	40% to 60%	
Equal number of successors per gender in jobs with a successor C+			/	/	0.91	0.88	**0.84**	Ratio: 0.9 to 1.1	
Equal hours of training per gender			/	/	1.82	1.82	**1.02**	Ratio: 0.9 to 1.1	
Zero gender pay gap at management level			/	/	+2.7%	+2.6%	**+1.8%**	-2% to +2%	
Inclusive workplace score AES**			77	80	80	82	**83**	83	
Full inclusivity for minorities (zero AES** gap)			/	/	/	/	**4 points**	0 points	
Ensuring a healthy and safe work environment									
Zero severe accidents (no permanent disability)			/	0	1	0	**1**	0	
Severity rate of Lost Workdays Cases			0.84	0.85	0.66	0.56	**0.66**	0.3	
Frequency rate of Lost Workday Cases			27	19.2	20.2	19.6	**17.3**	14	
Well-being index (AES** - 7 indicators)			/	/	/	73	**76**	79	
Ensuring workers' rights in our value chain									
% key commodities participating in a project on the ground (palm, wheat, cocoa, soya)			palm (via Earthworm) + soya (via ACT)	palm (via Earthworm) + soya (via ACT)	palm (via Earthworm) + soya (via ACT)	60%	**60%**	100%	
% of verified grievances on social related to our palm oil and cocoa have an action plan							**100%**		100%
% of verified grievances on social related to our commodities have an action plan							**new**	100%	
Ensuring sustainable business growth									
% of our associates received training on the Code of Conduct and Whistleblowing							**new**	100%	
Sustainability score AES**			73	75	75	76	**79**	82	
Partnering in the value chain									
% of our centrally managed direct suppliers have accepted/signed our SCOC or have a SCOC in line with the one of Vandemoortele			/	50% of new direct suppliers	74% of new direct suppliers	80%	**83%**	100%	
% of our centrally managed critical direct suppliers that are verified according to our sustainability criteria (EcoVadis, Sedex, …)			/	palm suppliers (EPI)	palm suppliers (EPI)	60%	**85%**	100%	

* The targets set for the year 2025 are aligned with our strategy for 2025. Next year, these targets will be updated to align with our strategy for 2030.
** Associate Engagement Survey.

ADDITIONAL CSRD METRICS

ADDITIONAL CSRD METRICS	ESRS	PERFORMANCE 2023
Taking climate action		
Achieved GHG emission reductions (scope 1 & 2)	E1	-61.3%
Total energy consumption	E1	315,011 MWh
Total energy consumption from nuclear sources	E1	0 MWh
Energy intensity (total energy consumption per net revenue)	E1	136,642 MWh/M€
Scope 1 emissions	E1	35,500 tCO_2e
Scope 2 emissions	E1	9,500 tCO_2e
SIGNIFICANT SCOPE 3 GHG EMISSIONS		**PERFORMANCE 2022**
1 Purchased goods and services	E1	2,084,711 tCO_2e
2 Capital goods	E1	12,560 tCO_2e
3 Fuel and energy-related activities	E1	9,944 tCO_2e
4 Upstream transportation and distribution	E1	149,943 tCO_2e
5 Waste generated in operations	E1	2,864 tCO_2e
6 Business travel	E1	3,661 tCO_2e
7 Employee commuting	E1	3,615 tCO_2e
8 Upstream leased assets	E1	353 tCO_2e
9 Downstream transportation	E1	28,020 tCO_2e
10 Processing of sold products	E1	19,749 tCO_2e
11 Use of sold products	E1	/
12 End-of-life treatment of sold products	E1	10,322 tCO_2e
13 Downstream leased assets	E1	/
14 Franchises	E1	/
15 Investments	E1	/
Total scope 3 emissions		**2,329,092 tCO_2e**

ADDITIONAL CSRD METRICS	ESRS	PERFORMANCE 2023
Preserving water availability		
Total (fresh) water consumption	E3	780,040 m^3
Water intensity ratio	E3	410,390 m^3/M€
Working towards zero waste		
Total waste generated	E5	10,738 tonnes
Non-recycled waste	E5	2,015 tonnes
Percentage of non-recycled waste	E5	18.8%
Offering an engaging professional journey		
Average number of training hours by gender	S1	M: 42.5 F: 41.8
Providing a diverse, equitable and inclusive workplace		
Number of associate turnover	S1	Outs: 494 Ins: 478
Percentage of associate turnover	S1	12.64%
Number of associates (head count) at top management level	S1	7
Percentage of associates at top management level	S1	0.002%
Number of associates (head count) under 30 years old	S1	446
Percentage of associates under 30 years old	S1	10.93%
Number of associates (head count) between 30 and 50 years old	S1	2,246
Percentage of associates between 30 and 50 years old	S1	55%
Number of associates (head count) over 50 years old	S1	1,388
Percentage of associates over 50 years old	S1	34%
Number of incidents of discrimination	S1	0

Providing a diverse, equitable and inclusive workplace			
OWN ASSOCIATES	**COLLECTIVE BARGAINING COVERAGE**		**SOCIAL DIALOGUE**
COVERAGE RATE	**EEA - ASSOCIATES**	**NON EEA - ASSOCIATES**	**WORKPLACE REPRESENTATION**
0-19%	Poland, United Kingdom, Czech Republic, Hungary	United States	United States, Hungary, Czech Republic
20-39%			
40-59%			
60-79%			United Kingdom
80-100%	The Netherlands, Belgium, France, Germany, Italy, Spain		The Netherlands, Belgium, France, Germany, Italy, Spain, Poland

ADDITIONAL CSRD METRICS	ESRS	PERFORMANCE 2023
Ensuring a healthy and safe work environment		
Percentage of people in its own workforce who are covered by a health and safety management system based on legal requirements and (or) recognised standards or guidelines	S1	100%
Number of fatalities in own workforce as result of work-related injuries and work-related ill health	S1	0
Number of recordable work-related accidents for own workforce	S1	80
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to associates	S1	3,292
Ensuring sustainable business growth		
Number of complaints filed through channels for people in own workforce to raise concerns*	S1	5
Amount of material fines, penalties and compensation for damages as result of violations regarding social and human rights factors	S1	0
Number of severe human rights issues and incidents connected to own workforce	S1	0
Number of severe human rights issues and incidents connected to own workforce that are cases of non-respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises	S1	0
Amount of material fines, penalties and compensation for severe human rights issues and incidents connected to own workforce	S1	0
Number of convictions for violation of anti-corruption and anti-bribery laws	G1	0
Amount of fines for violation of anti-corruption and anti-bribery laws	G1	0

* Complaints received through our channels concerning the following issues: sexual harassment and harassment by local managers.

ESRS CONTENT INDEX

ESRS 2 GENERAL DISCLOSURES

TOPICAL STANDARDS

Disclosure requirements		Comments	Page
ESRS E1 CLIMATE CHANGE			
GOV-3	Integration of sustainability-related performance in incentive schemes		40; 178
E1-1	Transition plan for climate change mitigation	This information will be further completed in 2024	90
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		89
IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities		63-66; 166-173
E1-2	Policies related to climate change mitigation and adaptation		90
E1-3	Actions and resources in relation to climate change policies		93-95
E1-4	Targets related to climate change mitigation and adaptation		91
E1-5	Energy consumption and mix		91; 156
E1-6	Gross scopes 1, 2 & 3 and total GHG emissions		91; 156
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Not applicable	
E1-8	Internal carbon pricing	This information will be further completed in 2024	95
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	This information can be omitted for the first year of preparing our sustainability statement	
ESRS E3 WATER AND MARINE RESOURCES			
IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities		63-66; 166-173
E3-1	Policies related to water and marine resources		107
E3-2	Actions and resources related to water and marine resources		109-110
E3-3	Targets related to water and marine resources		108
E3-4	Water consumption		156
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	This information can be omitted for the first year of preparing our sustainability statement	

ESRS E4 BIODIVERSITY AND ECOSYSTEMS			
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	This information will be further completed in 2024	98-99
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		97
IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities		63-66; 166-173
E4-2	Policies related to biodiversity and ecosystems		98-99
E4-3	Actions and resources related to biodiversity and ecosystems		103-105
E4-4	Targets related to biodiversity and ecosystems		100
E4-5	Impact metrics related to biodiversity and ecosystems change		100
E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	This information can be omitted for the first year of preparing our sustainability statement	
ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY			
IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities		63-66; 166-173
E5-1	Policies related to resource use and circular economy		98-99; 112
E5-2	Actions and resources related to resource use and circular economy		103-105; 114-115
E5-3	Targets related to resource use and circular economy		100; 113
E5-4	Resource inflows		100
E5-5	Resource outflows		113; 156
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	This information can be omitted for the first year of preparing our sustainability statement	
ESRS S1 OWN WORKFORCE			
SBM-2	Interests and views of stakeholders		175-177
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		117; 123; 128
S1-1	Policies related to own workforce		118; 124; 129
S1-2	Processes for engaging with own workers and workers' representatives about impacts		175-177
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns		141
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions		120-121; 127; 131-132

S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		119; 125; 130
S1-6	Characteristics of the undertaking's employees		12
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	This information can be omitted for the first year of preparing our sustainability statement	
S1-8	Collective bargaining coverage and social dialogue		157
S1-9	Diversity metrics		34; 156
S1-10	Adequate wages	This information will be completed in 2024	
S1-11	Social protection	All associates are covered by social protection against loss of income	
S1-13	Training and skills development metrics		119; 156
S1-14	Health and safety metrics		130; 157
S1-15	Work-life balance metrics	All associates are entitled to and make use of family-related leave	
S1-16	Compensation metrics (pay gap and total compensation)	Only pay gap included	125
S1-17	Incidents, complaints and severe human rights impacts		157
ESRS S2 WORKERS IN THE VALUE CHAIN			
SBM-2	Interests and views of stakeholders		175-177
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		134
S2-1	Policies related to value chain workers		134
S2-2	Processes for engaging with value chain workers about impacts		136
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns		141
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions		136
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		135
ESRS S3 AFFECTED COMMUNITIES			
SBM-2	Interests and views of stakeholders		175-177
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		134
S3-1	Policies related to affected communities		134

S3-2	Processes for engaging with affected communities about impacts	136
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	141
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	136
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	135
ESRS S4 CONSUMERS AND END-USERS		
SBM-2	Interests and views of stakeholders	175-177
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	69; 74; 77; 83
S4-1	Policies related to consumers and end-users	69; 74; 78; 84
S4-2	Processes for engaging with consumers and end-users about impacts	175-177
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	141
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	72; 76; 80-81; 87
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	70; 75; 79; 85
ESRS G1 CONDUCT		
GOV-1	The role of the administrative, supervisory and management bodies	34-37
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	63-66; 166-173
G1-1	Corporate culture and business conduct policies and corporate culture	140-141
G1-2	Management of relationships with suppliers	146
G1-3	Prevention and detection of corruption and bribery	143
G1-4	Confirmed incidents of corruption or bribery	157

PART IV

ANNEX

INDEPENDENT ASSURANCE REPORT ON SELECTED ENVIRONMENTAL, SOCIAL AND GOVERNANCE INFORMATION PUBLISHED IN THE ANNUAL INTEGRATED REPORT OF VANDEMOORTELE NV FOR THE YEAR ENDING 31 DECEMBER 2023

To the Board of Directors

We have been engaged to conduct a limited assurance engagement on selected environmental, social and governance performance indicators ("Selected Information") published in the Annual Integrated Report of Vandemoortele NV ("the Company") for the year ending 31 December 2023. In preparing the Selected Information, Vandemoortele NV applied the criteria as specified in the table below. The Selected Information needs to be read and understood together with the Applicable Criteria. The Selected Information in scope of our engagement is listed in the table.

Selected Information

INDICATORS	APPLICABLE CRITERIA
% sustainable certified palm oil (consumer and professional brands)	own indicator
% of associates who adhere to P&DMP	GRI 404-3
% plant-based products in PBFS	own indicator
% reduction BP food loss intensity (food loss/volume sold)*	GRI 306-2
% reduction PBFS food loss intensity (food loss/volume sold)*	GRI 306-2
Severity rate of lost workday cases	GRI 403-9
Frequency rate of lost workday cases	GRI 403-9
% Clean Label BP	own indicator
% of our centrally managed critical direct suppliers that are verified according to our sustainability criteria (EcoVadis, Sedex, ...)	GRI 308-1
% total energy intensity reduction BP*	GRI 302-3
% total energy intensity reduction PBFS*	GRI 302-3
% salt reduction in Bakery Products*	own indicator
% suppliers, traders & logistics partners compliant with GFSI principles	GRI 416-1

* Reduction KPI.

Based on our work as described in this report, nothing has come to our attention that causes us to believe that the above-mentioned Selected Information as included in the **Annual Integrated Report** of the Company for the year ending 31 December 2023, has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Responsibility of the Board of Directors

The Board of Directors of the Company is responsible for the preparation of the Selected Information and the references made to it presented in the **Annual Integrated Report** as well as for the declaration that its reporting meets the requirements of Applicable Criteria.

The Board of Directors is also responsible for:

- selecting and establishing the Applicable Criteria;
- preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria;
- designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error;
- providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the Services;
- confirming to us through written representations that you have provided us with all information relevant to our Services of which you are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria, including that all relevant matters, are reflected in the Selected Information.

Our responsibilities

Our responsibility is to express a conclusion on the Selected Information based on our procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB), in order to state whether anything had come to our attention that causes us to believe that the Selected Information have not been prepared, in all material respects, in accordance with the Applicable Criteria.

Applying these standards, our procedures are aimed at obtaining limited assurance on the fact that the Selected Information do not contain material misstatements. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our work was performed on the data gathered and retained in the reporting scope by the Company as mentioned in the table. Our conclusion covers therefore only the above-mentioned Selected Information and not all information included in the Annual Integrated Report. The limited assurance was only performed on the Selected Information covering the year ending 31 December 2023. For any reduction KPIs, identified with an asterisk (*) in the table on the previous page, only the absolute performance value for the year-end 2023 was assured and the mathematical accuracy of the reported reduction KPI was verified. The KPI values for the baseline years, used as a basis to calculate the reduction KPIs, are not in scope of our assurance.

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following key procedures:

- Perform analytical review procedures and consider the risks of material misstatement of the Selected Information.
- Through inquiries of management, obtain an understanding of the Company, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify and assess risks of material misstatement in the Selected Information, and provide a basis for designing and performing procedures to respond to assessed risks and to obtain limited assurance to support a conclusion.
- Perform procedures over the Selected Information, including recalculation of relevant formulae used in manual calculations and assessment whether the data has been appropriately consolidated.
- Perform procedures over underlying data on a statistical sample basis to assess whether the data has been collected and reported in accordance with the Applicable Criteria, including verifying to source documentation.
- Perform procedures over the Selected Information including assessing management's assumptions and estimates.
- Accumulate misstatements and control deficiencies identified, assessing whether material.
- Read the narrative accompanying the Selected Information with regard to the Applicable Criteria, and for consistency with our findings.

We apply International Standard on Quality Management 1 and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In conducting our engagement, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

The self-defined Applicable Criteria, the nature of the Selected Information, and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the Selected Information reported by different organisations and from year to year within an organisation as methodologies develop.

Use of our report

This report is made solely to the Board of Directors of Vandemoortele NV in accordance with ISAE 3000 (Revised) and our agreed terms of engagement. Our work has been undertaken so that we might state to the Board of Directors those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than the Company and its Board of Directors, we acknowledge that the Board of Directors may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Vandemoortele NV and its Board of Directors as a body, for our work, for this report, or for the conclusions we have formed.

Signed at Zaventem

Digitally signed by
Sofian Milad
DocuSign
Signed By: Sofian Milad (Signature)
Signing Time: 28-Mar-2024 | 13:28 CET
C: BE
Issuer: Citizen CA
E84EC69E50FD48BCAA203848B882FB77

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Sofian Milad

ADDITIONAL INFORMATION ON OUR DOUBLE MATERIALITY ASSESSMENT APPROACH

Pre-filtering of the longlist

After compiling a first list of 200 potential impacts, risks and opportunities (IROs), we asked the Executive Committee (ExCo), the Management Teams (MTs) and the Sustainability Project Leaders to rate all IROs for importance. The rating options for impacts went from 'No impact' to 'Very big impact'. The risks and opportunities were rated from 'No risk/opportunity' to 'High risk/opportunity'. This pre-filtering was undertaken in order to include only the most relevant sustainability IROs in the stakeholder consultation.

Rating for impacts:

No impact	Small impact	Average impact	Big impact	Very big impact	Insufficient information
0	1	2	3	4	/

Rating for risks and opportunities:

No risk/ opportunity	Low risk	High risk	Low opportunity	High opportunity	Insufficient information
0	1	2	1	2	/

Final list of potential material topics

To draw up the final list of potential material topics, we calculated an average of the scores provided by the ExCo, the Management Teams, and the Project Leaders. This was done separately for impacts, risks and opportunities. All impacts that scored equal to or above the 'average impact' and all risks and opportunities that scored equal to or above 'low opportunity/risk' were included in the list of potential material sustainability IROs. We checked the list for completeness, drawing on the classification of topics, subtopics and sub-subtopics in ESRS (European Sustainability Reporting Standards) 1, paragraph AR 16.

Assessment of the IROs in order to define the material sustainability matters

To determine the final material sustainability matters, we asked our stakeholders to assess our list of IROs. Both internal and external stakeholders shared their views through an online survey. Key internal stakeholders also participated in focus group discussions, while key external stakeholders shared their perspectives through in-depth interviews.

The stakeholder consultations also encompassed the perspectives of the Board and the ExCo. Board members were consulted through the same online survey as the other stakeholders. The views of the ExCo members were derived from the earlier pre-filtering survey, which concerned the 200 potential IROs from the initial analysis. In addition to online surveys (for quantitative input), a working session was dedicated to the materiality assessment during the Board meeting of 22 June 2023.

The online survey: the online survey was sent to 1,800 internal stakeholders and 117 external stakeholders. We received 808 responses: 764 from internal stakeholders and 44 from external stakeholders (i.e. response rates of 42% and 38% respectively).

764 responses from internal stakeholders
287 support or commercial associates
233 managers (staff)
101 workers (factory, logistics)
100 other*
43 executive/ExCo

* Stakeholders who could not identify themselves in the other 4 stakeholder categories

44 responses from external stakeholders
25 suppliers
7 customers
4 financial institutions
2 consultants
2 experts
2 NGOs
1 federation
1 other*

* Stakeholders who could not identify themselves in the other 7 stakeholder categories

Internal focus groups: 10 internal focus groups were defined, each with its own angle. Together, they covered all sustainability IROs. All participants were selected for their expertise. The group included associates from our headquarters and from several international production sites.

Department	
1	HR
2	Operations PBFS
3	Finance, IT, engineering and indirect
4	Procurement
5	Commercial PBFS
6	Packaging (R&D + procurement)
7	Operations BP
8	R&D, innovation and food safety
9	Commercial BP
10	Legal & risks (governance)

External in-depth interviews: 22 in-depth interviews with key external stakeholders provided insights from different stakeholder groups, ranging from customers and suppliers to NGOs and experts. The expertise of each interviewee was considered when selecting the impacts, risks and opportunities for the discussion.

Type of stakeholder
5 experts
5 suppliers
6 customers
2 NGOs
2 banks
2 unions

Methodology of processing the results of the online survey

Scoring the results

All potential material sustainability matters and IROs were included in an online survey and sent out to 1,917 stakeholders, along with a request to rate the material character of the IROs. Impacts could be rated from ‘No impact’ to ‘Very big impact’, which corresponded to scores from 0 to 4. Risks and opportunities were rated from ‘No risk/opportunity’ to ‘High risk/opportunity’, which corresponded to scores from 0 to 2.

Rating for impacts:

No impact	Small impact	Average impact	Big impact	Very big impact	Insufficient information
0	1	2	3	4	/

Rating for risks and opportunities:

No risk/ opportunity	Low risk	High risk	Low opportunity	High opportunity	Insufficient information
0	1	2	1	2	/

Calculation

As soon as all impact and risk/opportunity scores were received, we calculated averages of the scores. This was done separately for 1) internal and external stakeholders and 2) for the Board and ExCo. Depending on the answers, topics were defined as a risk or an opportunity. The results were then used to determine the material sustainability matters.

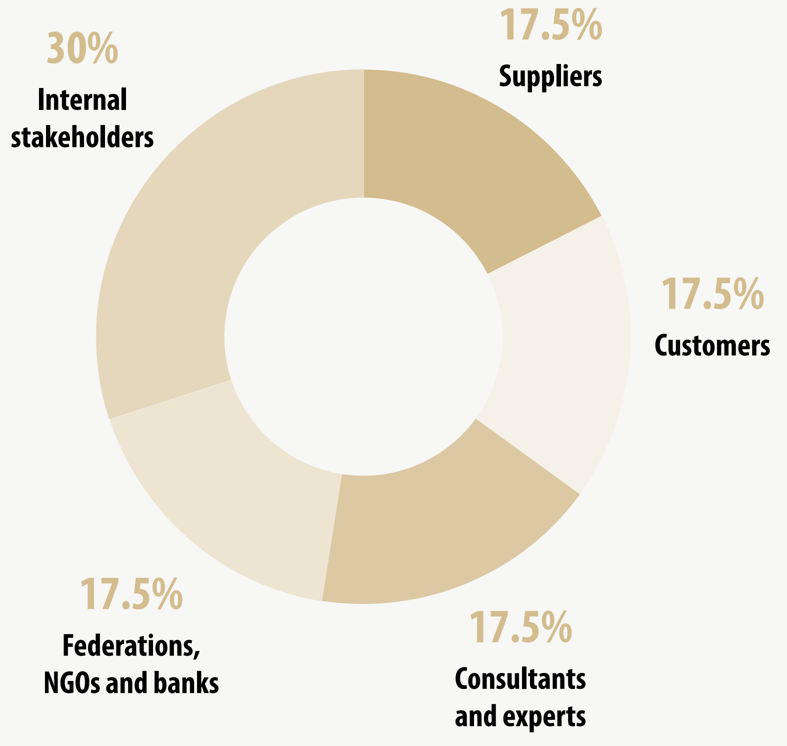
1,917

stakeholders were invited to fill in our online survey on sustainability and IROs

Weighting of the stakeholder groups

A distribution key was applied to assign a different 'weight' or relative importance to the various internal and external stakeholder groups. The responses of internal stakeholders were given a weighting of 30%, while those of external stakeholders were awarded 70%. Furthermore, the 70% external responses were divided into four different stakeholder groups, each with a weighting of 17.5%.

Distribution key for weighting the stakeholder groups



ExCo and Board

The scores of the Board and the ExCo were also weighted: 70% was allocated to the ExCo score and 30% to the Board score.

Methodology of in-depth interviews and focus groups

The focus groups and in-depth interviews were conducted according to an established and standardised approach. Each interviewee was asked the following questions:

- How sustainable is Vandemoortele in your opinion, and why?
- Can you name two or three strengths and weaknesses of Vandemoortele, related to sustainability?
- Based on the criteria, how do you rate the following impacts, risks and opportunities?

To determine the material character of the **impacts**, we asked respondents to consider the criteria for impact materiality as defined by the CSRD:

- **Scope**: how far do the consequences of impact extend?
- **Scale**: how serious is the consequence of the impact?
- **Probability**: how likely is the potential impact to occur?
- **Remediability**: can the consequences of the impact be remedied?

We also discussed the criteria for **risks/opportunities** (financial materiality), as defined by the CSRD:

- **Size of financial effects**: what are the financial consequences for the company when the risk/ opportunity occurs?
- **Probability**: how likely is the risk/opportunity to occur?

The scoring of these criteria was undertaken in a qualitative manner.

Validation of the final list of material matters

The outcome of the interviews and the focus groups were discussed during meetings with the MTs and ExCo, alongside the quantitative result of the survey.

The quantitative results of the online survey were presented and assessed using a double materiality matrix. The scores of the ExCo and the Board were plotted on the X-axis, while the scores of the internal and external stakeholders were plotted on the Y-axis. These matrices were merely designed for internal use during the strategic discussions.

Throughout these meetings, the materiality threshold was set at 2.75/4. This threshold was applied because it results in a good balance between the number of material and non-material matters, allowing Vandemoortele to focus on the most significant IROs. All IROs that scored 2.75/4 or higher were considered to be of material importance. Some IROs scoring below 2.75/4 were also still regarded as material, based on insights from the in-depth interviews and the focus groups. The following IROs were awarded 'material' status, despite having been rated below the materiality threshold, on the basis of qualitative insights from the interviews:

- **Footprint of goods transport and logistics**: Vandemoortele's own transport company, Vandemoortele Transport Solutions NV, specialises in the refrigerated transport of packaged products. Since transport is one of Vandemoortele's own activities, its impact was considered to be material.
- **Climate change adaptation**: ongoing global warming is causing the need to adapt to future weather patterns. The risk for Vandemoortele mainly lies in being able to cultivate raw materials under extreme weather conditions.
- **Circular packaging**: packaging is an important IRO for retailers because of its high visibility to consumers. In addition, EU packaging regulations are becoming increasingly strict. By focusing on recyclable or reusable packaging, Vandemoortele can have a positive impact.
- **Grievance mechanism and whistleblowing procedure**: ethical business governance is crucial for banks and investment committees. Grievance mechanisms and a whistleblowing procedure are essential components of this.

One IRO scored above the materiality threshold in the online survey, but was found to be not material due to other, qualitative, information from discussions within the MTs:

- **Power outages and blackouts**: Vandemoortele's production sites are located in the European Union. As a result, the risk of power outages and blackouts is under control and extremely limited.

The outcome of the interviews and the focus groups were discussed during meetings with the MTs and ExCo, alongside the quantitative result of the survey

THE FINAL LIST OF MATERIAL SUSTAINABILITY MATTERS

	Material sustainability matter	IRO	ST, MT, LT*	Description of the IRO
CONSCIOUS NUTRITION				
Being a leader in food safety and quality	Food safety	Impact	ST	Product safety
		Risk	ST	Allergen management
		Risk	ST	Safety errors
		Risk	ST/MT	Hazardous substances
	Food quality	Impact	ST	Quality products
		Risk	ST	Poor quality of the products
Improving the nutrition profile of our products	Nutrition profile of our products	Impact	MT/LT	Consumer health
		Risk/opportunity	ST/MT/LT	Changing consumer behaviour
Offering plant-based alternatives	Plant-based products	Impact	ST/MT/LT	Plant-based diet
		Risk/opportunity	MT/LT	Changing consumer behaviour
Facilitating well-informed food choices	Transparency of products and ingredients	Impact	MT	Product transparency
		Risk/opportunity	MT	Impact labelling (environmental, carbon footprint)
		Risk/opportunity	MT	Life cycle analysis
PROTECTING NATURE				
Taking climate action	Climate change adaptation	Risk	ST/MT/LT	Extreme weather conditions
	Climate change mitigation	Impact	ST	Own greenhouse gas emissions (scope 1 & 2)
		Impact	ST	Greenhouse gas emissions in the value chain (scope 3)
		Impact	ST	Footprint of goods transport and logistics
	Energy	Impact	ST	Energy management
		Risk	ST	Energy prices
Preserving water availability	Water consumption in own operations	Impact	ST	Water consumption
	Water availability	Risk	MT/LT	Water availability

* Short-term time horizon: up to one year, medium-term time horizon: one to five years, long-term time horizon: more than five years.

	Material sustainability matter	IRO	ST, MT, LT*	Description of the IRO
Ensuring sustainable resources	Sustainable agriculture	Impact	ST/MT	Responsible sourcing and purchasing
		Impact	ST	Deforestation
		Impact	ST/MT	Product traceability
		Impact	ST/MT	Regenerative agriculture
		Risk	MT/LT	Biodiversity loss
	Packaging materials	Impact	ST/MT	Circular packaging
		Risk	MT	Use of single-use plastics
		Risk	ST	High demand and high cost of recycled plastics
Working towards zero waste	Food waste	Impact	ST	Food waste
	Circular economy	Risk/opportunity	ST/MT	Sustainable use of resources
ENHANCING LIVES				
Ensuring a healthy and safe work environment	Safety and health	Impact	ST	Safety and ergonomics
		Risk	ST	Health and safety issues
	Well-being	Impact	ST	Mental health
		Impact	ST	Absenteeism
		Risk	ST	Burn-outs
Providing a diverse, equitable and inclusive workplace	Diversity and inclusion	Impact	ST	Female empowerment
		Impact	ST	Digital inclusion
		Impact	ST	Diversity and inclusion
		Risk	MT	Shifting demographics
		Risk	ST	Lack of diversity and inclusion
	Equity	Impact	ST	Fair remuneration
		Impact	ST	Associate security
		Impact	ST	Good working conditions
		Risk/opportunity	ST	Risk/opportunity of good working conditions

* Short-term time horizon: up to one year, medium-term time horizon: one to five years, long-term time horizon: more than five years.

	Material sustainability matter	IRO	ST, MT, LT*	Description of the IRO
Offering an engaging professional journey	Professional journey	Impact	ST	Talent retention
		Impact	ST	Talent attraction
		Impact	ST	Career development
		Impact	ST	Training
		Impact	ST	Good leadership
		Risk	ST	War for talent
		Risk	ST	Lack of opportunities for career development
		Risk	MT	Digital transformation of jobs
	Engagement	Impact	ST	Associate engagement
Ensuring workers' rights in our value chain	Social compliance in the value chain	Impact	MT	Human rights in the value chain
		Impact	ST	Social dialogue with workers in the value chain
SUSTAINABLE ORGANISATION				
Ensuring sustainable business growth	Business conduct	Impact	ST	Integrity and business ethics
		Risk	ST	Ethical business conduct
		Impact	ST	Grievance mechanism and whistleblowing procedure
		Risk	ST	Absence of fair and free competition
	Cybersecurity	Impact	ST	Cybersecurity and data privacy
		Risk	ST	Cybercrime
	Sustainable business growth	Risk	MT/LT	Shift in the market
		Risk	ST	Raw materials price volatility and availability
		Risk/opportunity	MT	Environmental taxes and legislation (carbon tax, CSRD)
		Risk/opportunity	ST	Customer satisfaction and service
		Risk/opportunity	MT	Sustainable investments
		Risk/opportunity	MT/LT	New technologies
		Risk	ST	Protection of intellectual property

* Short-term time horizon: up to one year, medium-term time horizon: one to five years, long-term time horizon: more than five years.

	Material sustainability matter	IRO	ST, MT, LT*	Description of the IRO
Partnering in the value chain	Value chain management	Impact	ST	Responsible supply chain management
		Impact	ST	Partnerships in the supply chain
		Opportunity	MT	Opportunity of partnerships in the supply chain
	Stakeholder engagement	Impact	ST	Listening to and dialogue with stakeholders
	Communication	Impact	ST	Communication
		Impact	ST	Responsible marketing
		Risk	ST	Greenwashing

* Short-term time horizon: up to one year, medium-term time horizon: one to five years, long-term time horizon: more than five years.

THE IROs DEFINED AS NOT MATERIAL

Sustainability matter	IRO	Description of the IRO
CONSCIOUS NUTRITION		
Food safety	Risk	GMOs in food
Nutrition profile of our products	Impact	Affordable prices for healthy products
	Risk	Lifestyle shift to healthy food
PROTECTING NATURE		
Energy	Risk	Power outages and blackouts
Pollution	Impact	Air pollution
	Impact	Discharge and quality of water
Water	Opportunity	Water reuse
Sustainable agriculture	Impact	Biodiversity
	Impact	Animal welfare, health and testing
	Risk	Pest damage
	Risk/opportunity	Transition to organic farming and bio farming
Circular economy	Impact	Waste management
	Risk/opportunity	New circular business models
	Opportunity	Waste valorisation

Sustainability matter	IRO	Description of the IRO
ENHANCING LIVES		
Diversity, equity and inclusion	Risk	Freedom of association
	Risk	Management of lay-offs
	Risk	Workplace violence and incidents
Professional journey	Risk	Conveying culture/values
Social compliance in the value chain	Risk	Human rights in the value chain
SUSTAINABLE ORGANISATION		
Business conduct	Impact	Fair expansion of activities (geographical, acquisitions, etc.)
	Risk	Conflicts of interest
	Risk	Harassment and personal security
Sustainable business growth	Impact	Job creation
	Risk	Force majeure
Value chain management	Risk/opportunity	Opportunity/risk of having a responsible value chain management
Local community engagement	Impact	Local economic contribution
	Risk/opportunity	Improving farm economics

CHANGES TO THE MATERIAL IMPACTS, RISKS AND OPPORTUNITIES COMPARED TO THE PREVIOUS REPORTING PERIOD

We conducted the double materiality assessment during 2023, which resulted in our updated 'Strategy 2030'. The following material topics changed compared to the previous strategy:

Conscious nutrition

- **Being a leader in food safety and quality**: an emphasis on food quality was added alongside food safety.
- **Facilitating well-informed food choices**: the commitment 'Offering Clean Label products' was expanded to a broader level of transparency (impact labelling, origin of raw materials, etc.). For this reason, the title of the goal was also renamed from 'Balanced nutrition' to 'Conscious nutrition' to reflect the wider coverage.

Protecting nature

- **Taking climate action**: in addition to the emissions in our own operations, the updated strategy also emphasises the emissions in the value chain.
- **Preserving water availability**: this is a new emerging sustainability issue in our Strategy 2030.
- **Ensuring sustainable resources**: biodiversity was added as a new emerging sustainability issue, and the sourcing of packaging materials will also be included in this commitment.
- **Working towards zero waste**: this commitment was expanded to include company waste in addition to food waste.

Enhancing lives

- **Providing a diverse, equitable and inclusive workplace**: in addition to diversity and inclusion, equity has also been included in this commitment.
- **Ensuring workers' rights in our value chain**: this commitment focuses on good working conditions for the workers in the value chain. The focus on cooperation and assessment of suppliers in terms of social and environmental matters is covered by the commitment 'Partnering in the value chain'.

Sustainable organisation

Finally, a fourth supportive governance pillar was added to the sustainability strategy, under which two commitments were defined:

- **Ensuring sustainable business growth**: we ensure growth without compromising its stability, quality or values. We promote ethical behaviour and forbid bribery and corruption.
- **Partnering in the value chain**: we cooperate with customers and suppliers, and assess our suppliers in terms of social and environmental issues.

ENGAGEMENT WITH KEY STAKEHOLDERS

Key stakeholders	How the engagement is organised	Type of engagement (information, consultation or participation)	Frequency	The purpose	Most senior role responsible for the engagement	How is the outcome taken into account?	The adjustments made/ planned (timeline) to the strategy and/or business model to be in line with stakeholder expectations	If applicable, the assessment of the effectiveness of the engagement	Whether and how the Board and ExCo are informed about the views and interests of the stakeholders
Associates	Associate Engagement Survey	Consultation	Yearly	Understand the engagement evolution & gaps to close	CEO/CHRO	More than 300 actions defined to close gaps	Feeds the HR strategy, adapting to the expectations	Short- and long-term progress for 13 topics	ExCo: twice per year Board: annually
	Diversity and inclusion survey	Consultation	Yearly	Understand the perception of diversity, equity and inclusion & gaps to close	CHRO	Specific actions in function of survey results; topical deep dives (e.g. reward)	Feeds the DEI action plans and strategy	Short- and long-term progress measured for different minorities (gender, ethnicity, age, ...) on different topics (representation, reward training, ...)	ExCo/Board: annually
	SpeakUp tool	Participation	Continuous	Ensure our people can flag unethical behaviour through appropriate channels	CHRO/CLO	Correct via specific actions to solve the situation and define long-term actions	Patterns in incidents will lead to long-term actions and/or changes in policies	Evolution of SpeakUp incidents	Board/ExCo (audit committee) on quarterly base (ad hoc if required)
	Anonymous enquiry after projects	Consultation	Ad hoc in function of the timing and size of the projects	Ensure we understand how implemenation of initiatives are experienced by our people.	Project sponsors/ CHRO	Project sponsors/CHRO Take corrective actions (resources, communcation, project strategy, ...)	Take corrective actions (resources, communcation, project strategy, ...)	Evolution in the feedback received	ExCo ad hoc
	Double materiality assessment	Participation		To define the material matters of Vandemoortele	Board of Directors/ExCo	Basis for the sustainability strategy			Presentation of the views during Board meeting
Suppliers	Double materiality assessment	Participation		To define the material matters of Vandemoortele	Board of Directors	Basis for the sustainability strategy			Presentation of the views during Board meeting
	SpeakUp tool	Participation	Continuous	Ensure external stakeholders can flag unethical behaviour through appropriate channels	CHRO/CLO	Correct via specific actions to solve the situation and define long-term actions	Patterns in incidents will lead to long-term actions and/or changes in policies	Evolution of SpeakUp incidents	Board/ExCo (audit committee) on quarterly base (ad hoc if required)
	Via EPI tool	Participation	Questionnaire every 2 years; dialogues every year	Ensure correct progress and implementation of NDPE commitment and opportunity to challenge for additional improvements	Group Sustainability manager & Raw Materials Manager	The outcome of the questionnaire forms the basis for the yearly dialogues, and it results in an agreed action plan to be followed up until following questionnaire	Strengthens the collaboration with suppliers and the discussions will lead to long-term actions upstream the supply chain	Short- and long-term progress against 8 topics	ExCo/Board: annually in the yearly report

Key stakeholders	How the engagement is organised	Type of engagement (information, consultation or participation)	Frequency	The purpose	Most senior role responsible for the engagement	How is the outcome taken into account?	The adjustments made/ planned (timeline) to the strategy and/or business model to be in line with stakeholder expectations	If applicable, the assessment of the effectiveness of the engagement	Whether and how the Board and ExCo are informed about the views and interests of the stakeholders
Suppliers	EcoVadis assessment	Participation	Once per year	Audit our most critical direct suppliers on their sustainability practices	Project Sponsor/ ExCo	First outcome is the assessment of the suppliers, second is to ensure that suppliers work on the action plans to improve	Enforces the collaboration with suppliers on sustainability and the actions taken will improve visibility and performance in the whole value chain	Suppliers audited by EcoVadis, Scorecard by supplier, proof of other assessment (like Sedex)	ExCo/Board: annually
	Regular supplier meetings	Consultation	Regular	Share Vandemoortele expectations versus suppliers on all levels, including sustainability topics and update supplier status	Procurement Director	Supplier Relationship Management (SRM); Supplier Segmentation	Strengthen clear segmentation of supply base and adapted SRM	Taken on in supplier evaluation/supplier segmentation	Not informed
	Vendor rating	Consultation	Once per year	Vendor rating of all direct suppliers done with the sites and results shared later on with suppliers for action	Procurement Director	Vendor rating file, sharing results with suppliers	Aims to improve supplier performance	Actions identified with suppliers for improvement	Not informed
	SBTi scope 3 emission reduction through supplier engagement	Consultation	Once per year	Programme to engage our suppliers also on SBTi commitment to reduce our non-FLAG scope 3 emissions	ExCo	Report to be created	Ensuring that a maximum of our critical suppliers will also engage on SBTi which will help to achieve our SBTi targets (non-FLAG scope 3)	Number of suppliers engaged versus baseline	ExCo/Board: annually
Customers	Customer satisfaction survey	Consultation	Every 2 years	Ensure customer centricity and improve our customer satisfaction and relationship	ExCo	Local plans include specific actions depending on customer's priority level	Feeds the commercial plans and strategies	Every 2 years survey to track NPS	ExCo/Board: annually
	Social media	Consultation	Continuous		ExCo		Feeds our communication strategies	Continuous	ExCo/Board: ad hoc
	Market research	Consultation	Continuous	Ensure customer and consumer centricity, market dynamics and trends, and brand and innovations development	ExCo	Actions included in the Strategic plans and the Objectives, Goals, Strategies And Measures (OGSAM)	Feeds the commercial plans and strategies	Continuous	ExCo/Board: ad hoc
	Direct engagement	Information	Every year	TOP2TOP meeting to ensure stronger engagement with key customers	GM	Local plans include specific actions depending on customer's priority level	Feeds the commercial plans and strategies	Continuous	ExCo
	Double materiality assessment	Participation		To define the material matters of Vandemoortele	Board of Directors	Basis for the sustainability strategy			Presentation of the views during Board meeting
	SpeakUp tool	Participation	Continuous	Ensure external stakeholders can flag unethical behaviour through appropriate channels	CHRO/CLO	Correct via specific actions to solve the situation and define long-term actions	Patterns in incidents will lead to long-term actions and/or changes in policies	Evolution of SpeakUp incidents	Board/ExCo (audit committee) on quarterly base (ad hoc if required)

Key stakeholders	How the engagement is organised	Type of engagement (information, consultation or participation)	Frequency	The purpose	Most senior role responsible for the engagement	How is the outcome taken into account?	The adjustments made/ planned (timeline) to the strategy and/or business model to be in line with stakeholder expectations	If applicable, the assessment of the effectiveness of the engagement	Whether and how the Board and ExCo are informed about the views and interests of the stakeholders
Workers in the value chain	Via projects on the ground	Participation	Continuous	Help providing workers in the value chain with fair working conditions and trainings also on environmental aspects	Group Sustainability Manager	Input from the projects are used to evaluate if further actions need to be implemented	Engagement will lead to long-term positive transformation of supply chain		ExCo/Board: annually in the yearly report
	SpeakUp tool	Participation	Continuous	Ensure external stakeholders can flag unethical behaviour through appropriate channels	CHRO/CLO	Correct via specific actions to solve the situation and define long-term actions	Patterns in incidents will lead to long-term actions and/or changes in policies	Evolution of SpeakUp incidents	Board/ExCo (audit committee) on quarterly base (ad hoc if required)
Consumers	Market research	Consultation	Continuous	Ensure customer and consumer centricity, market dynamics and trends, and brand and innovations development	ExCo	Actions included in the strategic plans and the OGSAM	Feeds the commercial plans and strategies	Continuous	ExCo/Board: ad hoc
	SpeakUp tool	Participation	Continuous	Ensure external stakeholders can flag unethical behaviour through appropriate channels	CHRO/CLO	Correct via specific actions to solve the situation and define long-term actions	Patterns in incidents will lead to long-term actions and/or changes in policies	Evolution of SpeakUp incidents	Board/ExCo (audit committee) on quarterly base (ad hoc if required)
Local/ affected communities	Project on the ground	Participation	Continuous	Help providing local communities with tools and trainings on sustainable production	Group Sustainability Manager	Input from the projects are used to evaluate if further actions need to be implemented	Engagement will lead to long-term positive transformation of supply chain		ExCo/Board: annually in the yearly report
	SpeakUp tool	Participation	Continuous	Ensure external stakeholders can flag unethical behaviour through appropriate channels	CHRO/CLO	Correct via specific actions to solve the situation and define long-term actions	Patterns in incidents will lead to long-term actions and/or changes in policies	Evolution of SpeakUp incidents	Board/ExCo (audit committee) on quarterly base (ad hoc if required)
Investors/ banks	Double materiality assessment	Participation		To define the material matters of Vandemoortele	Board of Directors	Basis for the sustainability strategy			Presentation of the views during Board meeting
	SpeakUp tool	Participation	Continuous	Ensure external stakeholders can flag unethical behaviour through appropriate channels	CHRO/CLO	Correct via specific actions to solve the situation and define long term actions	Patterns in incidents will lead to long term actions and/or changes in policies	Evolution of SpeakUp incidents	Board/ExCo (audit committee) on quarterly base (ad hoc if required)
NGOs, government and international organisations	Double materiality assessment	Participation		To define the material matters of Vandemoortele	Board of Directors	Basis for the sustainability strategy	Feeds the sustainability strategy, adapting to expectations	Evolution in the feedback received	Presentation of the views during Board meeting
	SpeakUp tool	Participation	Continuous	Ensure external stakeholders can flag unethical behaviour through appropriate channels	CHRO/CLO	Correct via specific actions to solve the situation and define long-term actions.	Patterns in incidents will lead to long-term actions and/or changes in policies	Evolution of SpeakUp incidents	Board/ExCo (audit committee) on quarterly base (ad hoc if required)
	Meetings and events	Participation	Continuous	Understand and follow changes of the sustainability landscape	ExCo member ad hoc	Evaluate if the news or feedback can be incorporated in the strategy to keep the ambition level	Short- and long-term actions feeding the action plan of relevant targets		ExCo ad hoc

OUR ASSOCIATES' SHORT-TERM INCENTIVES

The calculation of our associates' short-term incentives (STIs) depends in part on the following sustainability targets. Due to the update of our sustainability strategy, certain sustainability targets will no longer be included as a component of the STIs, and new targets will be added.

STRATEGY 2025	STRATEGY 2030
Vol% Clean Label BP products	Vol% Clean Label BP products
Innovations (OTIF) in terms of health and plant-based in PBFS	Vol% plant-based products in PBFS
% GFSI principle compliance (suppliers, traders & logistic partners)	% GFSI principle compliance (ingredients, raw materials, packaging suppliers, traders & logistics partners)
% unannounced GFSI certification (Vandemoortele operations)	% unannounced GFSI certification (Vandemoortele operations)
% reduction food safety complaints	% reduction food safety complaints
% r-PET	% recycled PET per packaging unit (brands)
% total energy intensity reduction in BP	% total energy intensity reduction in BP
% total energy intensity reduction in PBFS	% total energy intensity reduction in PBFS
% CO_2 intensity reduction in transport & mobility (scope 1 & 3)	% total energy intensity reduction GROUP
% CO_2 intensity reduction in production (GROUP – scope 1 & 2)	
% water intensity reduction (excluding ingredient water) GROUP	% reduction of water consumption (excluding ingredient water)
% food loss in BP – scrap reduction (total production scrap + total rejected + commercial obsoletes)	% reduction food loss intensity (food loss/ volume sold) in BP
% Food loss in PBFS – scrap reduction (total production scrap + total rejected + commercial obsoletes)	% reduction food loss intensity (food loss/ volume sold) in PBFS
Safety Management score	Safety Management score
Safety System score	
Average hours of training per associate	Average hours of training per associate category
% reduction pay gap	Inclusive workplace score AES*
Well-being index AES*	Well-being index AES*
% of critical suppliers verified according to our sustainability criteria (EcoVadis, Sedex, etc.)	% of centrally managed critical direct suppliers verified according to our sustainability criteria
% direct active suppliers who have accepted/signed our Supplier Code of Conduct	% of our associates who received training on the Code of Conduct and Whistleblowing
	Collaborations with customers
	Finance & IT initiatives to support sustainability
	Master data initiatives to support sustainability

* Associate Engagement Survey.

THE LIST OF IROs ADDRESSED BY THE BOARD AND EXCO

The list of material impacts, risks and opportunities addressed by the Board and the ExCo during the workshop included:

Environmental
- **Water**: fundamental for production processes. Good water management is key.
- **Responsible sourcing**: sourcing flour and wheat in a sustainable way is very important. We also collaborate with suppliers on regenerative agriculture.
- **Scope 3 emissions**: one of the most important topics. Strategic partnerships are crucial to reduce indirect emissions. Enhancing consumer awareness is also essential.

Social
- **Training**: becomes ever more important in attracting new associates and offering existing associates new opportunities. Associates should have a say in their training opportunities.
- **Fair wages**: this is the most important argument for candidates to choose an employer, according to our Board members.
- **Work-life balance**: this may be different for each associate. It is important to listen to the associates and let them have a say in their work schedule (weekends, morning or evening shifts, telework, etc.).

Nutrition
- **Balanced portfolio**: we need to follow consumer needs. Both our indulgence categories and our health categories are growing. Within each category, we should have a balanced portfolio.
- **Plant-based or Clean Label**: the ideal food product is plant-based and Clean Label. Plant-based products, a large concern for consumers today, are a primary focus.
- **Food safety**: our ambition and performance levels are good. However, our high safety standards lead to more food waste, which we have to take into account.

Governance
- **Sourcing**: we want to improve our sourcing strategy, our supplier management, and our supplier audits. Simply asking our suppliers to sign a Code of Conduct is not enough; we need to go further, both to meet new regulations and satisfy our customers.

ADDITIONAL CSRD REQUIREMENTS ON POLICIES

In 2023, we established a system in which all policies – or changes to policies – must be validated by an ExCo member before being published.

Policy	Related IRO	Scope	The third-party standards or initiatives referred to in the policy	The interests of key stakeholders that have been taken into account	How the policy is available
GOAL 1: CONSCIOUS NUTRITION					
Our position on sugar	• Consumer health • Changing consumer behaviour	Bakery Products	World Health Organization		On the Vandemoortele website
Our position on saturated fats	• Consumer health • Changing consumer behaviour	Both business lines	World Health Organization		On the Vandemoortele website
Our position on trans fats	• Consumer health • Changing consumer behaviour	Both business lines	European Commission		On the Vandemoortele website
Our position on plant-based/ vegan	• Plant-based diet • Changing consumer behaviour	Both business lines	The European Vegetarian Union (EVU), ISO 23662:2021 or the Publicly Available Specification (PAS) Guideline, the paper 'Plant-based diets and their impact on health, sustainability and the environment' by the WHO European Office for the Prevention and Control of Noncommunicable Diseases		On the Vandemoortele website
Our definition and position on Clean Label	• Product transparency				On the Vandemoortele website
GOAL 2: PROTECTING NATURE					
Vandemoortele palm oil sourcing commitment	• Responsible sourcing and purchasing • Deforestation • Product traceability • Regenerative agriculture • Biodiversity loss	Palm oil supply chain; applicable to both our own operations and those upstream	RSPO		On the Vandemoortele website
Vandemoortele soya sourcing commitment	• Responsible sourcing and purchasing • Deforestation • Product traceability • Regenerative agriculture • Biodiversity loss	Soya supply chain; applicable to both our own operations and those upstream	RTRS		On the Vandemoortele website

Policy	Related IRO	Scope	The third-party standards or initiatives referred to in the policy	The interests of key stakeholders that have been taken into account	How the policy is available
Vandemoortele egg sourcing commitment	• Responsible sourcing and purchasing				On the Vandemoortele website
Vandemoortele paper and cardboard sourcing commitment	• Responsible sourcing and purchasing • Deforestation • Biodiversity loss	Paper and cardboard supply chain; applicable to both our own operations and those upstream	FSC and PEFC		On the Vandemoortele website
Environmental charter	• Own greenhouse gas emissions (scope 1 & 2) • Energy management • Water consumption • Food waste • Sustainable resource use	All sites			On the Vandemoortele website
Food waste policy	• Food waste	All sites			On the internal sharepoint of Vandemoortele*
GOAL 3: ENHANCING LIVES					
Quality charter	• Product safety • Safety errors • Hazardous substances • Quality products • Poor quality of the products		International Food Standard (IFS) or the British Retail Consortium (BRC) and GMP-feed		On the internal sharepoint of Vandemoortele*
Personal Development: Training & Learning commitment	• Talent retention • Career development • Training • War for talent • No opportunities for career development	All Vandemoortele associates worldwide		The policy is based on academic references, insights from the Associate Engagement Survey, management documents (business strategy, etc.)	On the internal sharepoint of Vandemoortele*
Diversity and inclusion policy	• Female empowerment • Digital inclusion • Diversity and inclusion • Shifting demographics	All Vandemoortele associates worldwide		The policy was written based on best practices of other companies, scientific articles and on the learnings from our surveys	On the internal sharepoint of Vandemoortele*
Our Health & Safety commitment	• Safety and ergonomics • Health and safety issues	All associates and visitors	ISO 45001 Health & Safety Management standard		On the internal sharepoint of Vandemoortele*
Our Code of Business conduct	• Mental health	All associates	Willis Towers Watson (engagement results)	Through the output of the Associate Engagement Survey	On the Vandemoortele website

* The internal sharepoint is accessible to all associates with a Vandemoortele e-mail address (70% of all associates, including temporary associates)

Policy	Related IRO	Scope	The third-party standards or initiatives referred to in the policy	The interests of key stakeholders that have been taken into account	How the policy is available
GOAL 4: SUSTAINABLE ORGANISATION					
Supplier Code of Conduct	• Responsible supply chain management • Partnerships in the supply chain • Opportunities of partnerships in the supply chain • Stakeholder dialogue • Communication	All centrally managed direct suppliers	The UN Global Compact		On the Vandemoortele website
Supplier onboarding procedure	• Responsible supply chain management • Partnerships in the supply chain • Opportunities of partnerships in the supply chain	All centrally managed direct suppliers			On the internal sharepoint*
Code of Corporate Governance	• Integrity and business ethics • Ethical business conduct	All stakeholders	In line with requirements of applicable Corporate Governance Codes and other applicable legislation		Available on internal sharepoint* & external website
Code of Business Conduct and Ethics	• Integrity and business ethics • Ethical business conduct • Grievance mechanism and whistleblowing procedure • Fair and free competition • Cybersecurity and data privacy • Protection of intellectual property	All stakeholders and all geographies	United Nations Convention against Corruption and general standards that are required by many stakeholders in various jurisdictions		Internal e-learnings. Available on internal sharepoint* and external website
Human Rights Policy	• Integrity and business ethics • Ethical business conduct	All stakeholders	The Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights		Available on internal sharepoint*
VWhistleblowing procedure	• Grievance mechanism and whistleblowing procedure	All stakeholders	In line with applicable legislation and expectations of stakeholders		Internal e-learnings. Available on internal sharepoint* and external website

* The internal sharepoint is accessible to all associates with a Vandemoortele e-mail address (70% of all associates, including temporary associates)

CHANGES IN TARGETS AND CORRESPONDING METRICS

CONCERNS OF OUR STAKEHOLDERS	HOW WE RESPONDED
Conscious nutrition	
10 vol% salt reduction in Bakery Products	Decreasing the salt level has a significant impact on taste. We have decided on a gradual salt reduction to give consumers time to adapt, in order to avoid losing market share. Therefore, the 2025 target of 15% reduction versus 2019 was adapted to a 10% reduction by 2030.
10 vol% sugar reduction in pastry, sweet treats & patisserie	Lowering salt and sugar levels at the same time is quite a challenge, especially since we are not prepared to compromise on taste. By extending our sugar reduction process by five years, we want to keep pace with the market and give consumers time to adjust.
% increase of breads with health or nutrition claim (number %)	The number of standard bread references is high, so increasing the number of breads with health claims has a very small effect on the percentage of breads with health claims versus the total number of bread references. For this reason, we have decided to continue creating wholesome products, but to stop expressing this target.
% increase of products with claim high in UFA + other claim in spreading & cooking (number %)	The number of PBFS products with health claim has increased significantly in recent years. We now offer a wide range of products with extra vitamins, minerals or omega-3, and therefore we will no longer follow this target.
Better Nutri-Score®: % shift in spreading & cooking (number %)	From 2024 onwards, a new algorithm will be used to calculate Nutri-Scores®. As a result, nearly all of our spreading references will receive a Nutri-Score® C. Since making a significant difference will become very hard, we have decided to no longer follow this target.
75 vol% plant-based products in PBFS	A new target defined within the updated sustainability strategy.
80 vol% Clean Label in Bakery Products	We do not want to remove extra food additives if this means we have to compromise on taste, or if it increases the risk of food waste. Therefore, 100% Clean Label is simply not possible, and the target of 2025 will be retained for another five years, until 2030.
10% reduction in food safety complaints	Our operations have changed drastically since 2016 (in terms of software, production plants, etc.). Comparing our new food safety achievements to 2020 instead of 2016 will give us more relevant data. It also allows us to work on optimising/automating the reporting of the KPI, as the data can be made available in Power BI.
Protecting nature	
100% sustainable-certified palm oil	Our new strategy extends the scope of this target. From 2024, we will monitor this KPI not only for consumer and professional brands (excluding industry) but for the entire Vandemoortele portfolio.
100% of the verified environmental grievances related to palm and cocoa have an action plan	From 2024, the scope of the target will be extended to our key commodities, instead of being related exclusively to palm and cocoa.
% recyclable, reusable packaging and compostable packaging	This target is no longer part of our 2030 strategy as compostable packaging is restricted by EU legislation and currently not applicable to our product portfolio. In addition, we expect many changes in the definition of 'recyclable'. In 2027, the EU will propose definitions and a checklist to determine recyclability per packaging unit. So at that time we will have to redefine this target anyway.
% recycled PET	The target on r-PET will be adapted to 30% recycled PET per packaging unit (brands) by 2027, instead of for all PET packaging.

CONCERNS OF OUR STAKEHOLDERS	HOW WE RESPONDED
% reduction food loss intensity (food loss / volume sold) for BP and PBFS	As of next year (data 2024 – report 2025), the following changes will apply to the food loss target in order to make it broader, more robust, aligned and transparent. The target consists of three elements: 1. mass balance: uniform definition based on product losses during the production process but excluding overweight; 2. post-production losses in the plant and warehouse due to product non-conformities; 3. commercial obsoletes. The latter two elements will be calculated by tracking product movements in the ERP systems of our sites and warehouses. These systems were changed and upgraded throughout the course of 2020, and therefore the baseline year of this target will be switched to 2021, to ensure uniform reporting. We have defined a new target for food loss in PBFS, namely a 6.3% reduction compared to 2021. The adjustment was necessary to cope with stricter legal and customer demands in terms of allergen management. In addition, producing smaller batches often results in higher food losses. We have also introduced a new food loss reduction target for BP: by 2030, we now aim for a 30% reduction compared to 2021.
Enhancing lives	
% associates per associate category that followed at least one training	In order to focus on our updated 2030 strategy, we will stop reporting this KPI externally. However, it will still be monitored internally.
% associates per gender that followed at least one training	In order to focus on our updated 2030 strategy, we will stop reporting this KPI externally. However, it will still be monitored internally.
% of associates per gender who adhere to P&DMP	In order to focus on our updated 2030 strategy, we will stop reporting this KPI externally. However, it will still be monitored internally. To date, no significant difference has been found. In the future, we will focus on generations, ethnicity, beliefs, etc., in addition to gender.
100% of grievances on social issues related to our key commodities have an action plan by 2030	The updated 2030 strategy has broadened the scope of the target for grievances; from solely grievances about palm oil, we will now monitor grievances about three commodities: palm oil, cocoa and soya.
5 collaborations with customers	This is a new target in the 2030 sustainability strategy.
100% of our associates received training on the Code of Conduct and the whistleblowing procedure	As part of our sustainability strategy update, we have set a new target to promote the correct conduct of associates.

FULL EU TAXONOMY REPORT

	Year 2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	**Code(s) (2)**	**Turnover (3)**	**Proportion of turnover (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)**	**Enabling activity (19)**	**Category transitional activity (20)**
		In thousands EUR	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
TURNOVER																			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	Y	0%		
	Of which enabling	€0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	Y	0%	E	
	Of which transitional	€0	0.0%	0.0%						N	N	N	N	N	N	Y	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		**€0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		€1,924,624	100%																
Total (A + B)		**€1,924,624**	**100%**																

The total reconciles to the total turnover 2023 as disclosed in the line "total external revenue" in note 5.1 of the financial statements.

	Year 2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Enabling activity (19)	Category transitional activity (20)
		In thousands EUR	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
CAPEX																			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)*																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	Y	0%		
	Of which enabling	€0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	Y	0%	E	
	Of which transitional	€0	0.0%	0.0%						N	N	N	N	N	N	Y	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
WTR 2.2 Urban waste water treatment	WTR 2.2	€696	0.8%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								0.8%		
CCM 6.6 / CCA 6.6 Freight transport services by road	CCM 6.6 / CCA 6.6	€326	0.4%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
CCM 7.2 / CCA 7.2 / CE 3.2 Renovation of existing buildings	CCM 7.2 / CCA 7.2 / CE 3.2	€2,213	2.5%	EL	EL	N/EL	N/EL	EL	N/EL								0.6%		
CCM 7.7 / CCA 7.7 Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	€8,987	10.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								8.2%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€12,222	13.8%	13.1%	13.1%	0.8%	0.0%	2.5%	0.0%								9.6%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		**€12,222**	**13.8%**	**13.1%**	**13.1%**	**0.8%**	**0.0%**	**2.5%**	**0.0%**								**9.6%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		€76,152	86.2%																
Total (A + B)		**€88,374**	**100%**																

The total reconciles to the total of investment acquisitions of 2023 as disclosed in notes 16 and 17 of the financial statements.
* Activities meeting the eligibility criteria of multiple objectives are only counted once.

	Year 2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	**Code(s) (2)**	**Turnover (3)**	**Proportion of turnover (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)**	**Enabling activity (19)**	**Category transitional activity (20)**
		In thousands EUR	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
OPEX																			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	Y	0%		
	Of which enabling	€0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	Y	0%	E	
	Of which transitional	€0	0.0%	0.0%						N	N	N	N	N	N	Y	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		**€0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		€18,486	100%																
Total (A + B)		**€18,486**	**100%**																

(#) Refers to the reference as included in the mandatory reporting table for non-financial undertakings as required in accordance with the reporting delegated regulation.

Disclosures in relation to specific energy sectors

DISCLOSURE 1: NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES	
Nuclear energy related activities	**Answer**
1. The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2. The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3. The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities	
4. The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5. The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6. The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

DISCLOSURE 2: TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR)							
Economic activities		**Amount and proportion**					
		CCM + CCA		**Climate change mitigation (CCM)**		**Climate change adaptation (CCA)**	
	KPI	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
1. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
2. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
3. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
4. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
5. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
6. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%

7. Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	Turnover CapEx OpEx	€0 €0 €0	0% 0% 0%	€0 €0 €0	0% 0% 0%	€0 €0 €0	0% 0% 0%
8. Total applicable KPI	**Turnover** **CapEx** **OpEx**	**€0** **€0** **€0**	**0%** **0%** **0%**	**€0** **€0** **€0**	**0%** **0%** **0%**	**€0** **€0** **€0**	**0%** **0%** **0%**

DISCLOSURE 3: TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR)

Economic activities	KPI	Amount and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI		€0	0%	€0	0%	€0	0%
2. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI		€0	0%	€0	0%	€0	0%
3. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI		€0	0%	€0	0%	€0	0%
4. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI		€0	0%	€0	0%	€0	0%
5. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI		€0	0%	€0	0%	€0	0%
6. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI		€0	0%	€0	0%	€0	0%
7. Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	Turnover CapEx OpEx	€0 €0 €0	0% 0% 0%	€0 €0 €0	0% 0% 0%	€0 €0 €0	0% 0% 0%
8. Total applicable KPI	**Turnover** **CapEx** **OpEx**	**€0** **€0** **€0**	**0%** **0%** **0%**	**€0** **€0** **€0**	**0%** **0%** **0%**	**€0** **€0** **€0**	**0%** **0%** **0%**

DISCLOSURE 4: TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES							
Economic activities	KPI	Amount and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount in thousands EUR	%	Amount in thousands EUR	%	Amount in thousands EUR	%
1. Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
2. Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KP		€0	0%	€0	0%	€0	0%
3. Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
4. Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
5. Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
6. Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
7. Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activity not referred to in rows 1 to 6 above in the denominator of the applicable KPI	Turnover CapEx OpEx	€0 €12,222 €0	0% 13.8% 0%	€0 €12,222 €0	0% 100% 0%	€0 €12,222 €0	0% 100% 0%
8. Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI	**Turnover CapEx OpEx**	**€0 €12,222 €0**	**0% 13.8% 0%**	**€0 €12,222 €0**	**0% 100% 0%**	**€0 €12,222 €0**	**0% 100% 0%**

DISCLOSURE 5: TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES			
Economic activities		**Amount and proportion**	
		CCM + CCA	
	KPI	**Amount in thousands EUR**	**%**
1. Amount and proportion of economic activity referred to in row 1 of Disclosure 1 in relation to specific energy sectors that is Taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%
2. Amount and proportion of economic activity referred to in row 2 of Disclosure 1 in relation to specific energy sectors that is Taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%
3. Amount and proportion of economic activity referred to in row 3 of Disclosure 1 in relation to specific energy sectors that is Taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%
4. Amount and proportion of economic activity referred to in row 4 of Disclosure 1 in relation to specific energy sectors that is Taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%
5. Amount and proportion of economic activity referred to in row 5 of Disclosure 1 in relation to specifi energy sectors that is Taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%
6. Amount and proportion of economic activity referred to in row 6 of Disclosure 1 in relation to specific energy sectors that is Taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%
7. Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	Turnover CapEx OpEx	€1,924,624 €76,152 €18,486	100% 86.2% 100%
8. Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI	**Turnover** **CapEx** **OpEx**	**€1,924,624** **€76,152** **€18,486**	**100%** **86.2%** **100%**

SHAPING A TASTY FUTURE SUSTAINABLY

FINANCIAL REPORT

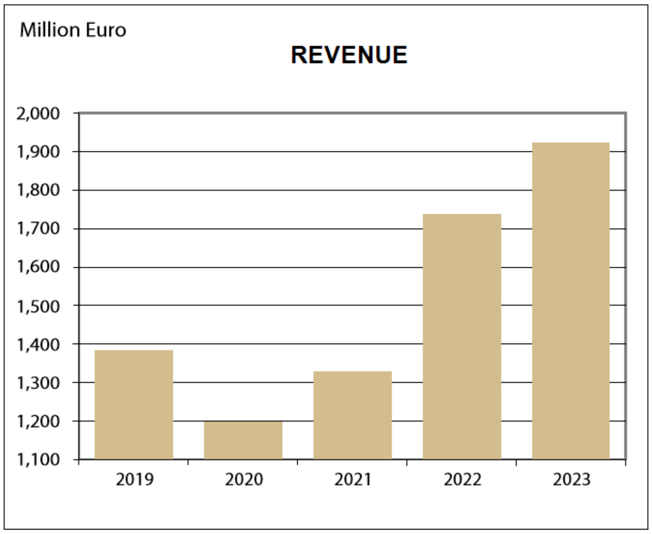
YEAR RESULTS 2023

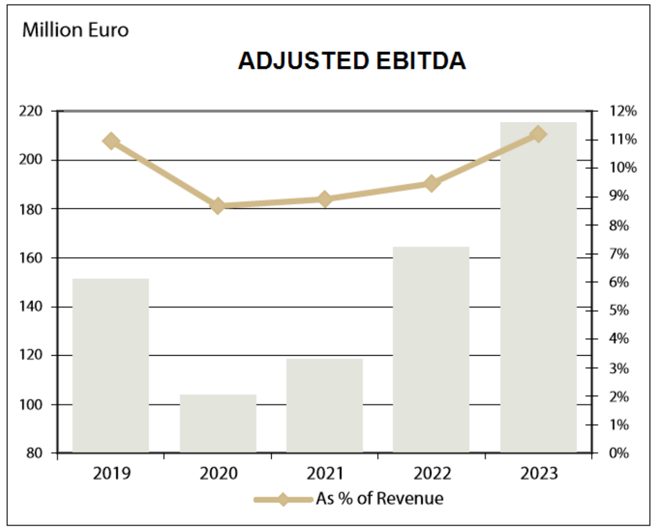
Vandemoortele

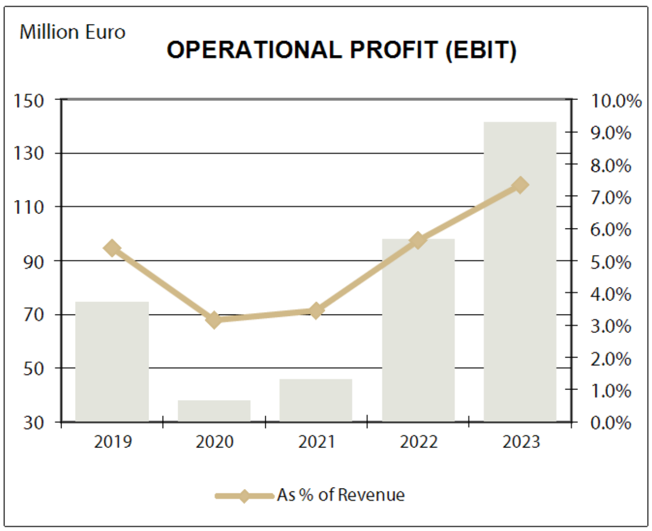
KEY FINANCIAL FIGURES

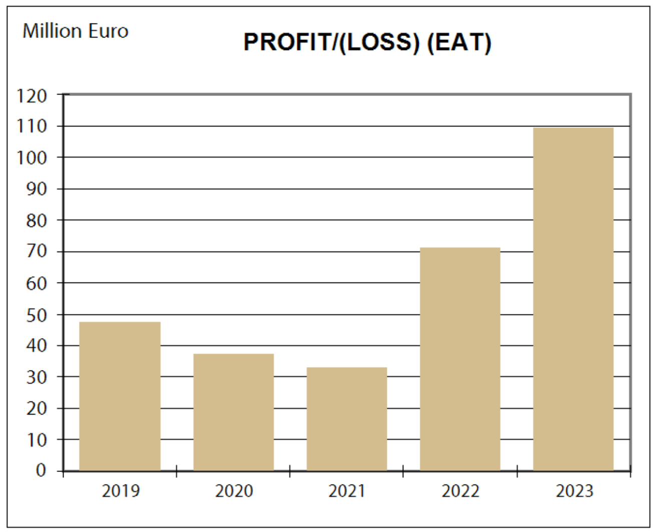
KEY FINANCIAL FIGURES (1) MILLION EURO	2019	2020	2021	2022	2023
Revenue	**1,384**	**1,197**	**1,330**	**1,739**	**1,925**
Adjusted EBITDA	**152**	**104**	**119**	**165**	**216**
Depreciations & amortisations	-62	-60	-64	-62	-64
Adjusted EBIT	**90**	**44**	**55**	**103**	**151**
Adjusting items	-15	-6	-9	-5	-10
EBIT (profit from operations)	**75**	**38**	**46**	**98**	**141**
Depreciations, amortisations & impairments	65	61	65	65	65
EBITDA	**140**	**98**	**111**	**163**	**206**
Net financial income / (expense)	-14	-8	-5	-5	-7
Result according to the equity method	5	0	0	0	0
Gain on disposal of equity accounted investments	0	26	0	0	0
Pre-tax current profit/(loss)	**66**	**56**	**41**	**93**	**134**
Income tax expense	-18	-19	-8	-21	-25
Profit/(loss) from continuing operations	**48**	**37**	**33**	**71**	**109**
Profit/(loss) (EAT)	**48**	**37**	**33**	**71**	**109**
Net fixed assets (NFA)	622	622	606	578	603
Working capital need (WCN)	15	31	8	78	18
Assets held for sale	25	0	0	0	0
Capital employed	**661**	**653**	**613**	**656**	**621**
Senior net financial debt (SNFD)	170	133	92	34	2
Subordinated debt	75	75	75	126	51
Net financial debt (NFD)	**245**	**208**	**167**	**160**	**53**
Equity	403	423	437	492	562
Provisions, employee benefit obligation, deferred taxes and derivatives	13	22	9	4	6
Capital provided	**661**	**653**	**613**	**656**	**621**
Ratio's					
Adjusted EBITDA / Revenue	11.0%	8.7%	8.9%	9.5%	11.2%
Adjusted EBIT / Revenue	6.5%	3.6%	4.1%	5.9%	7.9%
Net profit (loss) / Revenue	3.4%	3.1%	2.5%	4.1%	5.7%
NFD / Equity	61%	49%	38%	33%	9%
NFD / Adjusted EBITDA	1.6	2.0	1.4	1.0	0.2
SNFD / Equity	42%	32%	21%	7%	0%
SNFD / Adjusted EBITDA	1.1	1.3	0.8	0.2	0
Adjusted EBIT / Capital employed	13.6%	6.7%	9.0%	15.7%	24.3%
Capital Expenditures	57	58	40	48	78

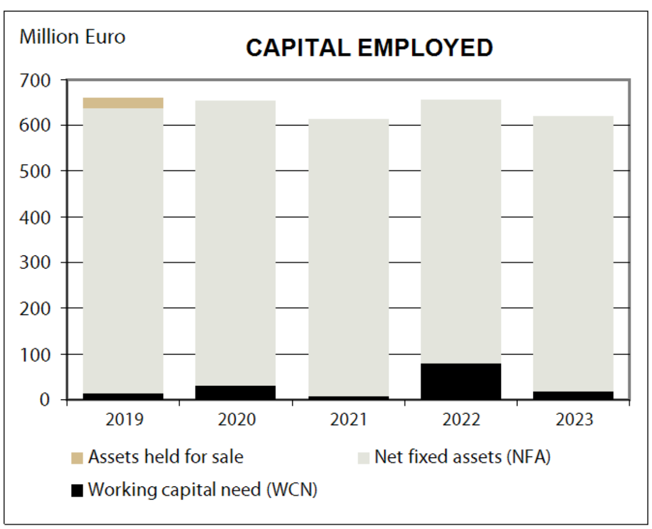
(1) The definitions of the key financials used are specified in note 4

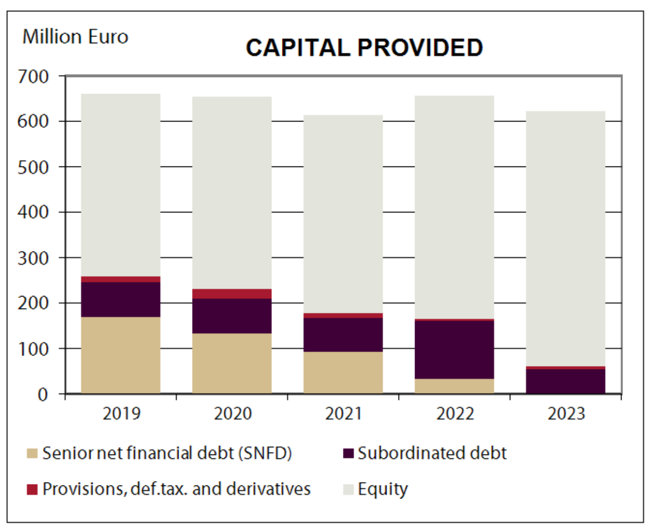

Million Euro
REVENUE
2,000
1,900
1,800
1,700
1,600
1,500
1,400
1,300
1,200
1,100
2019
2020
2021
2022
2023


Million Euro
ADJUSTED EBITDA
220
200
180
160
140
120
100
80
12%
11%
10%
9%
8%
7%
6%
5%
4%
3%
2%
1%
0%
2019
2020
2021
2022
2023
As % of Revenue


Million Euro
OPERATIONAL PROFIT (EBIT)
150
130
110
90
70
50
30
10.0%
9.0%
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
2019
2020
2021
2022
2023
As % of Revenue


Million Euro
PROFIT/(LOSS) (EAT)
120
110
100
90
80
70
60
50
40
30
20
10
0
2019
2020
2021
2022
2023


Million Euro
CAPITAL EMPLOYED
700
600
500
400
300
200
100
0
2019
2020
2021
2022
2023
Assets held for sale
Net fixed assets (NFA)
Working capital need (WCN)


Million Euro
CAPITAL PROVIDED
700
600
500
400
300
200
100
0
2019
2020
2021
2022
2023
Senior net financial debt (SNFD)
Subordinated debt
Provisions, def.tax. and derivatives
Equity

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December THOUSAND EURO		2023	2022
Revenue		**1,924,624**	**1,738,893**
Raw materials and consumables used and goods for resale		(1,047,784)	(1,067,594)
Changes in inventories of finished goods and work in progress		(14,444)	53,327
Services	6	(359,309)	(287,597)
Employee benefit expenses	7	(311,437)	(287,377)
Depreciation and amortisation	8	(64,421)	(61,812)
Impairment loss (scope IAS 36)	8	(490)	(2,846)
Write-down on inventories and receivables	8	(853)	(3,057)
Change in provisions	9	(1,600)	(755)
Other operating income	10	30,818	29,097
Other operating expenses	11	(13,627)	(12,341)
Profit/ (loss) from operations		**141,476**	**97,935**
Financial Income	12	5,983	10,125
Financial Expense	13	(13,424)	(15,414)
Profit/ (loss) before tax		**134,036**	**92,647**
Income tax (expense)	14	(24,706)	(21,452)
Profit/ (loss) from continuing operations		**109,330**	**71,195**
Profit/loss		**109,330**	**71,195**
Profit/loss attributable to the owners of the parent		109,330	71,195

As the shares are not traded upon a public market, the standard IAS 33, § 66/70 relating the presentation and disclosure of the basic or diluted earnings per share and the weighted average number of ordinary shares is not applicable.

OTHER COMPREHENSIVE INCOME

For the year ended 31 December THOUSAND EURO		2023	2022
Profit/(loss) for the year		**109,330**	**71,195**
Other comprehensive income		**1,958**	**10,309**
Items that may be reclassified subsequent to profit or loss:		**4,249**	**4,202**
Cash flow hedges, net of tax	23.6	(1,425)	5,508
Currency translation differences	23.3	5,675	-1,307
Items that will not be reclassified subsequent to profit or loss:		**(2,291)**	**6,107**
Remeasurements of defined benefit obligations, net of tax	28	(2,291)	6,107
Total comprehensive income for the year		**111,288**	**81,504**
- attributable to the owners of the parent company		111,288	81,504

CONSOLIDATED BALANCE SHEET

For the year ended 31 December THOUSAND EURO	Note	2023	2022
Assets			
Goodwill	15	199,329	199,329
Intangible assets	16	5,262	5,925
Property, plant & equipment	17	398,257	372,256
Derivatives	27	1,271	5,183
Deferred tax assets	19	37,783	32,661
Other financial assets		27	30
Other assets	20	3,035	2,858
Non-current assets		**644,964**	**618,242**
Inventories	21	179,177	203,277
Trade and other receivables	18	270,610	275,296
Derivatives	27	1,489	5,728
Cash and cash equivalents	22	43,687	38,559
Other assets	20	6,122	12,929
Current assets		**501,085**	**535,789**
Total Assets		**1, 146,049**	**1, 154,031**
Equity and liabilities			
Share capital	23	79,365	79,365
Retained earnings & reserves	23	482,338	412,490
Equity		**561,703**	**491,856**
Borrowings	24	84,549	110,643
Deferred tax liabilities	19	18,391	18,091
Employee benefits	28	17,747	15,083
Provisions	29	8,747	7,147
Other non-current liabilities	30	5,108	4,964
Non-current liabilities		**134,542**	**155,926**
Borrowings	24	11,965	87,602
Current tax		13,939	9,459
Derivatives	27	1,748	7,718
Employee benefits	28	51,331	44,028
Trade payables and other liabilities	30	370,821	357,442
Current liabilities		**449,804**	**506,249**
Total equity and liabilities		**1, 146,049**	**1, 154,031**

CONSOLIDATED CASH-FLOW STATEMENT

For the year ended 31 December THOUSAND EURO	Note	2023	2022
Profit/ (loss) from operations (1)		**141,476**	**97,935**
Amortisation	8	2,616	2,523
Depreciation	8	61,805	59,289
Impairment loss (scope IAS 36)	8	490	2,846
EBITDA from continuing operations	4	**206,387**	**162,593**
Allocation from government grants received in previous years	10	(637)	(693)
Fair value adjustments on commodity contracts	10	57	(150)
Change in provisions	9	1,600	755
Change in long-term employee benefits		(374)	4,694
Write-down on inventories and receivables (2)	8	853	3,057
Loss / (gain) on disposals of intangible assets and PPE	10 / 11	(548)	(2,022)
Other		262	(420)
Cash flow from operating activities before changes in working capital		**207,601**	**167,815**
Decrease / (increase) in inventories		22,880	(64,788)
Decrease / (increase) in trade receivables		9,657	(58,139)
Increase / (decrease) in trade payables		11,811	53,001
Increase / (decrease) in other working capital		14,953	(8,383)
Net cash generated from operating activities		**266,902**	**89,506**
Interest received		272	284
Net interest paid		(7,700)	(8,560)
Income taxes paid		(27,454)	(14,243)
Other financial fees		2,638	4,555
Cash flow from operating activities in continuing operations		**234,657**	**71,541**
Acquisition of intangible assets	16	(942)	(861)
Acquisition of property, plant and equipment (excl. leasing)	17	(77,384)	(46,908)
Proceeds from sale of intangible assets		21	155
Proceeds from sale of property, plant and equipment		1,099	5,481
Proceeds from sale of other shares and securities other than shares		-	10,648
Government grants		796	1,582
Cash flow from investing activities in continuing operations		**(76,410)**	**(29,902)**
Proceeds from borrowings	24.5	-	75,000
Repayment of borrowings	24.5	(101,241)	(102,112)
Repayment of lease liabilities (3)	24.5	(9,522)	(9,656)
Dividends paid		(34,311)	(19,741)
Acquisition of treasury shares / Sale of own shares		(7,130)	(6,628)
Cash flow from financing activities in continuing operations		**(152,204)**	**(63,138)**
Net increase / (decrease) in cash & cash equivalents		**6,044**	**(21,499)**
Cash and cash equivalents less bank overdrafts as of 1 January	22	37,643	59,144
Effect of exchange rate fluctuations		0	(2)
Cash and cash equivalents less bank overdrafts as of 31 December	22	**43,687**	**37,643**

(1) Includes interests on leases and rent payments for low value assets, short term leases, variable lease payments and non-lease components

(2) Includes the amounts written down and recovered during the reporting year, as well as change in provision for expected losses

(3) See note 17 - movements of lease liabilities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2023						
	Attributable to owners of the parent						
THOUSAND EURO	Share Capital	Treasury Shares & Safinco certificates	Currency Translation Adjustment	Retained Earnings and Reserves	Hedging Reserves	Employee Benefits	Total Equity
As of 1 January	**79,365**	**(73,766)**	**754**	**468,672**	**5,508**	**11,323**	**491,856**
Comprehensive income							
Profit/(loss) for the year	-	-	-	109,330	-	-	109,330
Other comprehensive income	-	-	5,675	-	(1,425)	(2,291)	1,958
Total comprehensive income	**-**	**-**	**5,675**	**109,330**	**(1,425)**	**(2,291)**	**111,288**
Transactions with owners							
Movement treasury shares & Safinco certificates	-	(7,130)	-	-	-	-	(7,130)
Dividends paid	-	-	-	(34,311)	-	-	(34,311)
Total transactions with owners	**-**	**(7,130)**	**-**	**(34,311)**	**-**	**-**	**(41,441)**
As of 31 December	**79,365**	**(80,896)**	**6,429**	**543,690**	**4,083**	**9,032**	**561,703**

	2022						
	Attributable to owners of the parent						
THOUSAND EURO	Share Capital	Treasury Shares & Safinco certificates	Currency Translation Adjustment	Retained Earnings and Reserves	Hedging Reserves	Employee Benefits	Total Equity
As of 1 January	**79,365**	**(67,139)**	**2,060**	**417,218**	**-**	**5,216**	**436,721**
Comprehensive income							
Profit/(loss) for the year	-	-	-	71,195	-	-	71,195
Other comprehensive income	-	-	(1,307)	-	5,508	6,107	10,309
Total comprehensive income	**-**	**-**	**(1,307)**	**71,195**	**5,508**	**6,107**	**81,504**
Transactions with owners							
Movement treasury shares & Safinco certificates	-	(6,628)	-	-	-	-	(6,628)
Dividends paid	-	-	-	(19,741)	-	-	(19,741)
Total transactions with owners	**-**	**(6,628)**	**-**	**(19,741)**	**-**	**-**	**(26,369)**
As of 31 December	**79,365**	**(73,766)**	**754**	**468,672**	**5,508**	**11,323**	**491,856**

1. GENERAL INFORMATION

The Group that includes Vandemoortele NV ("Vandemoortele" or "the Company") and its subsidiaries is a Belgian family-owned business that has grown to become a leading food group on the European scale. The Group focuses on two business lines or operating segments: Bakery Products (BP) and Plant Based Food Solutions (PBFS). The 2023 consolidated financial statements of the Group include the Company and 30 consolidated subsidiaries controlled by the Company.
Safinco NV, the parent company of Vandemoortele NV, is a limited liability company incorporated and domiciled in Belgium. The registered office of Vandemoortele NV and Safinco NV is Ottergemsesteenweg-Zuid 816, 9000 Ghent.

The consolidated financial statements and the statutory financial statements of Vandemoortele NV were approved for issue by the Board of Directors on 14-Mar-24. The shareholders will be requested to approve the consolidated financial statements and the statutory financial statements of Vandemoortele NV at the annual meeting held on 14-May-24.

2. APPLICATION OF NEW AND REVISED IFRS

2.1 NEW AND REVISED IFRS'S EFFECT UPON AMOUNTS REPORTED AND/OR DISCLOSURES IN THE FINANCIAL STATEMENTS

In the current year, 2023, the Group has considered a number of new and revised IFRS requirements issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods that begin on or after 1 January 2023. This concerns:

- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendment to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 – Income Taxes: International Tax Reform – Pillar Two Model Rules

These improvements and amendments do not have a material impact on the amounts included in the 2023 financial statements.

2.2 NEW AND REVISED IFRS ISSUED BUT NOT YET EFFECTIVE

The Group has not applied the following new and revised IFRS requirements that have been issued but are not yet effective. Once the standards become effective, they will be relevant to the Group:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU).

Impacts of these new and revised IFRS standards, issued but not yet effective, have not been calculated. However, no material impact on the financials of Vandemoortele is expected.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS FOR PREPARATION

The consolidated financial statements for 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the European Union and effective as of 1-Jan-23.

The key accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Depending on the applicable IFRS requirements, the measurement basis used to prepare the consolidated financial statements is the historical cost, with the exception of certain financial instruments that are measured at fair value at the end of each reporting period as explained in notes 26 and 27.

Recognition and measurement alternatives permitted by IFRS:

STANDARD	ALTERNATIVE USED
IAS 2 Inventories	Measurement of the cost of inventories on a first in, first out (FIFO) basis
IAS 16 Property, Plant and Equipment	Historical cost
IAS 38 Intangible Assets	Historical cost
IAS 40 Investment Property	Historical cost
IFRS 16 Leases	IFRS16 not applied with respect to low value and short-term leases

Specific accounting policies applied with respect to the presentation:

STANDARD	IFRS 1 ALTERNATIVE USED
IAS 1 Presentation of Financial Statements	Income statement by cost nature Indirect method applied in preparing the cash flow statement
IAS 7 Cash Flow Statements	Interest paid/received presented as part of cash flows from operations Dividends received/paid presented as cash flows from financing activities
IAS 16 Property, Plant and Equipment	The gain or loss on disposal of items of property, plant and equipment is presented as other operating income/expense
IAS 19 Employee Benefits	The net interest expense with respect to defined benefit plans, other long-term employee benefits and termination benefits is presented as part of Employee Benefits in the income statement
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance	Capital grants are presented as deferred revenue and are recognised in Other Operating Income in the income statement Grants related to income are recognised in the income statement as Other Operating Income
IAS 21 Effects of Changes in Foreign Exchange Rates	Exchange differences on loans and receivables, trade payables and other liabilities and borrowings are classified as Financial Income or Expense
IAS 28 Investments in Associates and Joint Ventures	The share of profit/loss from investments in associations and joint ventures is excluded from profit/loss from operations but included in profit/loss before tax
IAS 38 Intangible Assets	The gain or loss on disposal of intangible assets is presented as Other Operating Income/Expense
IFRS 9 Financial Instruments	Fair value movements on currency and interest derivatives linked with loans and receivables, trade payables and other liabilities and borrowings are classified as part of Financial Income or Expense when recognised in the income statement Fair value movements with respect to commodity derivatives are presented within Other Operating Income/Expense

3.2 KEY JUDGEMENTS AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

3.2.1 KEY JUDGEMENTS

In preparing the consolidated financial statements for 2023, the following major judgements have been made that have a significant impact on the results of 2023 and the measurement of Vandemoortele's assets and liabilities at the end of 2023.

Factoring

In conformity with IFRS 9:3.2.2. which states that before evaluating whether, and to what extent, derecognition of a financial asset is appropriate, an entity should assess whether to apply the analysis of the transfer of risks and rewards to a part of a financial asset (or part of a group of similar financial assets) or to a financial asset (or group of similar financial assets) in its entirety. In its assessment of the derecognition of financial assets with regard to the Group's factoring program (see note 18) i.e. the factored receivables, management determined that it is appropriate to separately consider the derecognition of the factored receivables and of the related credit insurance. In managements view, a trade receivable and the related acquired credit insurance are not similar financial assets because they are separately contracted with different counterparties, where the counterparty as well as the contractual rights and obligations are of a fundamentally different nature, and therefore not comparable. This means that the appropriateness of derecognising the receivables should be analysed without considering the effect of the credit insurance that was covering them before they were transferred.

Treatment Safinco certificates

Safinco NV is the parent company of Vandemoortele and has no other activity than holding shares in Vandemoortele. The Safinco shares are in substance identical to the Vandemoortele shares, although legally different. The shares of Safinco are held by the foundation STAK Vandemoortele, who issued depository receipts or certificates for those shares.

The acquisition by Vandemoortele of Safinco certificates can only occur upon the initiative of a Safinco certificate holder. There is no legal or constructive basis at the level of Vandemoortele to purchase any certificates and Vandemoortele cannot freely sell these certificates to parties other than Safinco certificate holders. In other words, the acquisition by Vandemoortele of certificates is a transaction that is initiated by and for the benefit of its ultimate equity owners, similar to a decision of distribution made by equity owners, which shall be recognized directly in equity.

If Vandemoortele would treat the Safinco certificates as financial assets, such equity investments would have to be measured at fair value (through P/L or OCI) in accordance with IFRS 9. Management considered this treatment to be inadequate as it would inflate the balance sheet and equity of Vandemoortele and would expose Vandemoortele to changes in the fair value of instruments that are in substance equivalent to own shares.

Based on the above elements and in accordance with the key IFRS principle "substance over form", management took the view to treat Safinco certificates held by Vandemoortele as treasury shares in the financial statements of Vandemoortele.

If the Safinco certificates would have been considered as financial assets, the total assets and equity of the Group would be increased with €80.9 million.

3.2.2 MAJOR SOURCES OF ESTIMATION UNCERTAINTY

There are no major sources of estimation uncertainty at the end of 2023 that present a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.3 SUMMARY OF RELEVANT MATERIAL ACCOUNTING POLICIES

3.3.1 CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. Subsidiaries are all entities controlled by the Parent Group. They are fully consolidated from the date of acquisition, being the date on which Vandemoortele Group acquired control, and will continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the financial statements of the Parent Company, using consistent accounting policies (for like transactions and other events in similar circumstances).

The following accounting procedures are followed:

- The like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company are combined with those of its subsidiaries.
- The carrying amount of the Parent Company's investment in each subsidiary and its portion of equity of each subsidiary is offset.
- All intercompany balances, income and expenses, unrealised gains and losses and dividends resulting from intercompany transactions are eliminated in full (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full).

<u>Subsidiaries</u>

An investor determines whether it is a parent by assessing whether it controls one or more investees. An investor considers all relevant facts and circumstances when assessing whether it controls an investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The income and expenses of the subsidiaries are included in the consolidated financial statements from the date the Group gains control until the date the control ceases. Income and expenses of the subsidiary are based on the amounts of assets and liabilities recognised in the consolidated financial statements at the acquisition date.

The Group uses the acquisition method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity issued and liabilities incurred or assumed on the date of acquisition. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at their fair values on the acquisition date. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the remaining difference is recognised directly in the income statement (as a gain from a bargain purchase).

A parent presents non-controlling interests in its consolidated balance sheet as equity, separately from the equity of the owners of the parent. Non-controlling interest consists of the amount of this interest on the date of the original business combination and the non-controlling share of changes in equity from the date of the business combination. A reporting entity attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The proportion allocated to the parent and the non-controlling interests are determined on the basis of present ownership interests. The reporting entity also attributes the total comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

Transactions with non-controlling interest that do not result in a loss of control are accounted for as equity transactions; i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of the net asset of the subsidiary is recorded in net equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

The equity and net result attributable to non-controlling interests are shown separately in the balance sheet and income statement.

3.3.2 FOREIGN CURRENCIES

The consolidated financial statements are presented in euro (€, EUR), which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency, and the items included in the financial statements of each entity are measured in that functional currency. There are currently no subsidiaries for which the functional currency differs from the local currency of the foreign entity.

Foreign currency transactions

Transactions in foreign currencies are recognised initially at the exchange rate prevailing on the date of the transactions. Subsequently, at period closing, monetary assets and liabilities denominated in foreign currencies are translated at balance sheet date rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Exchange differences arising from the retranslation of non-monetary items carried at fair value are recognised in the income statement for the reported period, with the exception to this being differences arising during the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

Foreign operations

On consolidation, the assets and liabilities of the Group's Companies that use a functional currency other than the euro are translated into euro at the exchange rates prevailing on the balance sheet date. Income and expense items of foreign operations are translated into euro at the average exchange rates for the period. The components of shareholders' equity of foreign operations are translated at historical rates. Exchange differences arising from the translation of shareholders' equity to euro at year-end exchange rates are classified as part of equity under the heading Cumulative Translation Adjustments.

On the disposal of a foreign operation, all exchange differences accumulated in equity relating to that operation attributable to the owners of the Company are reclassified to profit or loss. A disposal of a foreign operation means a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation. A partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset, is also considered a disposal of a foreign operation.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests. The differences are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity, and are translated at the closing rate.

Exchange rates

The following exchange rates have been used in preparing the financial statements

1 euro = x foreign currency	CLOSING RATE		AVERAGE RATE	
	2023	2022	2023	2022
US Dollar	1.1050	1.0666	1.0866	1.1259
GB Pound	0.8691	0.8869	0.8821	0.8531
Swiss Franc	0.9260	0.9847	0.9740	1.0063
Czech Kroner	24.7240	24.1160	24.7890	25.4599
Hungarian Forint	382.8000	400.8700	418.5557	381.1208
Polish Zloty	4.3395	4.6808	4.7970	4.7271

3.3.3 GOODWILL

Goodwill arising from an acquisition of a business is carried at cost as established on the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net fair value. The net fair value is determined on the date of acquisition of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net fair value on the date of acquisition of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain from a bargain purchase.

The Group performs an annual impairment analysis, in accordance with the Group's accounting policy. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. Value-in-use is calculated based on estimates and judgements of the expected cash flows, which are discounted on a WACC (weighted average cost of capital) basis. For a description of the main estimates, valuation assumptions and a sensitivity analysis of the assumptions applied, see note 15.

3.3.4 INTANGIBLE ASSETS

Acquired intangible assets

Patents, licences (e.g. computer software), trademarks, brands, and similar rights are valued at cost less accumulated amortisation and impairment losses. If these assets are acquired in a business combination, the cost is equal to the fair value assigned at the time of the acquisition. In other cases, the cost is equal to the purchase price.

Intangible assets are amortised using the straight-line method over their estimated useful lives as from the moment they become available for use. Currently, the estimated useful lives range between three and five years.

Internally generated intangible assets

Costs associated with developing or maintaining computer software programs are generally recognised as an expense as incurred. However, (internal or external) costs that are directly associated with the production of unique software products controlled by the Group and that are likely to generate future economic benefits, are recognised as intangible assets. They are amortised over their estimated useful life. Currently the estimated useful lives range between three and five years.

Expenditure on research activities is expensed in the income statement as incurred. Expenditure on development activities in general does not meet the capitalisation criteria of IAS 38 (the probable future economic benefits are not generated and the expenditure cannot be measured reliable), and is expensed as incurred.

3.3.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciations and impairment losses. The cost includes all direct costs and all expenditure to bring the asset to its working condition and location of intended use. Borrowing costs directly attributable to the acquisition, and construction or production of a qualifying asset are capitalised as part of the cost of that asset. The estimated cost of dismantling an asset and restoring a site to its original state at the end of its useful life is included in the cost of the asset. Major components of property, plant and equipment are accounted for as separate assets when they have useful lives different to those of the other assets to which they relate.

Subsequent costs are recognised in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and when the cost of the item can be reliably measured. All other repair and maintenance costs are expensed as incurred.

Depreciation of property, plant and equipment is calculated from the date the asset becomes available for use, using the straight-line method over the estimated useful life of the asset. The estimated useful lives are as follows:

Buildings	20	–	40	years
Equipment	3	–	10	years
Furniture and Fittings	3	–	10	years
Vehicles	4	–	8	years

Property, plant and equipment under construction, as well as land, are not depreciated.

The residual value and the useful life of the asset are adjusted annually if the change is material.

Improvements to leased buildings are capitalised and depreciated over the remaining term of the lease, or over their expected useful life, if shorter.

Gains and losses on disposals, determined by comparing proceeds with the carrying amount, are included in the income statement.

3.3.6 LEASES

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability in respect of all lease arrangements in which it is the lessee.

Assets and liabilities arising from a lease are initially measured at present value. Lease liabilities include the net present value of the following lease payments:

- fixed payments (less any lease incentives),
- variable lease payments that are based on an index or rate,
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

For most contracts of the Group the interest rate implicit in the lease cannot be readily determined, and the incremental borrowing rate is used. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including:

- the risk-free rate based on government bond rates,
- a country-specific risk adjustment,
- a credit risk adjustment based on bond yields,
- an entity-specific adjustment, to take into account the risk profile of the entity that enters into the lease.

For a few contracts the interest rate in the contract can be readily determined. For these contracts the lease payments are discounted using the interest rate implicit in the lease.

The Group is exposed to possible future increases in variable lease payments based on an index or rate, with these not being included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate become effective, the lease liability is reassessed and adjusted against the right-of-use asset.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made on or before the commencement date less any lease incentives received,
- any initial direct costs, and
- an estimate of the costs related to the dismantling and removal of the underlying asset.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the change in lease payments is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

If it is reasonably certain that the Group will exercise a purchase option, the asset is depreciated on a straight-line basis over its useful life (see 3.3.5 above). In all other circumstances, the asset is depreciated on a straight-line basis over the shorter of the asset's useful life or the lease term.

For short-term leases (a lease term of 12 months or less) or leases of low value items (mainly IT equipment and small office furniture) to which the Group applies the recognition exemptions available in IFRS 16, the lease payments are recognised as operating expenses.

Some property leases contain variable payment terms linked to the use of the property (mainly warehouses). Variable lease payments that depend on the use are recognised as an operating expense in profit or loss in the period in which the condition that triggers those payments occurs.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in 3.3.7 Impairments of Assets.

3.3.7 IMPAIRMENTS OF ASSETS

The Group regularly reviews the carrying value of property, plant and equipment, goodwill and intangible assets to determine whether there is any indication of impairment. In addition, goodwill is reviewed for impairment at least annually. If there is any indication of impairment, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement as the amount by which the asset's carrying amount exceeds its recoverable amount (the higher of an asset's fair value less costs of disposal and its value in use).

The fair value is the price that would be received for selling an asset in an orderly transaction between market participants on the date in question, while value in use is the present value of estimated future cash flows. Estimated future cash flows are expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

To assess impairment, assets are grouped together at the lowest levels for which separately identifiable cash inflows exist (cash-generating unit). In exceptional circumstances, impairment losses recognised in prior years are reversed through the income statement. This occurs when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. As an exception, an impairment loss recognised for goodwill is never reversed in a subsequent period.

3.3.8 INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is determined by the first in, first out (FIFO) method. Cost includes direct materials and, where applicable, direct labour costs, as well as those overheads that have been incurred in bringing the inventories to their present location and condition (based on normal operating capacity).

3.3.9 FINANCIAL ASSETS

Financial assets of the Group mainly include cash and cash equivalents, trade and other receivables, loans, and the positive fair value of derivatives. Financial assets are treated consistently within the category to which they belong in accordance with IFRS 9 Financial Instruments: financial assets at fair value and financial assets at amortised cost.

Financial assets are presented in the statement of financial position as current assets if they mature within one year and as non-current assets if they mature after one year.

The classification of financial assets depends on the contractual cash flow characteristics and the entity's business model. The management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognised on the trade date; the date on which the Group commits to purchase or sell an asset.

At initial recognition, the group measures a financial asset at its fair value plus - in the case of a financial asset not at fair value through profit or loss - transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement. Financial assets (such as loans, trade and other receivables, cash and cash equivalents) are subsequently measured at amortised cost using the effective interest method, less any impairment, if they are held to collect contractual cash flows, with those cash flows solely representing payments of principal and interest.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that precisely discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other receivables after and within one year are initially recognised at transaction cost and subsequently measured at amortised cost, i.e. at the net present value of the receivable amount, using the effective interest rate method, less allowances for impairment.

Fair value is the price that would be received through sale of an asset in an orderly transaction on the principal or most advantageous market on the date in question.

In accordance with IFRS 13, the hierarchy of fair values reflecting the importance of data used in valuations is comprised of the following levels:

- Level 1 (unadjusted quoted prices): prices accessible to the entity on the measurement date in question on active markets, for identical assets or liabilities,
- Level 2 (observable data): data concerning the asset or liability, other than the market prices included in initial level 1 input, which are directly observable (such as a price) or indirectly observable (i.e. deducted from observable prices),
- Level 3 (non-observable data): data that is not observable on a market, including observable data that has been significantly adjusted (e.g. extrapolation of interest rate curves over long non-observable periods).

Accounting for derivatives is discussed in section 3.3.17 below.

Changes in the fair value of these derivatives are recognised in profit or loss, unless they are designated as cash flow hedges. Changes in the fair value of such hedging instruments are recognised directly in equity (other comprehensive income), excluding the ineffective portion of the hedge.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. For trade receivables, the Group applies the simplified approach permitted by IFRS 9. IFRS 9 requires expected lifetime losses to be recognised from the initial recognition of the receivables. The amount of the allowance is deducted from the carrying amount of the asset, and is recognised in the income statement.

The Group derecognises a financial asset when the contractual rights to the cash flows generated by the asset expire, or the Group transfers the rights to receive contractual cash flows related to the financial asset through the transfer of a substantial amount of the total risks and rewards associated with ownership of the asset. Any interest created or retained by the Group in transferred financial assets is recorded as a separate asset or liability.

3.3.10 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. At the time of original recognition, they have a maturity of three months or less, and are subject to an insignificant risk of change in value.

Cash and cash equivalents are carried in the balance sheet at nominal value. Bank overdrafts are shown on the balance sheet within borrowings as a current liability.

3.3.11 SHARE CAPITAL

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.3.12 TREASURY SHARES & SAFINCO CERTIFICATES

When the Group purchases its own shares, the amount of the consideration paid (including directly attributable expenses) is recognised as a deduction from equity under treasury shares. Proceeds from the sale of treasury shares are included directly in net equity without any impact on the income statement.

When the Group purchases Safinco certificates, the amount of the consideration paid (including directly attributable expenses) is recognised as a deduction from equity under treasury shares (see note 3.2.1 and note 23.2).

3.3.13 GOVERNMENT GRANTS

Government grants are initially recognised as deferred income when there is reasonable assurance that they will be received and that the Company will comply with the conditions attached to them. Grants that compensate for expenses incurred are recognised as other operating income on a systematic basis in the same periods as those in which the expenses are incurred. Grants that compensate the Company for the cost of an asset are recognised as other operating income on a systematic basis over the useful life of the asset.

3.3.14 FINANCIAL LIABILITIES

Financial liabilities of the Group consist of loans and other financial liabilities, trade and other payables, and the negative fair value of financial derivatives. Financial liabilities are classified as financial liabilities at fair value through profit or loss (including derivatives with a negative fair value, except where the derivative is designated as a hedging instrument) and other financial liabilities (including loans and other financial liabilities and trade and other payables).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Interest-bearing loans and borrowings are recognised initially at fair value, net of transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the effective interest rate method amortisation process.

Fair value is the price that would be received through the sale of an asset or paid to transfer a liability in an orderly transaction on the principal or most advantageous market on the date in question.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that precisely discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are no longer recognised in the balance sheet when, and only when, they are extinguished. That is, when the obligation specified in the contract is either discharged, cancelled or expires. If there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms or there has been a substantial modification of the terms of an existing financial liability, that transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss arising from the extinguishment of the original financial liability is recognised in the statement of profit or loss.

Accounting for derivatives is discussed in section 3.3.17 below.

3.3.15 EMPLOYEE BENEFIT OBLIGATIONS

Pension Obligations

The Vandemoortele Group has various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined benefit plan is a post-employment benefit plan that defines an amount of pension benefit that an employee will receive upon retirement. The liability recognised in the balance sheet for a defined benefit retirement plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The projected unit credit method is used to calculate the defined benefit obligation on an annual basis. Remeasurements comprising actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised as 'Other Comprehensive Income' (equity) in the period in which they occur.

Past service cost is the increase in the present value of the defined benefit obligation for employee service in prior periods as a consequence of the introduction of or change to post-employment benefits or other long-term employee benefits.

A defined contribution plan is a post-employment benefit plan. Under this plan, the Group pays fixed contributions into a separate entity (a fund or an insurance company) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to an employee's service in the current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. However, if, under a defined contribution plan, there remains a legal or constructive obligation for the Vandemoortele Group, the plan is treated as a defined benefit plan.

Other long-term employee benefits

Some Group companies provide other long-term benefit schemes to their employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and achieving a minimum service period. The expected costs of these benefits are spread over the period of employment.

3.3.16 PROVISIONS

Provisions are recognised in the balance sheet (1) when the Group has a present obligation (legal or constructive) as a result of a past event, (2) when it is probable (more likely than not) that an outflow of resources will be required to settle the obligation, and (3) when the amount can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation on the balance sheet date.

Restructuring provisions

Provisions for restructuring costs (including termination benefits) are recognised when the Group has a detailed formal plan. Furthermore, the Group should have raised a valid expectation among those affected that it will initiate the restructuring by starting to implement the plan or announcing its main features to those affected by it. No provisions are made for costs relating to the ongoing activities of the Company.

Litigations and tax risks

Provisions for tax risks other than corporate income tax risks are recorded if the Group considers that the tax authorities might challenge the position taken by the Group. Provisions for litigation are booked for those litigations where the Group is – or could be – a defendant against claims of customers, suppliers or employees. An assessment is performed with respect to the above-mentioned risks, together with the Group's tax, HR and legal advisers. The Group books a provision for those litigations and tax risks that can be clearly identified and for which a reliable estimate can be made of the potential cost.

Environmental provisions

The Group books a provision for those environmental risks that are clearly defined and for which there exists a legal obligation to restore the environment, where a reliable estimate can be made of the potential cost.

Onerous Contracts

A provision for onerous contracts is recognised when the expected benefits from a contract are lower than the unavoidable costs of meeting the contractual obligations.

Other provisions

Other provisions are booked for all other identifiable risks.

3.3.17 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to manage the impact of foreign currencies, interest rates and commodity prices on the Group's financial performance. The Group's risk management policies prohibit the use of derivative financial instruments for speculative transactions.

Derivative financial instruments are recognised initially at fair value. Fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the date in question.

After initial recognition, derivative financial instruments are measured at their fair value on the balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument and, if so, on the nature of the item being hedged.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

More specific to commodity contracts, the following distinction is made:

- Commodity purchase and sale contracts that can be settled net in cash, but that do not meet the 'own use' exception (see below)), are accounted for in accordance with IFRS 9, as if they were financial instruments.
- Commodity purchase and sale contracts that can be settled net in cash, but were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements are excluded from the scope of IFRS 9. These are commonly referred to as own use contracts. Own use contracts are accounted for as normal purchase or sale contracts (executory contracts).

Derivative financial instruments that are economic hedges, but which do not meet the strict IFRS 9 criteria for hedge accounting, are classified as financial assets and liabilities at fair value through profit or loss. When the criteria for hedge accounting can be met, the Group designates derivative financial instruments as hedging instruments; either cash flow hedges or fair value hedges.

Fair value through profit or loss

Changes in the fair value of derivative financial instruments that are not designated as hedging instruments are recognised in the income statement.

Cash Flow Hedge Accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised in the income statement within net finance expense for interest rate swaps hedging variable rate borrowings and within other operating income/expense for hedges of commodity prices. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity remains in equity until the forecast transaction is ultimately recognised in the income statement, or reclassified to profit and loss if the hedged future cash flows are no longer expected to occur.

3.3.18 REVENUE RECOGNITION

Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods to the customers. The five-step model is applied to account for revenue arising from contracts with customers.

The Group recognises revenue from contracts with customers and revenue from other sources.

Revenue from contracts with customers relates to a general agreement with a customer about the sale of goods.

- Revenue is recognised from the point in time when control of the goods is transferred to the customer. There are no contracts in which goods are transferred over time.
- Contracts with customers generally have a short-term duration.
- The performance obligation in contracts with customers is satisfied upon delivery of the goods. Payment terms are fixed in the contracts and are linked to the performance obligation being satisfied.
- Contracts with customers include only one performance obligation; no allocation of the transaction to different performance obligations is needed.
- No warranties outside the legal warranties or specific related obligations (obligation for returns and refunds) are included in contracts with customers.

Gross sales are recognised as the volume sold valued at list or contract price. The gross sales are compensated by two types of discounts:

- Invoiced discounts, which immediately affect the selling price of the products included in the invoice. These are all allowances deducted from the invoice when specific conditions have been met.
- Non-invoice discounts, which are allowances paid or payable to the customer when reaching specific targets over a time horizon. These are materialised through a credit note of the company or an invoice from the customer. These non-invoice discounts are deducted from the gross sales. The most frequently used non-invoice discounts concern volume discounts, trade marketing allowances, cash discounts, coupons and variable commissions. The recognition of some of these discounts includes an element of judgement for which management relies on historical statistics about redemption rates.

3.3.19 INCOME TAXES

Income tax for the year comprises current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In such cases, the tax effect is also recognised directly in equity.

Current tax is the expected tax payable, using tax rates enacted, on the taxable profit of the current year and adjustments to tax expenses of previous periods.

Following IFRIC 23 Uncertainty over Income Tax Treatments a provision is recognised for matters in which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to be paid. The assessment is based on the judgement of tax professionals within the Company, supported by previous experiences in respect of such activities and, in certain cases, based on independent specialist tax advice.

Deferred taxes are recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method.

Under the balance sheet liability method, a deferred tax liability or asset is recognised for all taxable and deductible differences between the tax bases of assets and liabilities and their carrying amount in the balance sheet.

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

In the context of a business combination (see 3.3.1 above), deferred taxes are recognised for temporary differences between the fair value of the acquired assets and assumed liabilities and their tax base. No deferred taxes are recognised on goodwill that is not deductible for tax purposes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. ALTERNATIVE PERFORMANCE MEASURES

Vandemoortele's financial information contains indicators and measures prepared in accordance with applicable financial reporting standards and regulations, as well as other measures prepared in accordance with the Group's performance reporting, defined as Alternative Performance Measures (APMs). APMs are measures that are 'adjusted' compared to those presented in accordance with IFRS, and the reader should therefore consider them in addition to - as opposed to instead of - the latter.

APMs are useful to users of financial information, as they are the measures that the Company's management uses to evaluate its financial performance, cash flows or financial position when making operational or strategic decisions for the Group.

EBIT

EBIT is defined as the profit/loss from operations.

EBITDA

EBIT before depreciation, amortisation and impairments.

EBITDA can be reconciled as follows:

For the year ended 31 December **THOUSAND EURO**	**2023**	**2022**
EBIT	**141,476**	**97,935**
Amortisation	2,616	2,523
Depreciation	61,805	59,289
Impairment loss (scope IAS 36)	490	2,846
EBITDA	**206,387**	**162,593**

Our 2023 results are in line with the expectations and better than those of 2022 despite the relatively high inflation in 2023. The Group was able to bring the margins back at pre-COVID levels. EBIT and EBITDA improvements were driven by a combination of operational excellence, a better product and channel mix and various cost saving measures. This results in an increase of 27% of the EBITDA from €162.6 million in 2022 to €206.4 million in 2023.

Adjusted EBIT

This is the adjusted profit from operations consisting of all income and expenses relating to normal business operations and before adjusting items (incl. depreciation and amortisation). Adjusted EBIT provides a normalised result that is not distorted by irregular profits, losses or other.

Adjusted EBIT can be reconciled as follows:

For the year ended 31 December THOUSAND EURO	2023	2022
EBIT	**141,476**	**97,935**
Adjusting items	9,628	4,898
Adjusted EBIT	**151,105**	**102,833**

The adjusted EBIT in 2023 amounted to €151.1 million. which is €48.3 million. or 47 % higher year-on-year.

Adjusted EBITDA

Adjusted EBIT before depreciation and amortisation.

For the year ended 31 December THOUSAND EURO	2023	2022
EBITDA	**206,387**	**162,593**
Adjusting items	9,138	2,052
Adjusted EBITDA	**215,525**	**164,646**

Adjusted EBITDA increased to €215.5 million or 31% higher year-on-year.

Adjusting items

Items that are related to restructuring programmes, lay-off costs that cannot be associated with the future organisation, gains/losses on disposals, dismantling costs, impairment losses (scope IAS36), fade-out costs for production or logistics sites that are closed during the year and consultancy fees relating to possible mergers and acquisitions.

Adjusting items are composed of the following items:

For the year ended 31 December THOUSAND EURO	2023	2022
Consultancy cost relating to mergers and acquisitions	(4,068)	(566)
Optimisation of operations	(4,223)	(2,702)
Lay-off costs not linked to future reorganisation	(883)	(973)
Result on disposal of idle assets	36	2,190
Total adjusting items (excl. impairments)	**(9,138)**	**(2,052)**
Impairment loss (scope IAS 36)	(490)	(2,845)
Total adjusting items	**(9,628)**	**(4,897)**

The total adjusting items of €9.6 million are largely related to consultancy costs for possible acquisitions and to restructuring costs in France. There were also small impairments in some production sites in France.

Net fixed assets

Assets that are used in the operations of our business, which are required to be used for a period longer than one year (i.e. buildings, machinery, and similar).

For the year ended 31 December THOUSAND EURO	2023	2022
Goodwill	199,329	199,329
Intangible assets	5,262	5,925
Property, plant and equipment	398,257	372,256
Other financial assets (excl. mutual funds)	27	30
Net fixed assets	**602,875**	**577,540**

The net book value of the property, plant, and equipment amounted to €398.3 million in 2023, compared to €372.3 million in 2022. This mainly concerns 27 production sites in 8 countries, of which 22 are for Bakery Products (BP) and 5 for Plant-Based Food Solutions (PBFS).

The Group invested €58.8 million (2022: €33.9 million) in the BP and €19.6 million (2022: €13.9 million) and PBFS business lines respectively.

The largest investment in BP was the new pastry line in Torcé 2, France. This production line primarily manufactures Bake'Up products for the non-European market. Production lines for floor-oven bread in Ravenna are also upgraded. At various locations within our donut factories, we have implemented an upgrade by substituting a portion of blister packs with flowpacks. Additionally, we have automated packaging lines across multiple sites to boost their capacity and overall efficiency.

Investments in PBFS mainly focused on the further replacement of our production control system. A Cleaning-in-Place (CIP) system was installed at our site in Izegem. The new production line for 10kg margarine blocks in Dresden. Germany was prepared to meet the growing demand in the industry channel. Our production lines are updated for the retail channel.

(Operational) working capital need

The current assets less the current liabilities.

For the year ended 31 December THOUSAND EURO	2023	2022
Inventories	179,177	203,277
Trade receivables	215,625	225,139
Trade payables	(346,831)	(335,020)
Operational working capital need	**47,972**	**93,396**
Other working capital need	(30,226)	(14,929)
Working capital need	**17,746**	**78,467**

Lower prices for raw materials and ingredients led to a decrease of €24.1 million in inventories to €179.2 million while the trade payables still increase with €11.8 million to €346.8 million mainly due to delayed invoicing by our suppliers (sharp increase of invoices to be received). Lower sales prices at year end and lower days outstanding led to a decrease of €9.5 million in trade receivables to €215.6 million.

Other working capital need

Other current assets less other current liabilities.

For the year ended 31 December THOUSAND EURO	2023	2022
Other assets	9,157	15,787
Other receivables	5,471	5,698
Current tax	15,633	14,415
Employee benefits	(51,331)	(44,028)
Other liabilities	(9,156)	(6,800)
Other working capital need	**(30,226)**	**(14,929)**

A sharp increase in the employee benefit expense, caused by the high inflation in 2023, results to higher outstanding employee benefits. Included bonus provisions were also higher in 2023 because of the improved results of the Group in 2023.

Net financial debt

The borrowings excluding the issuance costs minus cash and cash equivalents and current other financial assets.

For the year ended 31 December THOUSAND EURO	2023	2022
Borrowings (note 24)	96,653	198,560
- Cash and cash equivalents (note 22)	(43,687)	(38,559)
Net financial debt	**52,966**	**160,000**

The decrease of the senior net financial debt by €107.0 million is explained by the following factors:

- a cash flow from operating activities of €198.9 million (€113.4 million from BP and €85.5 million from PBFS);
- a working capital need (before factoring) decrease of €55.2million (+€11.9 million from BP and +€43.3 million from PBFS);
- CapEx of €78.4 million (€58.8 million from BP and €19.6 million from PBFS);
- increased factoring and other cash in/outflows of +€0.5 million;
- cash out of €7.4 million for interests paid;

- income taxes paid of €27.5 million and a net dividend pay-out of €34.3 million.

The subordinated loan of €75 million matured on 7 November 2023 and has been repaid on maturity date without the issuance of a new junior bond (repayment by senior net financial debt).

Senior net financial debt

Net financial debt excluding the subordinated loan.

For the year ended 31 December THOUSAND EURO	2023	2022
Net financial debt	52,966	160,000
- Subordinated loan (note 25)	(51,388)	(126,388)
Senior net financial debt	**1,577**	**33,612**

A subordinated loan of €75 million was repaid by senior financial debt.

Capital employed

The amount of capital investment to operate.

For the year ended 31 December THOUSAND EURO	2023	2022
Net fixed assets	602,875	577,540
Working capital need	17,746	78,467
Commodity derivatives	(57)	0
Capital employed	**620,564**	**656,007**

The decrease in capital employed is explained by a lower working capital need (-€60.0 million). This effect is compensated by a higher net book value of fixed assets, in large due to investments including IFRS 16 (€88.4 million) that are higher than the booked depreciation, amortisation and impairments (€64.9 million).

Capital provided

Capital provided consists of equity and debt. It is the means by which the capital employed is financed.

For the year ended 31 December THOUSAND EURO	2023	2022
Equity	561,703	491,856
Provisions, net deferred taxes and derivatives	(11,852)	(10,931)
Non-current employee benefit obligation	17,747	15,083
Net financial debt	52,966	160,000
Capital provided	**620,564**	**656,007**

The increase of the equity is mainly explained by the net result for the year (€109.3 million) and the net dividend paid out during the year (€34.3 million).

5. OPERATING SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for resource allocation and performance assessment for the operating segments, has been identified as the CEO and the Executive Committee.

The operating segments for the purposes of allocating resources and assessing performance have been determined based on the information reviewed by the CEO and the ExCo. They consider the business from a product family perspective.

The Group operates using four performance measures, all linked to business performance. The primary performance measure is adjusted EBITDA. Additional performance measures are EBITDA, adjusted EBIT and EBIT.

For its strategic decision-making process, Vandemoortele distinguishes between the Bakery Products (BP) operating segment and the Plant Based Food Solutions (PBFS) operating segment. The BP operating segment comprises the development, production and sale of frozen bakery products. We supply bakery products to artisan bakers, industrial and professional customers, and retail organisations through three channels: artisan bakery, food service and retail. The PBFS operating segment comprises the development, production and sale of margarines, culinary oils & fats. PBFS products are offered through four channels, namely artisan bakery, food service, retail and industry. In total, the Group offers ten main brands, namely Gelfin'Or, Banquet D'Or, Les Pains Pérènes, Lanterna, My Original's, La Patisserie du Chef, Vandemoortele, Risso, Fama and Vitelma.

Sales between operating segments are carried out following the arm's-length principle. Sales by PBFS to BP amounted to €26.8 million in 2023 (2022: €28.2 million). Revenue from external parties reported to the CEO and ExCo is measured in a manner consistent with that in the income statement.

The following tables present key financial information regarding the Group's operating segments for the years ended 31 December 2023 and 31 December 2022 respectively.

5.1 FINANCIAL SEGMENT INFORMATION

THOUSAND EURO	BAKERY PRODUCTS		PBFS		UNALLOCATED[1]		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022
P&L information								
External revenue	1,177,667	1,012,713	735,248	704,052	11,709	22,128	1,924,624	1,738,893
Internal revenue	0	0	26,781	28,242	(26,781)	(28,242)	0	0
Revenue	1,177,667	1,012,713	762,029	732,294	(15,072)	(6,114)	1,924,624	1,738,893
Adjusted EBITDA	127,910	97,062	87,924	68,046	(309)	(463)	215,525	164,646
Adjusting items (excl. depreciation, amortisation and impairments)	(8,874)	(2,002)	(264)	(50)	0	0	(9,138)	(2,052)
EBITDA	119,036	95,060	87,660	67,996	(309)	(463)	206,387	162,593
Depreciation, amortisation and impairments	51,323	51,876	13,588	12,782	0	0	64,911	64,658
EBIT	**67,714**	**43,184**	**74,072**	**55,214**	**(309)**	**(463)**	**141,476**	**97,935**
Adjusting items (incl. depreciation, amortisation and impairments)	9,364	4,745	264	152	0	0	9,628	4,898
Adjusted EBIT	77,078	47,929	74,336	55,366	(309)	(463)	151,105	102,833
Financial income							5,983	10,125
Financial expense							(13,424)	(15,414)
Income tax (expense)							(24,706)	(21,452)
EAT (earnings after tax)							**109,330**	**71,195**

(1) Unallocated includes intersegment eliminations / external revenue (mainly transport), EBIT and adjusted EBIT that do not belong to the BP or PBFS segments.

The total adjusting items of €9.6 million are mainly related to consultancy costs for possible acquisitions and to restructuring costs in France. There were also small impairments in some production sites in France.

Performance of Bakery Products

2023 was a highly satisfactory year for the Bakery Products (BP) business line. Revenue increased to €1,178 million, while the adjusted EBITDA rose to €128 million. The increase in revenue was mainly driven by the impact of our higher sales prices. These were implemented in 2022 and were necessary to compensate for the rising prices of raw materials, ingredients, packaging, energy and logistics.

The overall sales volume fell by 2%, primarily as the result of a declining raw bread market. We actively managed our contract portfolio in order to improve our customer service levels.

Throughout the year, the BP business line steered towards improved product, customer, channel and country mixes, while simultaneously reducing less profitable business. Our stronger focus on added value products and on the Food Service channel proved its worth. To support the growing demand for our pastry products, we invested in a new and ultra-modern pastry line in Torcé 2. We also successfully launched the Mars® donut and the Secrets pastries. On the whole, we aimed for a customer-centric and solutions-driven approach, including sustainable packaging.

Performance of PBFS

The Plant-Based Food Solutions (PBFS) business line ended the year with favorable figures. Revenue increased to €762 million, while the adjusted EBITDA rose to €88 million. As with BP, the increase in revenue was mainly driven by higher sales prices, which we implemented in 2022 and maintained in 2023 to overcome inflation and rising costs.

The overall volume sold increased slightly by 1%. That general number hides a noticeable redistribution of sales between channels, however; the Food Service channel experienced a temporary decline, due to economic uncertainty, supply chain issues and aggressive price competition, while our volumes in the Industry channel decreased in the first half of the year, due to non-competitive pricing in our non-European export markets, although this was neutralised by a strong performance in our core markets in the second half of the year. At the same time, the Retail channel grew by 12% as we regained a few private label contracts with major retailers across Western Europe.

A remarkable achievement in the first half of 2023 was the commissioning of our pumpable shortenings line in Zeewolde. Pumpable shortenings are 100% plant-based fats that can be used directly in customers' production processes. Key customers for this product are biscuit and cookie manufacturers. Many of these already received successful bulk deliveries last year. Despite the temporary decline, we further implemented our growth strategy in the Food Service channel, and we prepared the launch of a new production line in Germany to cope with the growing demand in the industry channel.

	BP		PBFS		UNALLOCATED		TOTAL	
THOUSAND EURO	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Total assets per segment								
Net fixed assets	441,247	423,933	161,628	153,607	0	0	602,875	577,540
Other non-current assets					3,828	7,919	3,828	7,919
Total non-current assets (excl. deferred tax assets)	**441,247**	**423,933**	**161,628**	**153,607**	**3,828**	**7,919**	**606,703**	**585,459**
Assets working capital need	286,539	304,509	194,279	209,022	(89,901)	(85,115)	390,917	428,416
Other current assets (1)	0	0	0	0	110,168	107,372	110,168	107,372
Total current assets	**286,539**	**304,509**	**194,279**	**209,022**	**20,267**	**22,258**	**501,085**	**535,789**
Total assets (excl. deferred tax assets)	**727,785**	**728,442**	**355,908**	**362,629**	**24,095**	**30,177**	**1,107,788**	**1,121,248**
Assets working capital need	286,539	304,509	194,279	209,022	(89,901)	(85,115)	390,917	428,416
Liabilities working capital need	(185,810)	(198,909)	(157,135)	(136,111)	0	0	(342,945)	(335,020)
Total operational working capital need	**100,729**	**105,599**	**37,144**	**72,911**	**(89,901)**	**(85,115)**	**47,972**	**93,396**

(1) Other current assets are not allocated to BP or PBFS and include other receivables, other financial assets and cash & cash equivalents.

5.2 ENTITY-WIDE GEOGRAPHICAL INFORMATION

Vandemoortele is a family business with Belgian roots that has grown to become a truly international food company. The Group is active in various geographical regions as listed below. The rest of Europe mainly consists of Scandinavia and Hungary. Outside Europe, the Group is mainly active in North America, Africa and the Middle East.

The revenue per country is based on the geographical location of the external customers:

THOUSAND EURO	2023	2022
Revenue per country (customer based)		
France	548,293	500,106
Germany	269,644	222,592
Belgium	204,685	201,281
Italy	202,311	170,595
The Netherlands	153,867	138,507
Spain	142,082	137,351
UK	123,218	106,665
Poland	43,291	33,546
Czech Rep & Slovakia	50,950	41,710
Rest of Europe	114,123	108,406
Outside Europe	72,160	78,135
Total	**1,924,624**	**1,738,893**

The net fixed assets per country are based on the geographical location of our companies and concerns mainly the plants of the Group. These are the values of acquired assets with an expected economic lifetime of more than one year.

THOUSAND EURO	2022	2021
Net fixed assets per country		
Goodwill (non allocated)	199,329	199,329
France	137,314	149,257
Belgium	110,787	108,946
Italy	33,872	36,359
Poland	27,162	31,227
The Netherlands	23,799	34,668
Germany	16,965	16,127
Spain	14,047	13,906
UK	13,673	15,306
Other	560	632
Total	**577,510**	**605,757**

5.3 MAJOR CUSTOMERS

The BP and PBFS operating segments are predominantly business-to-business activities. Our customers are food sellers in all shapes and sizes, such as supermarkets, hotels, restaurants, quick-service restaurants, canteens, petrol stations, artisan bakers, industrial bakers and food industries. Our products are sold across the following distribution channels: retail, artisan bakery, food service and food industry.

- Retail: consumers can buy branded and private label products from our range directly in the supermarket.
- Artisan bakery: the product range for the artisan bakery is puff pastry sheets, bread, donuts, patisserie, savoury and margarines.
- Food service: with our extensive and complete range of convenience products, we respond to the latest food trends and consumer needs. For example, restaurants can offer their customers our top quality sandwiches, sauces, desserts and sweet and savoury snacks.
- Food industry: we supply specialised margarines to other industrial food processors.

Overall, the retail distribution channel, which represents approximately 65% and 30% of the sales volume of BP and PBFS respectively, are partly concentrated, with the three top retailers controlling at least half of the market share in France, Germany, the Netherlands, the United Kingdom and Belgium.

No individual customer represents more than 10% of Group revenue. The revenue from the top five customers combined represented 15.7% of the total Group revenue in 2023 (2022: 14.0%).

For the BP and PBFS business lines, the top five customers accounted for respectively 18.9% (2022: 20.8%) and 17.0% (2022: 13.1%) of the total revenues in 2023. When we consider the top ten customers, the share increases to approximately 31.0% for BP, 25.2% for PBFS and 23.6% for the total Group.

6. SERVICES

For the year ended 31 December THOUSAND EURO	2023	2022
Rent and lease expenses [1]	12,481	12,441
Repairs and maintenance	45,723	40,428
Utilities	86,227	38,327
Communication expenses	2,656	3,040
Office supplies, subscriptions and documentation	2,787	2,216
Fees, consultancy and memberships	30,932	22,343
Safety and environmental expenses	4,422	3,775
Insurance premiums	4,860	3,557
Warehousing	26,311	26,017
Transport	111,609	107,759
Travel and representation expenses	8,218	7,702
Advertising and marketing expenses	17,069	12,915
Analyses	1,105	1,231
Agency fees	1,048	1,268
Service fees	204	417
Manufacturing fees	2,735	2,503
Other	924	1,657
Services	**359,309**	**287,597**

[1] Under IFRS 16 a part of the rent expenses is reclassified to the depreciations and interests. A summary of the remaining rent expenses can be found in note 17.

The cost for utilities more than doubled in 2023 compared to 2022. The main reason is that contracts with suppliers of utilities had to be renegotiated end 2022/early 2023 and have been closed at much higher prices than previously. On top of this, costs for repairs and maintenance, for advertising and marketing expenses and for transport further increased in 2023. The consultancy cost includes the consulting cost relating to mergers and acquisitions.

7. EMPLOYEE BENEFIT EXPENSE

For the year ended 31 December THOUSAND EURO	2023	2022
Salaries and wages	192,759	172,547
Termination benefits	2,182	3,808
Social security contributions	54,636	48,362
Extra statutory insurances	1,704	1,501
Pension expense for defined benefit plans	2,997	3,824
Contributions to pension plans (defined contribution)	3,039	2,932
Interim personnel	38,664	38,220
Training and education	2,558	2,260
Recruitment expenses	3,647	3,383
Directors' remunerations	874	588
Share based compensation plans	1,566	4,529
Other personnel expenses	6,811	5,422
Employee benefit expenses	**311,437**	**287,377**

The material increase of salaries and wages and social security contributions is mainly explained by the high inflation started in 2022. In most companies, the impact of the high inflation started in January 2023. The better-than-expected results of the Group combined with the increased salaries and wages resulted in higher bonus provisions which also increased the salaries and wages. The expenses for share based compensation plans were higher in 2022, resulting from a significant increase in the Group’s value during 2022.

For more information on the compensation of key management personnel, see note 31.

The average number of full-time equivalents can be split as follows:

For the year ended 31 December NUMBER OF FTEs	2023	2022
Blue collar	2,170	2,212
White collar	1,034	980
Managers	729	703
Interims	689	675
Average number of full-time equivalents	**4,622**	**4,570**

8. DEPRECIATION, IMPAIRMENT, AMORTISATION AND WRITE-DOWN

For the year ended 31 December THOUSAND EURO	2023	2022
Amortisation	2,616	2,523
Depreciation	61,805	59,289
Impairment loss (scope IAS 36)	490	2,846
Write-down on inventories	1,220	2,526
Write-down on receivables	(367)	531
Amortisation, depreciation, impairment and write-down	**65,764**	**67,715**

The depreciation expenses disclosed above include depreciations relate to property, plant and equipment amounting to €52.3 million (2022: €50.4 million), and depreciation expenses related to leased assets amounting to €9.5 million (2022: €9.0 million). The impairment loss of fixed assets relates to some small production sites in France.

9. CHANGE IN PROVISIONS

For the year ended 31 December THOUSAND EURO	2023	2022
Restructuring	334	870
Litigations and tax	712	1,000
Other	555	(1,114)
Change in provisions	**1,600**	**755**

The classification of the used provisions (€2.9 million in 2023, €3.5 million in 2022) is as follows:

For the year ended 31 December THOUSAND EURO	2023	2022
Employee expenses	2,148	1,831
Services	753	990
Other	0	652
Used provisions	**2,901**	**3,474**

The provisions are further described in note 29.

10. OTHER OPERATING INCOME

For the year ended 31 December THOUSAND EURO	2023	2022
Gains on disposals of tangible and intangible fixed assets	762	2,175
Fair value gain on forward purchase contracts for commodities	(57)	150
Government grants received in current year	2,798	1,841
Allocation from government grants received in previous years	637	693
Capitalised expenses [(1)]	3,356	952
Sales waste	4,208	4,131
Exemption payroll tax	3,599	3,285
In-kind benefits	5,245	4,604
Site revenues	1,629	1,504
Sales promotional materials	984	822
Tax recuperation (non-income tax related)	0	632
Rental fleet	67	82
Palettes	380	93
Recuperation damage/insurance	4,770	2,696
Compensation from third parties for investments in energy/formation/safety	271	415
Realised exchange gains relating to trade business	1,442	2,196
Other	728	2,826
Other operating income	**30,818**	**29,097**

(1) 2023 includes €2.0 million activated costs for internally developped software

11. OTHER OPERATING EXPENSE

For the year ended 31 December THOUSAND EURO	2023	2022
Loss on disposals of tangible and intangible fixed assets	214	154
Loss on realisation of trade receivables	1,201	1,334
Non-income tax levies and penalties	477	576
Other [1]	1,632	1,744
Realised exchange losses relating to trade business	2,867	2,170
Other operating taxes	7,237	6,364
Other operating expense	**13,627**	**12,341**

(1) contains some amounts for damages and penalties

‘Other operating taxes’ in 2023 comprise €3.9 million, property tax (2022: €3.5 million), €0.5 million packaging tax (2022: €0.8 million) and €1.0 million solidarity tax (2022: €0.9 million).

12. FINANCIAL INCOME

For the year ended 31 December THOUSAND EURO	2023	2022
Interest income	26	430
Exchange gains	5,951	4,459
Fair value gains on derivatives	0	5,234
Other financial income	7	2
Financial income	**5,983**	**10,125**

Financial income decreases by 41% due to:

- Higher realized exchange gains (+ €1.6 million)
- No fair value gains on derivatives (- €5.2 million)

13. FINANCIAL EXPENSE

For the year ended 31 December THOUSAND EURO	2023	2022
Interest expense [1]	5,970	7,559
Exchange losses	5,035	5,972
Fair value losses on hedging instruments	1,566	0
Bank and legal fees	363	377
Other financial expense	490	1,507
Financial expense	**13,424**	**15,414**

(1) Includes €2.4 million interests on factoring (2022: €0.7 million)

Financial expense decreases by 13% resulting from:

- Lower interest expense (-€1.6 million) due to a lower average Net Financial Debt over the year. The interest expense includes the reclassification adjustment related to the (gain)/loss arising on changes in fair value of the hedging instruments in the cash flow hedge reserve (€1.0 million).
- Higher unrealised exchange losses (€+2.1 million) / Lower realised exchange losses (€-3.0 million)
- Higher fair value losses on derivatives (+€ 1.6 million) resulting from a fair value loss on the interest rate swaps in 2023 (-€3.4 million) due to a decrease of interest rates a year-end and a fair value gain on FX derivatives in 2023 (+€1.8 million) mainly on USD and PLN contracts. The gain resulting from the discontinuation of the application of hedge accounting for one cash flow hedge is included in the fair value losses on derivatives (€0.9 million).
- Lower other financial expense (-€1.0 million)

14. INCOME TAX EXPENSE

14.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Income taxes recognised in the income statement can be detailed as follows:

For the year ended 31 December **THOUSAND EURO**	**2023**	**2022**
Current taxes for the year	(26,473)	(20,909)
Adjustment to current taxes on prior years	(1,491)	(809)
Deferred taxes	3,258	266
Income tax (expense)	**(24,706)**	**(21,452)**

The income tax expense has increased with 15.2% compared to last year.

On the one hand, the current year taxes for 2023 are higher than those in 2022, due to the strong increase in profit before tax which is 44.7% higher than in 2022.

On the other hand, deferred tax assets on tax attributes of previous years were set up for an amount of €10.5 million resulting in an increased positive impact on the deferred taxes compared to 2022. The deferred taxes are described further in note 19.

The table below summarises the relationship between income tax and profit before income tax:

For the year ended 31 December **THOUSAND EURO**	**2023**	**2022**
Accounting profit before taxes	134,036	92,647
Profit before tax and before share of result of associates	**134,036**	**92,647**
Tax at Belgian corporate tax rate (25%)	33,509	23,162
Adjustment to current taxes on prior years		
- over/underprovided prior years	1,491	809
Tax effect of		
- special tax regimes	(1,653)	(1,812)
- other domestic tax rates	(507)	(333)
- expenses not deductible for tax purposes	1,266	1,449
- losses/timings for which no deferred tax asset was recognised	653	775
- utilisation of unrecognised tax attributes	(132)	(1,913)
- reversal of previously recognised deferred taxes (asset +/liability -)	(155)	(1,860)
- deferred tax assets previously not recognised	(10,520)	(230)
- changed tax rate	0	244
Other domestic taxes (1)	953	1,290
Other	(199)	(129)
Total income tax	**24,706**	**21,452**
Effective tax rate	**18.4%**	**23.2%**

(1) mainly CVAE France

The contribution for value added by businesses (cotisation sur la valeur ajoutée des entreprises, CVAE) is a French tax assessed on the added value that companies realised during the previous calendar year. For 2023 the CVAE rate was 0.375% for companies with an annual pre-tax turnover of +€50.0 million. Companies with a turnover below this amount are subject to a reduced CVAE rate (depending on turnover). The individual companies making up part of a tax group also pay 0.375% if the total annual pre-tax turnover of the group is higher than €50.0 million. The minimum annual pre-tax turnover to be subject to CVAE is €0.5 million.

14.2 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

For the year ended 31 December **THOUSAND EURO**	**2023**	**2022**
Deferred tax		
- arising on income and expense recognised in other comprehensive income:		
* on fair value remeasurements of hedging instruments entered into for cash flow hedging	475	(1,836)
* on remeasurements of defined benefit obligation	776	(2,579)
Total income tax recognised in other comprehensive income	**1,251**	**(4,415)**

15. GOODWILL

Goodwill represents approximately 17 % of the total assets of Vandemoortele as of 31 December 2023. In 2023, there have been no changes to goodwill. The goodwill is tested for impairment every year.

The test was performed on a cash-generating unit level (Bakery Products and Plant-Based Food Solutions) by comparing each unit's carrying value, including goodwill, to its value-in-use.

The value-in-use of each reporting unit was assessed using a discounted cash flow model based on divisional management's budget for the year 2024 and the latest update of the strategic plan covering a three-year period extended with an additional year based on management's expected developments.
The strategic plan includes the needed opex to be able to meet the foreseen sustainability targets. The drive for energy efficiency is concretized in the plan though investments in windmills and solar energy. This reduces in the meantime our dependency on energy prices.

The outcome of the goodwill impairment tests performed in a consistent way did not result in any impairment loss at the end of 2023. The impairment test on goodwill did not result in any impairment loss over the last three years.

The impairment testing performed is explained below.

Goodwill by cash-generating unit

On acquisition, goodwill acquired in a business combination is allocated to the cash-generating units that are expected to benefit from that business combination. These cash-generating units correspond to the divisions Bakery Products (BP) and Plant-Based Food Solutions (PBFS). Therefore, impairment testing is performed at the level of the cash-generating units as presented below.

The carrying amount of goodwill (after impairment) has been allocated to the cash-generating units as follows:

For the year ended 31 December THOUSAND EURO	PBFS	BP	2023	2022
Goodwill as of 31 December	**62,723**	**136,606**	**199,329**	**199,329**

The Group performed its annual impairment test as of 31 December 2023 consistently with the previous years.

The annual impairment tests were performed for each cash-generating unit. The recoverable amount for each of the cash-generating units has been determined based on a value-in-use calculation using cash flow projections generated by divisional management covering a five-year period, in conjunction with a perpetuity of cash flows to determine terminal value.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for the cash-generating units is most sensitive to following assumptions:

- Annualised sales growth over the 5-year projected cash flows
- Average EBITDA margin over the 5-year projected cash flows
- Growth rate used to extrapolate cash flows beyond the 5-year projected cash flows
- Discount rates

The key parameters used for the impairment test of both cash generating units, BP and PBFS, and the resulting available headroom (value-in-use exceeds carrying value) are shown in the table below:

	BP		PBFS	
	2023	**2022**	**2023**	**2022**
Annualised sales growth	5.7%	9.1%	5.1%	6.5%
Average EBITDA margin	10.6%	9.3%	7.7%	5.6%
Perpetual growth rate	0.5%	0.5%	0.0%	0.0%
Discount rate	8.1%	8.4%	8.1%	7.9%
Headroom (in million Euro)	312.6	293.1	251.2	173.8

Discount rate is based on benchmark interest rates, the financing structure and the cost of equity of the Group. A specific risk premium is considered when the specific business context makes it necessary. This results in a post-tax discount rate of 8.1 % (8.4 % in 2022) for BP and 8.1 % (7.9 % in 2022) for PBFS. The discount rate includes no specific risk premium for both BP and PBFS (in 2022: 0.5 % for BP, 0.0 % for PBFS). This specific risk premium for BP (0.5% last year) is no longer applied as the business is steered towards improved product, customer, channel and country mixes. Cost price increases can be transferred in a more steady way to the market. Projections of future cash flows become more certain and less volatile.

Sensitivity to changes in assumptions

The major sensitivities for the impairment tests are the sales evolution, the EBITDA margin and the discount rate.

A reasonable change in one of these sensitivities (keeping the other parameters constant) does not lead to a potential material impairment for either BP or PBFS.

A fall of the annualised sales growth to 4.0 % combined with a fall of the average EBITDA margin to 9.8 % combined with an increase of the discount rate with 1% would reduce the headroom for BP to zero.
A fall of the annualised sales growth to 0.5 % combined with a fall of the average EBITDA margin to 6.1 % combined with an increase of the discount rate by 1% would reduce the headroom for PBFS to zero.

Based on the above assumptions, the Group has concluded that no impairment losses need to be recorded as of 31 December 2023 on the goodwill of BP and PBFS.

16. INTANGIBLE ASSETS

For the year ended 31 December	2023				
THOUSAND EURO	**DEVELOPMENT**	**PATENTS AND TRADEMARKS**	**SOFTWARE**	**OTHER**	**TOTAL**
Gross amount as of 1 January	**289**	**2,807**	**15,571**	**17,111**	**35,778**
Other acquisitions	0	0	942	0	942
Disposals	0	0	(744)	0	(744)
Transfers from one heading to another	0	0	1,037	0	1,037
Currency translation adjustments	0	0	4	0	4
Gross amount as of December 31	**289**	**2,807**	**16,811**	**17,111**	**37,018**
Accumulated amortisation as of 1 January	**289**	**2,807**	**13,153**	**13,604**	**29,854**
Amortisation for the year	0	0	966	1,650	2,616
Disposals	0	0	(723)	0	(723)
Impairment losses	0	0	6	0	6
Currency translation adjustments	0	0	4	0	4
Accumulated amortisation as of 31 December	**289**	**2,807**	**13,406**	**15,254**	**31,756**
Net balance as of 31 December	**0**	**0**	**3,405**	**1,857**	**5,262**

For the year ended 31 December	2022				
THOUSAND EURO	**DEVELOPMENT**	**PATENTS AND TRADEMARKS**	**SOFTWARE**	**OTHER**	**TOTAL**
Gross amount as of 1 January	**296**	**2,807**	**15,393**	**17,808**	**36,305**
Other acquisitions	0	0	861	0	861
Disposals	(8)	0	(812)	(697)	(1,517)
Transfers from one heading to another	0	0	130	0	130
Gross amount as of 31 December	**289**	**2,807**	**15,571**	**17,111**	**35,778**
Accumulated amortisation as of 1 January	**296**	**2,807**	**13,091**	**12,499**	**28,693**
Amortisation for the year	0	0	873	1,650	2,523
Disposals	(8)	0	(810)	(544)	(1,362)
Accumulated amortisation as of 31 December	**289**	**2,807**	**13,153**	**13,604**	**29,854**
Net balance as of 31 December	**0**	**0**	**2,418**	**3,507**	**5,925**

There are no liabilities secured on intangible assets. The research and development expenses that do not meet the capitalisation criteria of IAS 38, and were therefore included in the income statement, amount to €8.8 million (2022: €7.2 million). The intangible assets contain the net book value of the customer portfolio of LAG, amounting to €1.5 million, which has a remaining useful life of 1 year.

17. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December	2023					
THOUSAND EURO	LAND AND BUILDINGS	PLANT AND MACHINERY	ASSETS UNDER CONSTRUCTION	OTHER(1)	LEASED PROPERTY	TOTAL
Gross amount as of 1 January	**307,818**	**687,914**	**22,512**	**30,848**	**124,055**	**1,173,146**
Other acquisitions	9,311	34,677	30,681	2,715	10,048	87,432
Remeasurement IFRS 16	0	0	0	0	327	327
Disposals	(556)	(9,676)	(39)	(782)	(5,197)	(16,250)
Transfers from one heading to another	4,397	11,061	(16,722)	227	0	(1,037)
Currency translation adjustments	1,320	3,679	34	48	98	5,179
Gross amount as of 31 December	**322,291**	**727,655**	**36,464**	**33,056**	**129,330**	**1,248,796**
Accumulated depreciation as of 1 January	**178,023**	**514,095**	**0**	**22,699**	**86,073**	**800,891**
Depreciation for the year	10,938	38,339	0	2,986	9,542	61,805
Disposals	(503)	(9,238)	0	(763)	(5,143)	(15,645)
Impairment losses	15	461	0	8	0	484
Currency translation adjustments	549	2,384	0	38	34	3,005
Accumulated depreciation as of 31 December	**189,023**	**546,041**	**0**	**24,970**	**90,506**	**850,539**
Net balance as of 31 December	**133,268**	**181,614**	**36,464**	**8,086**	**38,824**	**398,257**

(1) *Consists mainly of furniture, office equipment and motor vehicles*

For the year ended 31 December	2022					
THOUSAND EURO	LAND AND BUILDINGS	PLANT AND MACHINERY	ASSETS UNDER CONSTRUCTION	OTHER(1)	LEASED PROPERTY	TOTAL
Gross amount as of 1 January	**319,805**	**673,415**	**9,984**	**31,141**	**141,166**	**1,175,512**
Other acquisitions	4,475	18,097	21,784	2,552	5,998	52,905
Remeasurement IFRS 16	0	0	0	0	(11,055)	(11,055)
Disposals	(15,890)	(10,864)	(29)	(2,929)	(11,993)	(41,706)
Transfers from one heading to another	(36)	9,000	(9,211)	117	0	(130)
Currency translation adjustments	(536)	(1,734)	(16)	(33)	(61)	(2,381)
Gross amount as of 31 December	**307,818**	**687,914**	**22,512**	**30,848**	**124,055**	**1,173,146**
Accumulated amortisation as of 1 January	**180,509**	**485,611**	**0**	**22,796**	**87,779**	**776,696**
Depreciation for the year	11,091	36,524	0	2,804	8,972	59,391
Disposals	(12,841)	(10,531)	0	(2,882)	(10,659)	(36,913)
Impairment losses	0	2,739	0	5	0	2,743
Transfers from one heading to another	(521)	521	0	0	0	0
Currency translation adjustments	(216)	(768)	0	(24)	(19)	(1,027)
Accumulated amortisation as of 31 December	**178,023**	**514,095**	**0**	**22,699**	**86,073**	**800,891**
Net balance as of 31 December	**129,795**	**173,818**	**22,512**	**8,149**	**37,982**	**372,256**

(1) *Consists mainly of furniture, office equipment and motor vehicles*

‘Property, plant and equipment’ contains assets that are no longer in use, amounting to €5.9 million. These assets are related to buildings and equipment at two French sites on which impairments have been booked in the previous years to bring the net book value close to the fair value.

In order to support our growth strategy and to meet the rising demand for our product, Vandemoortele invested nearly €78 million of which €59 million in BP and €19 million in PBFS.

The investment in the new pastry line in Torcé 2 (France), the upgrade of the production lines for flour-oven bread in Ravenna and the replacement and part of the blister packs with flow packs in our donut factories were the most important investments in 2023 in the BP business line.

Investments in the PBFS business line focused in 2023 on the further replacement of production control systems, on the installation of a Cleaning-in-Place system in Izegem and on the production line for 10 kg blocks in Dresden.

Apart from the financial lease liabilities, there are no liabilities secured on tangible fixed assets.

Leases

The following note provides information regarding leases where the Group acts as a lessee.

As a result of the initial application of IFRS 16 Leases, the Company opted to disclose the right-of-use assets as a separate nature of assets, with this being explained in more detail below.

For the year ended 31 December	2023				
THOUSAND EURO	**LAND AND BUILDINGS**	**PLANT AND MACHINERY**	**FURNITURE AND EQUIPMENT**	**VEHICLES**	**TOTAL**
Gross amount as of 1 January	**63,506**	**36,563**	**802**	**23,184**	**124,055**
Other acquisitions	202	109	30	9,707	10,048
Remeasurement IFRS 16	1,037	147	0	(857)	327
Disposals	0	(879)	0	(4,318)	(5,197)
Currency translation adjustments	32	1	2	63	98
Gross amount as of 31 December	**64,777**	**35,941**	**833**	**27,779**	**129,330**
Accumulated depreciation as of 1 January	**38,207**	**34,201**	**465**	**13,200**	**86,073**
Depreciation for the year	2,893	660	142	5,847	9,542
Disposals	0	(879)	0	(4,264)	(5,143)
Currency translation adjustments	4	0	1	28	34
Accumulated depreciation as of 31 December	**41,104**	**33,982**	**608**	**14,811**	**90,506**
Net balance as of 31 December	**23,673**	**1,959**	**225**	**12,967**	**38,824**

For the year ended 31 December	2022				
THOUSAND EURO	**LAND AND BUILDINGS**	**PLANT AND MACHINERY**	**FURNITURE AND EQUIPMENT**	**VEHICLES**	**TOTAL**
Gross amount as of 1 January	**78,032**	**37,373**	**445**	**25,316**	**141,166**
Other acquisitions	460	114	360	5,064	5,998
Remeasurement IFRS 16	(10,243)	34	0	(846)	(11,055)
Disposals	(4,716)	(956)	0	(6,321)	(11,993)
Transfers from one heading to another	12	0	(1)	(10)	0
Currency translation adjustments	(39)	(2)	(2)	(19)	(61)
Gross amount as of 31 December	**63,506**	**36,563**	**802**	**23,184**	**124,055**
Accumulated amortisation as of 1 January	**39,002**	**34,500**	**337**	**13,941**	**87,779**
Depreciation for the year	3,005	657	131	5,179	8,972
Disposals	(3,800)	(956)	0	(5,903)	(10,659)
Transfers from one heading to another	12	0	(1)	(10)	0
Currency translation adjustments	(12)	0	(1)	(6)	(19)
Accumulated amortisation as of 31 December	**38,207**	**34,201**	**465**	**13,200**	**86,073**
Net balance as of 31 December	**25,299**	**2,362**	**337**	**9,984**	**37,982**

The Group mainly leases vehicles (company cars, forklifts) and buildings. The lease term varies from 4 to 5 years for vehicles, and from 2 to 24 years for buildings.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as securities for borrowing purposes.

The Group also leases certain plant and equipment with lease terms of 12 months or less, as well as office equipment of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The statement of profit or loss shows the following amounts relating to leases:

For the year ended 31 December **THOUSAND EURO**	**2023**	**2022**
Expense relating to short-term leases	2,082	2,108
Expense relating to leases of low-value assets	515	685
Expense relating to variable lease payments	6,872	6,812
Non-lease components	1,701	1,960
Interest expenses	1,312	876
Services (note 6)	**12,481**	**12,441**
Depreciation expense (note 8)	9,542	8,972

The total cash outflow for leases in 2023 was €23.3 million.

At closing 2023, the Group was committed to €1.0 million for short-term leases.

For the lease of land and buildings, the Group is exposed to potential future increases in variable lease payments based on an index, with these not being included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset (see note 24).

Some limited property leases contain variable payment terms that are linked to the space used in the buildings. Considering the limited impact of these lease contracts, the Company judges that a sensitivity analysis is not relevant.

Extension and termination options are included in several property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the Group, and not by the respective lessor.

Set out below are the carrying amounts of lease liabilities (included under Borrowings) and their movements during the reported period:

For the year ended 31 December THOUSAND EURO	2023	2022
Opening balance as of 1 January	**33,150**	**48,322**
New leases	10,053	5,577
Remeasurement IFRS 16	275	(11,076)
Reimbursements	(9,522)	(9,566)
Transfers from one heading to another	0	(61)
Currency translation adjustments	53	(46)
Closing balance as of 31 December	**34,008**	**33,150**

The maturity analysis of lease liabilities is disclosed in note 25.4.

18. TRADE AND OTHER RECEIVABLES

The balance of trade and other receivables can be detailed as follows:

For the year ended 31 December THOUSAND EURO	2023	2022
Trade receivables - gross	220,046	229,913
Allowances for expected credit losses	(4,420)	(4,774)
Trade receivables - net	**215,625**	**225,139**
VAT receivable	42,772	41,261
Income tax receivable	6,097	2,477
Other taxes receivable	645	721
Prepayments	2,200	2,200
Other	3,271	3,498
Other receivables (1)	**54,984**	**50,157**
Current trade and other receivables	**270,610**	**275,296**
Trade and other receivables	**270,610**	**275,296**

(1) Interest receivables presented within Other receivables in the previous years were reclassified to the Derivative assets

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of dispersed customers. The Group's exposure to credit risk is further described in note 25.5.

Trade receivables are generally due within 30 days and are therefore classified as current.

When amounts are more than 30 days overdue, an estimation is made regarding recoverability and, if relevant (bankruptcy, etc.), an appropriate provision is recorded. No valuation allowances are taken by the Group for overdue amounts where collection is still deemed probable. The allowance for expected credit losses amounted to 31.4% of trade receivables overdue for more than 30 days (2022: 35.9%).

The movement in the allowance for expected credit losses of trade receivables is as follows:

For the year ended 31 December THOUSAND EURO	2023	2022
Balance as of 1 January	**4,774**	**4,246**
Provision for expected credit losses (see note 25)	(465)	(647)
Amounts written off during the year as uncollectible	2,075	1,939
Amounts recovered during the year	(1,977)	(760)
Foreign exchange translation gains and losses	13	(3)
Balance as of 31 December	**4,420**	**4,774**

Certain subsidiaries of the Group benefit from non-recourse factoring agreements with two credit institutions (one for Belgian and Dutch subsidiaries (program 1), the other – for French subsidiaries (program 2)). Under these arrangements, the Group transfers the relevant receivables to the factor in exchange for an initial cash amount of 95% of the carrying amount of the transferred trade receivables. The remaining 5% are retained by the factor till the moment the relevant receivables are either settled by the customers, or reimbursed by the credit insurer, or definitive insolvency of the customer is established (after 90 days after the invoice maturity date for the program 1, 100 days for the program 2). The overall maximum program 1 amount is € 50.0m and for program 2 € 65.0m. This maximum program amount is the maximum that can be drawn for the Group, subject to the receivables sold to the factor.

At 31 December 2023, trade receivables have been transferred for an amount of €32.9 million under program 1 and for an amount of €57.6 million under program 2.

The receivables transferred under the factoring programs are subject to a maximum dilution ratio that was never exceeded in the past and is not expected to be exceeded.

Factoring is used when the transferred receivables are subject to credit insurance through credit insurer with the investment grade rating. The credit insurer indemnifies 95% of the losses incurred by the entities of the Group on the transferred eligible receivables. The factors are contractually co-insured together with the entities of the Group for the transferred eligible receivables.

Under the program 1, the factor assumes the risk of customer default after 100 days after the invoice date. The losses on receivables of groups of debtors that remain below €10 thousand are not covered and are also not considered as part of the transferred eligible receivable, amounting to €29 thousand. The credit risk is estimated to be substantially transferred. Late payment risk is substantially transferred as well as the factor applies a discount to the purchase price for the time value of money determined at the transfer date and is not updated subsequent to the transfer. Therefore, both risks are substantially transferred, the Group fully derecognises the transferred receivables and recognises a receivable on the debtor for the deferred purchase price of 5% that amounts to €1.7 million.

Under the program 2, the factor assumes not only the risk of customer default after 90 days after the invoice date, but also the risk of credit insurer default. The Group continues to pay a floating interest rate on the overdue receivables to the factor up to 90 days, thus, not substantially transferring the late payment risk to the factor. In accordance with IFRS 9 Financial instruments: Recognition and Measurement, all non-recourse eligible trade receivables, included in this factoring program, are derecognised for the non-continuing involvement part. The only continuing involvement of the Group in these receivables is the late payment risk. A standard approach of measuring late payment risk is used by applying the contractual interest rate to the amount of the initial purchase price of the outstanding transferred receivables that have not yet been finally settled, up to 90 days after their due date, amounting to € 640 thousand. The deferred purchase price is recognized by Vandemoortele as a receivable of 5% amounts to €3.0 million and is recognized as a receivable on the factor as long as it has not been settled.

19. DEFERRED TAXES

Deferred tax assets and liabilities are attributable as follows:

For the year ended 31 December	ASSETS		LIABILITIES		NET	
THOUSAND EURO	**2023**	**2022**	**2023**	**2022**	**2022**	**2021**
Intangibles	1,644	1,990	(1,078)	(1,539)	566	451
Property, plant and equipment	2,537	1,811	(14,075)	(11,413)	(11,538)	(9,602)
Financial assets	0	60	(1)	(1)	(1)	59
Inventories	140	105	0	0	140	105
Derivative financial instruments	0	0	(148)	(768)	(148)	(768)
Other assets	207	37	(106)	(46)	101	(9)
Employee benefits	3,667	3,087	(70)	(399)	3,597	2,688
Provisions	890	716	(14)	(1,756)	875	(1,040)
Other liabilities	1,585	1,823	(132)	(1,210)	1,453	613
Tax free reserves	0	0	(4,723)	(4,723)	(4,723)	(4,723)
Tax losses and tax liabilities	32,807	27,821	(3,738)	(1,025)	29,069	26,797
Gross deferred tax assets/liabilities	**43,477**	**37,449**	**(24,085)**	**(22,879)**	**19,392**	**14,570**
Compensation of assets and liabilities within same jurisdiction	(5,694)	(4,788)	5,694	4,788		
Net deferred tax assets/liabilities	**37,783**	**32,661**	**(18,391)**	**(18,091)**	**19,392**	**14,570**

The recoverability of deferred tax assets is assessed based on the availability of sufficient tax profitability in the future to absorb the future tax deduction of the related temporary differences or the related tax losses carried forward. Based on this judgement, the time horizon over which the tax benefits will be realised varies between three and eight years. The majority of the tax attributes for which a deferred tax asset is recognised can be transferred without any time limitation. For the tax attributes that can only be transferred for a limited time, a deferred tax is only recognised to the extent that the tax attributes are expected to be used within the time limitation.

For the tax deductions/tax losses/temporary differences of the current year 2023 deferred tax assets have been recognised, considering the yearly updated forecasts show these tax deduction/losses/temporary differences will be used in the foreseen time horizon. Furthermore, based on these updated forecasts, deferred tax assets have been recognised in 2023 that previously were not recognised for a total amount of €10.5 million, of which €9.8 million relates to Belgium, €0.1 million to Poland, €0.4 million to Spain, €0.1 million to Italy and the remaining part to Germany.

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the global economy.

It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes.

In response to this uncertainty, on 23 May 2023 the IASB issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules.

The Group applied the temporary exception at 31 December 2023.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group at 31 December 2022 and 2023. Based on the assessment, no substantial tax impact is expected considering most of the countries will fall into the scope of the safe harbor rules and the countries that will not fall in scope of the safe harbor rules will not trigger (substantial) tax impact for the Vandemoortele Group. This assessment is based on the current structure of the group and we do not anticipate significant changes in our structure in 2024 which could have a material impact on the above Pillar Two assessment.

The not-recognised deferred income tax assets, for an amount of €10.5 million, are detailed below.

For the year ended 31 December 2023		
Country	**Amount**	**Nature**
Belgium	1,500	tax losses
UK	3,201	tax losses
Poland	3,493	temporary differences
Poland	2,308	tax deductions/credits
Total not-recognised deferred tax assets	**10,502**	

Only the not-recognised deferred tax assets on tax deductions/credits in Poland have a limitation in time.

The change in the net position of deferred taxes can be explained as follows:

For the year ended 31 December	**ASSETS**		**LIABILITIES**	
THOUSAND EURO	**2023**	**2022**	**2023**	**2022**
Deferred tax as of 1 January	**32,661**	**38,334**	**(18,091)**	**(19,515)**
Increase/decrease through the income statement	5,539	(2,813)	(2,281)	3,079
Increase/decrease through equity	366	(2,722)	885	(1,713)
Currency translation adjustment	342	(138)	(29)	58
Compensation of assets and liabilities within same jurisdiction	(1,125)	0	1,125	0
Deferred tax as of 31 December	**37,783**	**32,661**	**(18,391)**	**(18,091)**

20. OTHER ASSETS

For the year ended 31 December THOUSAND EURO	2023	2022
Guarantees	580	635
Non-qualifying insurance premiums	2,456	2,224
Non-current other assets	**3,035**	**2,858**
Guarantees	152	157
Deferred expenses	4,793	7,478
Accrued income	973	5,001
Other	204	293
Current other assets	**6,122**	**12,929**

21. INVENTORIES

For the year ended 31 December THOUSAND EURO	2023	2022
Raw materials and consumables	60,452	65,946
Work in progress	132	233
Finished goods	109,980	124,146
Goods purchased for resale	8,614	12,952
Inventories as of 31 December	**179,177**	**203,277**

The write-downs on inventories amounted to €9.2 million in 2023 (2022: €8.0 million).

The amount of the inventories decreased to €179.2 million compared to €203.3 million in 2022. Most of this value decrease is due to the lower cost prices for production supplies and trade goods applicable for the stock valuation end 2023. Another part is related to a decrease in the number of inventory days.

22. CASH AND CASH EQUIVALENTS

For the year ended 31 December THOUSAND EURO	2023	2022
Cash	72	66
Bank current accounts	43,615	38,493
Cash and cash equivalents	**43,687**	**38,559**
Bank overdrafts	0	(916)
Cash and cash equivalents less bank overdrafts	**43,687**	**37,643**

Cash and cash equivalents relate to balances on bank accounts, remunerated at market conditions. The market value of these cash and cash equivalents is therefore equal to the book value of the cash and cash equivalents.

23. EQUITY

23.1 SHARE CAPITAL

The issued capital of the Company amounts to €79.4 million as of 31 December 2023 (€79.4 million as of 31 December 2022), represented by 547,208 shares (547,208 shares as of 31 December 2022). 827 of these are owned by the Company itself. These shares are not entitled to a dividend. The Company's shares are without par value. The shareholders are entitled to receive dividends as declared, and to one vote per share at the Company's shareholder meetings. There is no authorised, un-issued capital.

23.2 TREASURY SHARES & SAFINCO CERTIFICATES

The Company's own shares and the Safinco certificates (depository receipts) held by Vandemoortele NV or one of its subsidiaries are recognised as treasury shares.

The depository receipts were issued by the foundation STAK Vandemoortele, shareholder of Safinco NV, at its turn shareholder of Vandemoortele NV. The trust conditions stipulate that annually depository receipts can be offered to the certificate holders. The number of depositary receipts which may be transferred during a calendar year cannot exceed more than 1% of the outstanding depositary receipts which are not held by Vandemoortele NV or a group entity. If none of the certificate holders have indicated their intention to purchase the depositary receipts offered, then these depository receipts can be offered for sale to Vandemoortele NV or a group entity. Any purchase of these certificates by Vandemoortele NV or a group entity will always be assessed in the light of the company's interest via a board of directors meeting. There is no obligation to purchase these certificates.

As of 31 December 2023, Vandemoortele NV or one of its subsidiaries held 52,576 Safinco certificates recognised as treasury shares. Additionally, there are 827 shares owned by the Company itself (own shares).

During 2023, the Group sold 760 of its own shares and bought 2,648 Safinco certificates.

23.3 CUMULATIVE TRANSLATION ADJUSTMENTS

The cumulative translation adjustments reserve represents the cumulative currency translation differences arising from the translation of the financial statements of subsidiaries that operate in functional currencies other than the euro. As of 31 December 2023, no deferred tax has been booked in cumulative translation adjustments, meaning that the balance of deferred taxes recognised in the cumulative translation adjustments remains at -€49,000.

23.4 RETAINED EARNINGS & RESERVES

The retained earnings consist of the reserves of the parent company (including the legal reserve of €3.3 million) and the undistributed profits of the subsidiaries. The change in retained earnings and reserves during 2023 is explained by the net gain for the year and the payment of the dividend.

During 2023, Vandemoortele Group received a €2.7 million dividend on the Safinco shares/certificates. This dividend was recognised in equity.

A summary of the change in the equity position of the Group can be found in the consolidated statement of changes in equity.

23.5 DIVIDENDS

On 14-Mar-24 the Board of Directors proposed that a dividend of €25.7 million be paid on the result of 2023. The dividend proposal is subject to approval by the shareholders at their annual meeting, to be held on 14-May-24.

23.6 CASH FLOW HEDGES

The Group entered into two different interest hedges in 2022 for which hedge accounting was applied. The hedged item in both interest hedges was the highly probable forecasted issuance of a bond. The hedging instruments were interest rate swaps for the notional amount of the forecasted bonds.
In the first cash flow hedge, the hedging instruments are two interest rate swaps issued in January 2022 for the notional amount of €50.0 million. This resulted in a hedging reserve of €6.9 million (net of tax €5.2 million) at the date of the issuance of the bond (the interest rate swaps were terminated at that date) accumulated in the cash flow hedge reserve. The hedging reserve is allocated to income statement over the term of the loan. Following this allocation rule, an amount of €1.0 million (€0.7 million net of tax) has been recycled to the income statement 2023 (2022: €0.5 million (€0.4 million net of tax)). This gain is reported in minus under the interest expenses (see note 13 Financial expense). No impact of ineffectiveness for this first interest hedge was recorded in the income statement 2023.
In the second cash flow hedge, the hedging instrument was an interest rate swap issued end 2022 for the notional amount of €35.0 million. The marked to market value of this hedging instrument at end 2022 amounts to €0.9 million (net of tax €0.7 million) and was reported under the cash flow hedging reserve. However, the hedged item (the issuance of a bond) did no longer apply in 2023. Consequently, the application of hedge accounting on this interest hedge has been discontinued in 2023. The resulting reclassification adjustment is included in minus under the fair value losses on hedging instruments (see note 13 Financial expense) in the amount of €0.9 million (€0.7 million net of tax).

24. BORROWINGS

This note provides information about the Group's borrowings and net financial debt. Additional information about the exposure to interest rate and foreign currency risk on the borrowings can be found in note 25.

For the year ended 31 December THOUSAND EURO	2023	2022
Subordinated bonds	51,267	126,155
Unsecured borrowings	10,569	37,129
Lease liabilities	34,008	33,150
Bank overdrafts	0	916
Continuing involvement factoring	670	893
Borrowings	**96,515**	**198,245**
Of which:		
Current (portion becoming due within one year)	11,965	87,602
Non-current	84,549	110,643

All borrowings of the Group are denominated in euro. The fair value of the current borrowings approximates their carrying amount, as the impact of discounting is deemed not significant.

To calculate the bank covenant (max. 3.5:1), the senior net financial debt of €1.6 million (2022: €33.6 million) is calculated as the borrowings excluding the subordinated loans (incl. accrued interest) and the issuance costs (€96.5 million – €51.4 million + €0.1 million = €45.2 million) minus cash and cash equivalents (€43.7 million).

All bank borrowings are subject to bank covenants. A senior leverage ratio of 0.0:1 is well within the agreed boundaries (max. 3.5:1). No default breaches on debt payments occurred. Note that, for the covenant reporting to the banks, the frozen GAAP approach should be used. For frozen GAAP the general IFRS accounting principles are followed, with the exception of IFRS16, where it was agreed with the banks that for the calculation of the covenants the former leasing standard IAS17 is used. This results in a negative senior net financial debt of €23.1 million (2022: €11.5 million) with an even lower SNFD (senior net financial debt)/adjusted EBITDA debt ratio of 0.0:1 (2022: debt ratio of 0.1:1). The nature to arrive to adjusted items in 'Adjusted EBITDA' is similar to adjusted items as defined in note 4. 'Alternative Performance Measures'.
The Group has an available credit line amounting to €200 million (2022: €200 million), which was undrawn on 31 December 2023 (€25 million was used in 2022).

Next to the senior leverage covenant, the revolving facility (€200.0 million) is also subject to a "guarantor cover test". This test includes that:

- The contribution of the entities referred to as guarantor should reach 70 % of the consolidated assets of the Group. At 31/12/2023, a percentage of 87.9 % was reached (2022: 88.1 %)
- The contribution of the entities referred to as guarantor should reach 70 % of the consolidated EBITDA of the Group. In 2023, a percentage of 90.9 % was reached (2022: 90.2 %)

The results of the guarantor cover tests are well within the agreed boundaries.

24.1 SUBORDINATED BONDS

On 7 November 2016, the Group issued subordinated bonds amounting to €75.0 million through private placement. These bonds, with coupon rate of 3.5 % were repaid on their maturity date, 7 November 2023.

On 4 July 2022, the Group issued new subordinated retail bonds amounting to €50.0 million. These bonds mature on 4 July 2029, and have a coupon rate of 5.6%. The interest rate is hedged under cash flow hedge (see note 23.6 and 25.2).

24.2 UNSECURED BANK BORROWINGS

On 14 May 2018, Vandemoortele signed an amended and restated revolving facility agreement, which replaced the existing facility. The agreement matures on 14 May 2025.

The Group has a margin over EURIBOR on the loans taken. This margin depends on the senior leverage ratio of the Group, as described above.

24.4 LEASE LIABILITIES

Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of a default.

For the year ended 31 December THOUSAND EURO	2023	2022
Gross lease liabilities - minimum lease payments	**40,178**	**39,132**
No later than 1 year	10,023	8,488
Later than 1 year and no later than 5 years	19,587	17,336
Later than 5 years	10,568	13,309
Future interest expenses on leases	(6,170)	(5,982)
Lease liabilities	**34,008**	**33,150**

24.5 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

For the year ended 31 December 2023 THOUSAND EURO	OPENING CARRYING AMOUNT	CASH FLOWS	NON-CASH MOVEMENTS				CLOSING CARRYING AMOUNT
			ACQUISITION	EXCHANGE DIFFERENCES	RECLASSES	OTHER	
Non-current liabilities							
Borrowings - Subordinated loan	49,767	-13	0	0	0	124	**49,879**
Borrowings - Unsecured borrowings	35,419	(25,000)	0	0	(950)	65	**9,534**
Borrowings - Lease liabilities	25,457	(1,742)	7,532	45	(5,988)	(167)	**25,136**
Current liabilities							
Borrowings - Subordinated loan	76,388	(76,388)	0	0	0	1,388	**1,388**
Borrowings - Unsecured borrowings	1,710	(1,705)	0	0	950	80	**1,035**
Borrowings - Lease liabilities	7,693	(7,780)	2,521	8	5,988	441	**8,872**
Borrowings - Bank overdrafts	916	(916)	0	0	0	0	**0**
Total liabilities from financing activities	**197,351**	**(113,545)**	**10,053**	**53**	**0**	**1,933**	**95,845**
Presented in the statement of cash flows (financing activities) excluding bank overdrafts, new cost of loans & payments of accrued interests:							
Repayment from borrowings		(101,241)					
Repayment of lease liabilities		(9,522)					

For the year ended 31 December 2022 THOUSAND EURO	OPENING CARRYING AMOUNT	CASH FLOWS	NON-CASH MOVEMENTS				CLOSING CARRYING AMOUNT
			ACQUISITION	EXCHANGE DIFFERENCES	RECLASSES	OTHER	
Non-current liabilities							
Borrowings - Subordinated loan	74,755	49,860	0	0	(75,000)	152	**49,767**
Borrowings - Unsecured borrowings	11,495	25,000	0	0	(1,232)	156	**35,419**
Borrowings - Lease liabilities	37,194	(2,167)	4,101	(37)	(5,758)	(7,877)	**25,457**
Current liabilities							
Borrowings - Subordinated loan	0	0	0	0	75,000	1,388	**76,388**
Borrowings - Retail bond	101,706	(101,706)	0	0	0	0	**0**
Borrowings - Unsecured borrowings	2,514	(2,500)	0	0	1,232	464	**1,710**
Borrowings - Lease liabilities	11,128	(7,399)	1,476	(8)	5,696	(3,199)	**7,693**
Borrowings - Bank overdrafts	220	696	0	0	0	0	**916**
Total liabilities from financing activities	**239,012**	**(38,215)**	**5,577**	**(46)**	**(61)**	**(8,916)**	**197,351**
Presented in the statement of cash flows (financing activities) excluding bank overdrafts, new cost of loans & payments of accrued interests:							
Proceeds from borrowings		75,001					
Repayment from borrowings		(102,112)					
Repayment of lease liabilities		(9,566)					

25. FINANCIAL RISK MANAGEMENT

Exposure to interest rate, foreign exchange rate, liquidity, commodity and credit risk arises in the normal course of the Group's business. The Group uses derivative financial instruments to cover interest rate, currency rate and commodity price risks.

The Group's policies prohibit the use of derivatives for speculation. Currently, the main principle in terms of hedging exposure is to hedge only clearly identifiable transactional risks (i.e. there is no hedging of net investments in foreign entities).

Based on this policy, the Group only uses derivatives to cover clearly identified economic risks. Even though, from an economic perspective, all derivatives are hedging instruments, the criteria for the application of hedge accounting according to IFRS cannot always be met. Consequently, hedge accounting is not applied on all economic hedges.

The interest rate, currency rate and liquidity exposure of the Group, including the counterparty credit risk, are centrally managed by the 'Group Treasury'. As a consequence, entities other than Vandemoortele NV are not allowed to loan from external parties. The Group's divisions jointly manage the commodity price exposure and credit risk.

25.1 FOREIGN CURRENCY RISK

The Group's companies incur foreign exchange risk on sales, purchases and other transactions in a currency other than their functional currency, and on sales and purchases in euro where the euro price is affected by a foreign exchange rate.

The subsidiaries of the Group are required to transfer the identified foreign exchange risk on their current and future business commitments in foreign currency and on forecasted foreign currency flows (from 2 to 12 months) to the central financing company of the Group. This systematic hedging relieves the operating entities of the foreign exchange risk, and centralises the Group's foreign exchange exposure. The Group Treasury then manages the remaining net exchange exposure under the rules and specific limits set by the Group Treasury policy and procedures.

The Group Treasury is required to hedge the foreign exchange risks via the most optimal and agreed upon financial instruments, i.e. spot and forward exchange contracts, currency swaps and currency purchase options. The FX derivatives used to hedge the foreign exchange risks are economical hedges and not hedges according to IFRS 9 as the conditions to apply hedge accounting are not met. Currency options are only allowed if the total current and future cost is known at the start and a budget is available. The maturity of financial instruments may not exceed one year. The use of other instruments must be approved by the Executive Committee.

The net equity risk (i.e. risks arising from the consolidation of equity investments in foreign currency subsidiaries) is not hedged, as none of the subsidiaries in foreign currency (i) have a value exceeding 30% of the Group's consolidated equity, or (ii) are considered strategic, or (iii) are in a country with high inflation in comparison to the eurozone.

Assets denominated in foreign currency are financed by cash flows or borrowings in the same currency as the assets (natural hedge) to as great an extent as possible.

The fair values of foreign currency derivative contracts are calculated using a valuation model, taking into account the available current market exchange rate and interest rate information.

All of the outstanding forward foreign exchange contracts to which the Group has committed itself have maturity dates within one year. The notional amount of these contracts as of 31 December 2023 is detailed in the table below:

For the year ended 31 December	**PURCHASES**		**SALES**	
THOUSAND EURO	**2023**	**2022**	**2023**	**2022**
USD	102,547	141,392	63,901	106,841
GBP	457	2,182	42,038	34,457
PLN	8,244	7,108	4,944	4,274
CZK	0	0	11,062	11,192
HUF	0	0	2,932	4,978
Notional amount FX instruments	**111,248**	**150,682**	**124,876**	**161,742**

During 2023, the changes in the fair value of the FX derivatives are accounted for as financial income or expense in the consolidated income statement. On 31 December 2023, the net fair value of those forward exchange contracts was a liability of €0.2 million (as of 31 December 2022: a liability of €2.0 million). The fair value gain of €1.8 million has been recognised as a finance result (2022: fair value loss of €1.6 million).

Currency sensitivity analysis

Most of the Group's non-derivative monetary financial instruments are either denominated in the functional currency of the Group or are converted into the functional currency through the use of derivatives. The open positions for which no hedging is performed are therefore immaterial, and a change in currency rate would not have a material impact on the profits of the Group.

Around 13% (2022: 12%) of the revenue of the Group is generated by subsidiaries within which the activities are operated in a currency other than the euro. A currency translation risk arises when the financial statements of these foreign operations are translated into the presentation currency of the Group's consolidated financial statements. The pound sterling (GBP) and the US dollar (USD) are the only foreign currencies for which a change in exchange rate could have a material impact on the Group's consolidated accounts.

The currency sensitivity analysis is prepared assuming that the euro would have weakened/strengthened by 10%, during 2023, against the important foreign currencies (GBP&USD), which is estimated to be a reasonably possible change of the exchange rate.

If the euro were to have weakened/strengthened by 10% versus the GBP, with all other variables holding the same, the impact on the 2023 operational profit would be immaterial, while the translation reserves in equity would have been €1.2 million higher/lower (less than 1% of total equity). There is no significant impact from a change in USD on profit from operations.

If the euro were to have weakened/strengthened by 10% versus the USD, the net profit would have been €3.5 million higher/€4.1 million lower as a result of the change in fair value of the FX instruments. If the euro would have weakened/strengthened by 10% versus the GBP, the net profit would have been €4.6 million lower/€3.8 million higher.

25.2 INTEREST RATE RISK

The interest rate risk is managed at Group level, taking into account average lifetime, interest cover ratios and the balance with the asset portfolio. The objective is to have a fixed interest rate for an average period for all consolidated outstanding net financial debt between three and six years. This allows the Group Treasury to 'tactically' manage the interest rate risk based on its view of interest rates. A fundamental change to the average interest rate coverage period, within the abovementioned limits, needs the prior approval of the Executive Committee.

In accordance with the Group Treasury policy and procedures, the Group Treasury can enter into agreements to hedge against a potential change in interest rates through basic instruments (interest rate swaps, cross currency interest rate swaps and forward rate agreements). The use of other instruments (such as interest rate options, caps, floors, collars and futures) requires the prior approval of the Executive Committee.
The Group entered into several interest rate swaps to:

- Exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.
- Fix the interest rate at the time it is decided to take out a loan, if this loan has been included in the budget for the coming period (regardless of a fixed or variable interest rate).

The notional amount of the outstanding IRS contracts equalled €101 million as of 31 December 2023 (€137 million as of 31 December 2022).
The exposure of the Group to interest rate changes at the end of the reporting period is as follows:

For the year ended 31 December **THOUSAND EURO**	**2023**	**2022**
Fixed rate	86,703	160,806
Floating rate	117,476	131,854
Total amount of interest bearing financial exposure	**204,179**	**292,660**

The nominal amount subject to a floating rate includes €91 million in non-recourse factoring on 31 December 2023 (€86 million on 31 December 2022) and half of the €39 million in supply chain financing (half of €41 million on 31 December 2022) as our vendor carries the interest on the other half (see note 30).

The currently outstanding IRS's cover approximately 86% of the floating rate borrowings outstanding. At 31 December 2023, after taking into account the effect of interest rate swaps, approximately 92% of the Group's interest bearing financial liabilities are at a fixed interest rate (2022: 102%).

The carrying value of the open interest rate swaps is detailed below:

For the year ended 31 December THOUSAND EURO	2023		2022	
	Notional amount	Fair value	Notional amount	Fair value
IRS designated in a cash flow hedge	0	0	35,000	913
IRS at fair value through P&L	101,000	1,271	102,000	4,270
Total amount of interest rate swaps	**101,000**	**1,271**	**137,000**	**239,271**

There is a discrepancy between the maturity of the financing and the IRS contracts.

Although all these hedges are economic hedges, not all conditions were met to allow the application of hedge accounting. As such, a part is accounted for as held-for-trading, and the change in fair value is recognised in the income statement.

In 2022 hedge accounting was applied for another part for which the effective part of changes in derivative fair value revaluation is accounted for through other comprehensive income (equity). The interest rate swaps designated as hedging instruments in a cash flow hedge are intended to reduce the group's cash flow exposure resulting from variable interest rates on borrowings.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the group performs a qualitative assessment of effectiveness, and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the group's own credit risk on the fair value of the interest rate swap contracts, reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction affects the profit or loss.

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and designated as cash flow hedges and their related hedged items.

The interest rate swaps and the interest payments on the loan occur simultaneously, and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

The cash flow hedge, containing an interest rate swap issued end 2022 for a notional amount of €35.0 million, hedging the issuance of a new bond, was discontinued as the hedged item did no longer apply in 2023.

Ineffectiveness related to the credit risk of the counterparty and the own credit risk of Vandemoortele is immaterial.

The interest rate swaps settle on a quarterly basis. The group receives a floating rate from the financial institutions at Euribor and pays the interest fixed in the interest rate swaps.

The reconciliation of the cash flow hedge is provided in the table below:

For the year ended 31 December **THOUSAND EURO**	**2023**	**2022**
Balance at 1 January	**5508**	**0**
Gain/(Loss) arising on changes in fair value of hedging instruments during the period	0	7,835
Income tax related to gains/(losses) recognised in OCI during the period	0	(1,959)
(Gain)/Loss reclassified to profit or loss - hedged item has affected profit or loss	(1,901)	(490)
Of which:		
(Gain)/Loss reclassified to profit or loss - discontinued hedge accounting	*(1,901)*	*(490)*
Income tax related to amounts reclassified to profit or loss	475	122
Balance at 31 December	**4,083**	**5,508**
Of which:		
Balance related to continuing cash flow hedges	*0*	*685*
Balance related to discontinued cash flow hedges	*4,083*	*4,823*

The change in fair value of the interest derivatives is detailed below:

For the year ended 31 December **THOUSAND EURO**	**2023**			
	HELD-FOR-TRADING	**FAIR VALUE HEDGES**	**CASH FLOW HEDGES**	**TOTAL**
As of 1 January	**4,270**	**0**	**913**	**5,183**
Year's fair value gain/loss	(3,354)	0	0	(3,354)
Change through equity	0	0	(913)	(913)
As of 31 December	**1,271**	**0**	**0**	**1,271**

For the year ended 31 December **THOUSAND EURO**	**2022**			
	HELD-FOR-TRADING	**FAIR VALUE HEDGES**	**CASH FLOW HEDGES**	**TOTAL**
As of 1 January	**(2,681)**	**0**	**0**	**(2,681)**
Year's fair value gain/loss	6,951	0	0	6,951
Change through equity	0	0	913	913
As of 31 December	**4,270**	**0**	**913**	**5,183**

Interest rate sensitivity analysis

As disclosed above, most of the Group's interest-bearing financial liabilities bear a fixed interest rate.

The total interest expense recognised in the 2023 income statement on the Company's variable rate debt portion (excluding IFRS 16 lease debt), net of the effect of interest rate derivatives, is €1.5 million (before tax).

Applying a 0.50% increase/decrease in market interest rates on the Group's floating rate debt as of 31 December 2023 – with a reasonable possible increase/decrease in value of the euro and all other variables held constant – the 2023 profit would have been around €0.5 million lower/€0.5 million higher.

In addition, this interest rate increase/decrease would cause a change in the fair values of the interest derivatives, which is estimated to have a positive/negative impact on the profit before tax of €0.5 million.

25.3 MATERIAL PRICE RISK

The Group companies incur the risk of changing market prices of materials.

To minimise the risk of unfavourable purchase price changes, the Group utilises fixed price contracts for major materials such as flour, packaging, etc.

To manage the risk of fluctuating refined vegetable oil prices, the Raw Material Department of the PBFS business line is entering into forward purchase and sale agreements for crude vegetable oil. These commodity contracts are in accordance with the entity's expected purchase, sale or usage requirements, and are as such excluded from the scope of financial instruments. These are commonly referred to as own-use contracts. Own-use contracts are accounted for as normal purchase or sale contracts (executory contracts).

Vandemoortele also enters into contracts to cover the price of the flour it needs for its Bakery division. The hedging of the price changes of the flour is done through transactions on Matif. The contracts concluded are settled net by Vandemoortele or are intended to be settled net in the future. In this way, they fall under the application of IFRS 9 and are classified as derivatives valued at fair value. The fair value gain/loss resulting from this valuation is reported on the line "fair value gain/loss on forward purchase contracts for commodities" under "other operating income/expenses".

Commodity price sensitivity of these contracts is immaterial.

25.4 LIQUIDITY RISK

The aim of liquidity risk management is to ensure that the Group has sufficient funding facilities available, both now and in the future, to meet all of its financial obligations through any economic or business cycle, and to have sufficient borrowing capacity for the implementation of its strategic view and for tactical acquisitions.

The liquidity risk is managed at the Group level based on the consolidated budgeted and projected balance sheets and cash flows, and implies:

- a monitoring of the mix of short- and long-term funding versus total debt,
- the overall composition of total debt,

- the availability of used long-term and unused-but-committed credit facilities in relation to the fixed assets and working capital needs of the Group,
- the compliance with borrowing facilities' covenants and undertakings,
- the capital structure of the Group.

The table below analyses the Group's financial liabilities in relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (capital and interest). Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

For the year ended 31 December 2023 THOUSAND EURO	< 1 YEAR	1 - 5 YEARS	> 5 YEARS	TOTAL
Subordinated loan	2,800	11,200	51,412	65,412
Bank borrowings	992	3,944	5,774	10,709
Lease liabilities	10,023	19,587	10,568	40,178
Continuing involvement factoring	670	0	0	670
Non-derivative liabilities (1)	**14,485**	**34,730**	**67,754**	**116,969**
Commodity contracts	57	0	0	57
Foreign currency contracts	1,691	0	0	1,691
Derivative liabilities	**1,748**	**0**	**0**	**1,748**

For the year ended 31 December 2022 THOUSAND EURO	< 1 YEAR	1 - 5 YEARS	> 5 YEARS	TOTAL
Subordinated loan	80,037	11,200	54,212	145,448
Bank borrowings	1,437	29,149	6,760	37,345
Lease liabilities	8,488	17,336	13,309	39,132
Bank overdrafts	916	0	0	916
Continuing involvement factoring	893	0	0	893
Non-derivative liabilities (1)	**91,771**	**57,685**	**74,280**	**223,736**
Foreign currency contracts	7,718	0	0	7,718
Derivative liabilities	**7,718**	**0**	**0**	**7,718**

(1) Issuance costs are not included (see note 24)

The Group does not have significant short-term liabilities as at 31 December 2023.

Trade payables include financial liabilities that are part of a supplier finance arrangement. The details of these arrangements and the carrying amounts of the relevant liabilities are included in Note 30.

25.5 CREDIT RISK

The Group's credit risk is primarily attributable to its trade receivables and cash and cash equivalents.

For its customers the Group companies monitor the credit risk on an ongoing basis and use trade finance instruments (i.e. letters of credit) where appropriate. Furthermore, companies of the Group cover part of the credit risk exposure through credit insurance policies, considering the cost and benefit of the insurance.

Each year a credit risk analysis of the Group is carried out. In this analysis, the turnover of all customers of the Group, as well as outstanding and overdue amounts, are checked. For financial losses due to bankruptcy, the Group has subscribed an 'Excess Loss' credit insurance contract. The financial losses due to bankruptcy are covered by the insurer for 95%.

The Group has no significant concentration of credit risk, as exposure is spread over a large number of counterparties and customers.

The Group applied the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables based on historical losses and forward-looking information. A such, a provision matrix is prepared to determine the allowance rates based on past due for groupings of various customer segments with similar risks (e.g. geographical region, currency…). Initially, the provision matrix is based on the Group's historical credit loss experience with forward-looking information.

The maximum exposure to credit risk at the reporting date is the carrying amount of the trade receivables. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered an integral part of trade receivables and the calculation of impairment. At 31 December 2023, 95% of the Group's trade receivables are covered by letters of credit and other forms of credit insurance.

On that basis, the loss allowance was determined as follows for trade receivables:

			2023			
For the year ended 31 December			**OF WHICH PAST DUE**			
THOUSAND EURO	**TOTAL**	**OF WHICH NOT PAST DUE**	**LESS THAN 31 DAYS**	**31 TO 60 DAYS**	**61 TO 120 DAYS**	**MORE THAN 120 DAYS**
Expected loss rate	2.0%	0.0%	0.1%	0.5%	6.0%	54.2%
Gross carrying amount	220,046	181,533	24,445	4,504	1,687	7,877
Loss allowance	**(4,420)**	**0**	**(27)**	**(23)**	**(102)**	**(4,268)**

			2022			
For the year ended 31 December			**OF WHICH PAST DUE**			
THOUSAND EURO	**TOTAL**	**OF WHICH NOT PAST DUE**	**LESS THAN 31 DAYS**	**31 TO 60 DAYS**	**61 TO 120 DAYS**	**MORE THAN 120 DAYS**
Expected loss rate	2.1%	0.0%	0.1%	0.2%	4.9%	73.9%
Gross carrying amount	229,913	188,974	27,632	4,073	3,059	6,175
Loss allowance	**(4,774)**	**(15)**	**(34)**	**(9)**	**(150)**	**(4,566)**

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Th Group deems the credit risk relating to banks and financial institutions to be limited as the Group only interacts with banks and financial institutions with a high credit rating (above A-).

Finance-related counterparty credit risk is defined as the risk of sustaining a loss as a result of default by a counterparty that:

- has given credit lines or borrowings to the Group,
- has accepted a deposit from the Group,
- has entered into a hedging transaction with the Group.

The purpose of establishing counterparty credit risk limits is to ensure that the Group deals with creditworthy counterparties and that counterparty concentration risk is addressed.

The core financial institutions for the Group are those that provide long-term committed credit facilities, which should comprise at least three parties.

The Group Treasury will ensure that all risks are spread over several counterparties in accordance with internal procedures determining limits and maximum exposures per counterparty.

26. FAIR VALUE FINANCIAL INSTRUMENTS

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND LIABILITIES

The directors consider that the carrying amount of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values, except for the subordinated loan, which had a fair value of €53.5 million and a carrying amount of €50.0 million on 31 December 2023 (on 31 December 2022 the Group had 2 subordinated loans with a total fair value of €125.4 million and a carrying amount of €125.0 million).

27. DERIVATIVES

A summary of the fair values of the derivatives at the end of December is as follows:

For the year ended 31 December THOUSAND EURO	2023		2022	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Interest rate swaps (1)				
- Held-for-trading	1,271	0	4,270	0
- Cash flow hedges	0	0	913	0
Non-current derivatives	**1,271**	**0**	**5,183**	**0**
Commodity contracts				
- Held-for-trading	0	57	0	0
Foreign currency contracts				
- Held-for-trading(2)	1,489	1,691	5,728	7,718
Current derivatives	**1,489**	**1,748**	**5,728**	**7,718**

(1) For details see note 25.2

(2) For details see note 25.1

The carrying amount of the interest rate swaps that are held-for-trading and cash flow hedges includes the accrued interest that were presented within the Trade receivables in the previous years.

28. EMPLOYEE BENEFITS

28.1 LONG-TERM EMPLOYEE BENEFITS

The amount recognised in the consolidated balance sheet arising from the Group's obligations in respect to its long-term employee benefits is detailed below:

As of 31 December THOUSAND EURO	2023	2022
Defined benefit plans	8,763	7,104
Other post-employment benefits	912	620
Post-employment benefits	**9,675**	**7,724**
Other long-term employee benefits	8,072	7,358
Total employee benefits	**17,747**	**15,083**

28.1.1 POST-EMPLOYMENT/OTHER LONG-TERM EMPLOYEE BENEFITS

The Group operates various post-employment plans that provide benefits linked to salary and seniority. These post-employment benefit plans are classified as either defined contribution plans or defined benefit plans. The contributions for defined contribution plans amount to €2.3 million (2022: €2.4 million).

Other post-employment benefits include liabilities in relation to supplemental early retirement benefits.

The other long-term employee benefits consist mainly of liabilities for the stock option plan of Vandemoortele NV, amounting to €6.1 million (2022: €5.5 million), a leave of absence arrangement in Vandemoortele Nederland BV, amounting to €0.5 million (2022: €0.6 million), and jubilee benefits in Germany and the Netherlands, amounting to €0.5 million (2022: €0.6 million).

28.1.2 DEFINED BENEFIT PENSION PLANS

The Group operates several defined benefit plans in Belgium, the Netherlands, France, Germany, Italy and Spain. These plans are either funded or unfunded via external pension funds or insurance companies. Where a plan is unfunded, a liability for the obligation is recorded in the Group's balance sheet. For funded plans, the Group is liable for the deficits between the fair value of the plan assets and the present value of the defined obligation. Accordingly, a liability (or an asset, if the plan is overfunded) is recorded in the Group's consolidated balance sheet. Independent actuaries assess all main plans on an annual basis.

The Group's largest defined benefit obligations exist in Belgium. They account for 76.0% (2022: 73.9%) of the Group's defined benefit obligations, and for 92.4% (2022: 92.1%) of the Group's plan assets.

The main pension plan is a defined benefit pension plan in Belgium, which was closed for new entrants as of 31 December 2012. Employees hired as of 1 January 2013 are covered by a cash balance plan, defining in the plan rules an interest granted on the contributions paid. In addition, due to Belgian legislation, the employer is obliged to guarantee a legal minimum rate of return on the contributions paid. Therefore, this pension plan is classified and accounted for as a defined benefit plan.

The amounts recognised in the balance sheet are determined as follows:

As of 31 December **THOUSAND EURO**	**2023**	**2022**
Present value of defined benefit obligation	51,412	46,309
Fair value of plan assets	(42,649)	(39,205)
Net asset/liability	**8,763**	**7,104**

The principal weighted average actuarial assumptions used for the purposes of the actuarial valuations are as follows:

As of 31 December **THOUSAND EURO**	**2023**	**2022**
Discount rate(1)	3.49%	4.17%
Inflation	1.9% - 2.3%	2.3% - 2.5%
Future salary increase	0.6% - 4.3%	0.6% - 4.3%
Pension increase	2.25%	2.25% - 4.4%

(1)Based on the Mercer yield curve

Assumptions regarding future mortality are based on recently published statistics for each country. The assumptions regarding the turnover of employees are based on recent experience and expectations for the future.

The weighted average duration of the defined benefit obligation is 10.0 years.

The changes in the present value of the defined benefit obligation in the current year are as follows:

As of 31 December THOUSAND EURO	2023	2022
Defined benefit obligation as of 1 January	**46,309**	**56,928**
Current service cost	2,777	3,682
Interest expense	1,792	580
Employee contributions	41	35
Benefits paid	(1,579)	(1,917)
Administrative expenses paid	(123)	(125)
Remeasurements		
- effect of changes in financial assumptions	2,288	(16,482)
- effect of experience adjustments	(93)	3,608
Defined benefit obligation as of 31 December	**51,412**	**46,309**

The changes in the fair value of plan assets in the current year are as follows:

As of 31 December THOUSAND EURO	2023	2022
Fair value of plan assets as of 1 January	**39,205**	**42,638**
Interest income	1,572	438
Employer contributions	3,591	1,762
Employee contributions	41	35
Benefits paid	(714)	(1,153)
Administrative expenses paid	(123)	(125)
Remeasurements		
- Return on plan assets (excl. interest income)	(924)	(4,390)
Fair value of plan assets as of 31 December	**42,649**	**39,205**

The fair value of the assets is divided into the following major asset classes:

As of 31 December THOUSAND EURO	2023	2022
Equities	13,236	12,406
Bonds	23,652	21,564
Gold	741	1,042
Cash, cash equivalents and other	1,483	1,113
Qualifying insurance policies	3,538	3,080
Total	**42,649**	**39,205**

The assets comprise assets held by a separate pension fund in Belgium and by qualifying insurance policies in other countries. A large portion of assets in 2023 consisted of equities and bonds, although the Group also invests in property, cash, gold and investment funds. The plans are not exposed to significant foreign currency risk.

The assets are built up by the contributions paid to the pension fund/insurance company by the entities of the Group. These contributions are based on a financing plan and (calculations) delivered by an actuary.

Defined benefit obligation (DBO) and plan assets per country are as follows:

As of 31 December	2023		2022	
THOUSAND EURO	DBO	PLAN ASSETS	DBO	PLAN ASSETS
Belgium	39,078	39,416	34,225	36,125
Germany	7,677	2,039	7,610	1,918
France	2,544	623	2,308	591
Italy	1,380	0	1,420	0
The Netherlands	614	570	614	570
Spain	120	0	132	0
Total	**51,412**	**42,649**	**46,309**	**39,205**

The amounts recognised in the consolidated income statement and in the consolidated statement of comprehensive income in respect to those defined benefit plans are as follows:

As of 31 December THOUSAND EURO	2023	2022
Current service cost	2,777	3,682
Net interest cost	220	142
Components of defined benefit costs recorded in income statement	**2,997**	**3,824**
Remeasurements		
- effect of changes in financial assumptions	2,288	(16,482)
- effect of experience adjustments	(93)	3,608
- return on plan assets (excluding interest income)	924	4,390
Components of defined benefit costs recorded in OCI	**3,119**	**(8,484)**
Total components of defined benefit cost	**6,116**	**(4,660)**

Estimated employer contributions for defined benefit plans in 2024 amount to €2.8 million.

The sensitivity of the defined benefit obligation to changes in assumptions is set out below. The effects of a change in assumption for each plan are weighted proportionately to the total plan obligations, in order to determine the total impact of each assumption presented:

As of 31 December 2023 %	CHANGE IN ASSUMPTION	EFFECT OF AN INCREASE IN ASSUMPTION	EFFECT OF A DECREASE IN ASSUMPTION
Discount rate	0.50%	-4.03%	4.75%
Inflation rate	0.50%	1.73%	-1.57%
Salary growth rate	0.50%	2.76%	-2.34%
Life expectancy	1 year	0.26%	-0.22%
Pension increase (only in Germany and the Netherlands)	0.50%	1.98%	-1.86%

Each sensitivity analysis disclosed above is based on changing one assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to variations in significant actuarial assumptions, the same method has been applied as for calculating the liability recognised in the consolidated balance sheet.

Through its defined benefit plans, the Group is exposed to a number of risks, of which the most significant are detailed below.

ASSET VOLATILITY

The plan liabilities are calculated using a discount rate set with reference to high-quality corporate yields; if plan assets underperform this yield, the company's net defined benefit obligation may increase. Most of the company's funded plans hold a significant portion of equities that are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term. As the plans mature, the company usually reduces the level of investment risk by investing more in assets that better match the liabilities.

However, the company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the company's long-term strategy for efficient management of the plans.

CHANGES IN BOND YIELDS

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by any increase in the value of the plans' bond holdings.

INFLATION RISK

The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to increased liabilities. The majority of the plans' assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation could potentially increase the company's net defined benefit obligation.

LIFE EXPECTANCY

Some of the plans' (Germany and the Netherlands) obligations are intended to provide benefits paid over the lifetime of the member, so an increase in life expectancy will result in an increase in the plans' liabilities.

In the case of funded plans, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and expected yield of the investments match up with the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. Investments are well diversified. As a result, the failure of any single investment does not have a material impact on the overall level of assets.

28.2 SHORT-TERM EMPLOYEE BENEFITS

The amount recognised in the consolidated balance sheet arising from the Group's obligations in respect of its short-term employee benefits is detailed below:

For the year ended 31 December **THOUSAND EURO**	**2023**	**2022**
Social security	16,232	13,435
Remunerations	16,349	13,884
Holiday pay	15,891	14,562
Other payroll liabilities	2,860	2,147
Short-term employee benefits	**51,331**	**44,028**

29. PROVISIONS

For the year ended 31 December THOUSAND EURO	2023			
	RESTRUCTURING	LITIGATIONS AND TAX RISKS	OTHER	TOTAL
Provisions as of 1 January	**4,760**	**1,355**	**1,032**	**7,147**
Additional provisions during the year	3,626	1,227	678	5,532
Provisions used during the year	(2,148)	(647)	(105)	(2,901)
Provisions reversed during the year	(532)	(490)	(8)	(1,030)
Transfers from one heading to another	(612)	622	(10)	0
Provisions as of 31 December	**5,094**	**2,066**	**1,587**	**8,747**

For the year ended 31 December THOUSAND EURO	2022			
	RESTRUCTURING	LITIGATIONS AND TAX RISKS	OTHER	TOTAL
Provisions as of 1 January	**3,891**	**355**	**2,146**	**6,392**
Additional provisions during the year	3,378	1,300	536	5,214
Provisions used during the year	(1,831)	(300)	(1,343)	(3,474)
Provisions reversed during the year	(677)	0	(308)	(984)
Provisions as of 31 December	**4,760**	**1,355**	**1,032**	**7,147**

Restructuring provisions

The new provisions for restructuring set up in 2023 mainly relate to the optimisation of operations in France.

Restructuring provisions are expected to be settled in the main within one year, and consequently no discounted value of the expenditure has been calculated.

Litigations and tax risks

New provisions have been set up for claims from agents in Italy and for claims relating to late payment to suppliers in France.

No discounted value has been calculated for litigations and tax risks, as the impact is immaterial and the settlement (if any) will occur in the near future.

Other provisions

New provisions have been set up mainly for probable penalties payable to customers in Italy, for agents' termination fees in Italy and for the alignment of holiday pay with European law in France.

30. TRADE PAYABLES AND OTHER LIABILITIES

For the year ended 31 December THOUSAND EURO	2023	2022
Government grants - deferred income	5,103	4,943
Other	6	21
Non-current trade and other liabilities	**5,108**	**4,964**
Trade payables	346,831	335,020
VAT payable	12,549	13,613
Other taxes	946	1,507
Payroll tax	4,964	4,237
Accrued expenses	485	384
Deferred income	2,398	395
Other	2,647	2,287
Current trade and other liabilities (1)	**370,821**	**357,442**

(1) Interest accruals presented within the Other liabilities in the previous years were reclassified to the Borrowings (see note 24)

Trade payables increased due to a larger amount of invoices to receive.

Vandemoortele NV, an external bank, and a major supplier of Vandemoortele NV entered into an agreement pursuant to which the supplier has the right to submit its invoices to the bank, which obliges itself to pay the supplier (without recourse) pursuant to an irrevocable and revolving letter of credit issued by the bank. The Irrevocable and Revolving Letter of Credit had an initial term from 30 April 2015 to 31 March 2016, subject to tacit renewal for one-year periods. The supplier invoices represent a liability to pay for purchased raw materials, agreed upon with the supplier, and therefore form part of the working capital used in the entity's normal operating cycle. Moreover, the payment terms, which the arrangement extends beyond the period available from the supplier, remain in-line with the industry's common (the Group must pay the invoices within 42 days). As a result, these liabilities are presented as trade payables.

The trade payables that are part of the supplier financing arrangement amount to €38.5 million as at 31 December 2023 (2022: €27.0 million). This amount does not include any non-cash changes. The carrying amount of the trade payables for which suppliers have already received payment from the finance providers amount to €37.9 million as at 31 December 2023 (2022: 23.5 million).

31. RELATED PARTIES

The Group is controlled by Safinco NV, which owns 99.85% of the Company's shares. The remaining 0.15% is owned by the Company itself (own shares).

31.1 COMPENSATION OF DIRECTORS, MEMBERS OF SPECIALISED COMMITTEES AND KEY MANAGEMENT PERSONNEL

The remuneration of directors, members of specialised committees and other key management personnel during the year is as follows.

For the year ended 31 December **THOUSAND EURO**	**2023**	**2022**
Short-term benefits	12,865	9,398
Post-employment benefits	1,442	1,034
Share-based payments[1]	796	593
Total compensation key management	**15,103**	**11,025**

[1]Payments linked to the exercising of stock options in the respective year

Key management includes:

- Board of Directors and members of specialised committees
- CEO, ExCo executives
- Members of the Management Committees of the Business Lines

31.2 SHARE-BASED PAYMENTS

Since 2004, the Group has offered stock options to the members of the Executive Committee. Since 2018, the Group has also offered certain stock options to some other executives, with this being classified as a cash-settled plan. Every stock option gives the holder the right to buy a share of the Company at a pre-defined price during the exercise period. The Company commits to buying the shares back at the last available share value at the moment of exercise. The options are offered free of charge. They carry neither rights to dividends nor voting rights.

The moment of vesting of the accepted stock options is as follows:

- A first tranche of 50% of the accepted stock options: from the 3th calendar year after the offer date
- A second tranche of 50% of the accepted stock options: from the 4th calendar year after the offer date.

After vesting the stock options can be exercised within the annually established exercise window. There are no other vesting conditions applicable.

The share value is determined once per year by an external financial institution and reviewed by the Group's auditors.

In 2023, 3,742 new options were accepted and 1,914 options accepted in previous years were exercised.

The following table gives an overview of all stock option movements during 2023:

YEAR OF ACCEPTANCE	LAST EXERCISE DATE	NUMBER OF OUTSTAND-ING OPTIONS AT 01/01/2023	OPTIONS EXERCISED DURING 2023 (a)	OPTIONS ACCEPTED DURING 2023	NUMBER OF OUTSTAND-ING OPTIONS AS OF 31/12/2023	EXERCISE PRICE (b)	VALUE PER SHARE (c)	PAID IN 2023 TO OPTION HOLDER (c-b)*a
2016	9/15/2024	760	(760)		0	1,416	1,783	278,920
2018	9/15/2026	2,537	(856)		1,681	1,284	1,783	427,144
2019	9/15/2027	2,162	(298)		1,864	1,480	1,783	90,294
2020	9/15/2028	2,310			2,310	1,716		
2021	9/15/2029	3,120			3,120	1,325		
2022	9/15/2030	3,091			3,091	1,658		
2023	9/15/2031	0		3,742	3,742	1,783		
Total		**13,980**	**(1,914)**	**3,742**	**15,808**			**796,358**

(1)Payments linked to the exercise of stock options in the respective year

The fair value of this stock option plan (€6.1 million) has been calculated using a Black Scholes formula based on a calculated share value and on assumptions on risk-free interest rate (2.37%), volatility (24.3%), time remaining until maturity (between 4 and 8 years) and dividend yield (2.42%). The volatility is determined as the average of median and average of the volatility of a number of listed pears.

32. COMMITMENTS AND CONTINGENCIES

32.1 CONTINGENT LIABILITIES

The contingent liability for which a provision of €0.7 million has been taken relates to a legal dispute regarding the calculation methodology of a fee for one of our products. We are convinced that we have used the correct methodology, but can not rule out the possibility of additional losses that won’t be covered by the provision.

32.2 ENTITIES FOR WHICH VANDEMOORTELE NV ASSUMES FULL LIABILITY

The subsidiaries Safinco Nederland B.V., Vandemoortele Zeewolde B.V. and Vandemoortele Brunssum B.V. are exempt from the requirements for the auditing of accounts under Article 403 of the Civil Law.
The liabilities of Safinco Nederland B.V., Vandemoortele Zeewolde B.V. and Vandemoortele Brunssum B.V. are guaranteed by Vandemoortele NV to a total amount of €14.5 million as of 31 December 2023 (€15.1 million as of 31 December 2022).

33. AUDITORS' ASSIGNMENTS AND RELATED FEES

Deloitte Bedrijfsrevisoren BV, represented by Tom Windelen, was appointed as the statutory auditor of the Vandemoortele Group at the shareholders meeting of 12 May 2020.

Audit fees for 2023 in relation to services provided by Deloitte amounted to €649 thousand. These fees are detailed in the table below:

For the year ended 31 December **THOUSAND EURO**	**2023**	**2022**
Audit services Vandemoortele NV	113	103
Audit services subsidiaries	536	519
Total	**649**	**622**

The audit services for the subsidiaries are services performed in the role of statutory auditor in view of legal requirements.

Additional services for 2023 rendered by the auditor to the Group are detailed in the table below:

For the year ended 31 December **THOUSAND EURO**	**2023**	**2022**
Other audit related services	32	0
Non-audit services	85	90
Total	**117**	**90**

Additional services for 2023 rendered by parties related to the auditor of the Group are detailed in the table below:

For the year ended 31 December **THOUSAND EURO**	**2023**	**2022**
Non-audit services	292	18
Total	**292**	**18**

34. EVENTS AFTER BALANCE SHEET DATE

The Board of Directors proposes the payment of a dividend of €25.7 million on the result of 2023. This proposal is subject to approval by the shareholders at their annual meeting on 14 May 2024.

There is no other important event after the closing date.

35. LIST OF SUBSIDIARIES

The scope of the consolidation of Vandemoortele Group includes Vandemoortele NV and 30 subsidiaries that are fully consolidated. The consolidation includes Vandemoortele Europe NV and its branches. Participations in 8 companies are not consolidated, as these do not meet the criteria of significance.

There are no restrictions on realising assets and settling liabilities, with the exception of financial leases.

NAME AND OFFICE	2023	2022
SUBSIDIARIES	**%**	**%**
Belgium		
Vandemoortele nv, Ottergemsesteenweg-Zuid 816, 9000 Gent	Parent	Parent
Vandemoortele Transport Solutions nv, Prins Albertlaan 12, 8870 Izegem	100	100
Vamix nv, Ottergemsesteenweg-Zuid 816, 9000 Gent	100	100
Vandemoortele Ghislenghien sa, 47 Avenue des Artisans, 7822 Ghislenghien	100	100
Vandemoortele Coordination Center nv, Ottergemsesteenweg-Zuid 816, 9000 Gent (1)	0	100
Vandemoortele Izegem nv, Prins Albertlaan 12, 8870 Izegem	100	100
Vandemoortele Seneffe sa, Rue Jules Bordet, Parc Industriel de Seneffe Zone C (zonec), 7180 Seneffe	100	100
Vandemoortele Eeklo nv, Nieuwendorpe 16, 9900 Eeklo	100	100
Vandemoortele Lipids nv, Ottergemsesteenweg-Zuid 816, 9000 Gent	100	100
Vandemoortele Europe nv, Ottergemsesteenweg-Zuid 816, 9000 Gent	100	100
Germany		
Vandemoortele Dommitzsch GmbH, Rudolf-Breitscheid-Strasse 10, 04880 Dommitzsch	100	100
Vandemoortele Lipids Werke GmbH, Pirnaer Landstrasse 194, 01257 Dresden	100	100
France		
Cottes Action SA, Le Haut montigné, 35370 Torcé	100	100
Vandemoortele Bakery Products France SAS, Le Haut Montigné, 35370 Torcé	100	100
Vandemoortele Transport Solutions France SAS, ZA La Chapellerie, F-35210 Chatillon en Vendelais	100	100
Paindor SAS, Zone industrielle, 1ère Avenue, 14ème Rue, 06513 Carros	100	100
Paindor Toulon SAS, 230 Avenue Jean Monnet, 83190 Ollioules	100	100
Paindor Côte d’Azur SAS, Zone industrielle, 1ère Avenue, 14ème Rue, 06510 Carros	100	100
Paindor Provence Frais SAS, Zone Industrielle les Estroublans, Avenue de Bruxelles 14, 13127 Vitrolles	100	100
Paindor Montpellier SAS, Zone Industrielle Sud, Rue Prade 5, 34880 Laverune	100	100
The Netherlands		
Safinco Nederland bv, Molenvaart 12, 6442 PL Brunssum	100	100
Vandemoortele Brunssum bv, Molenvaart 12, 6442 PL Brunssum	100	100
Vandemoortele Zeewolde BV, Handelsweg 1, 3899AA Zeewolde	100	100
Luxembourg		
Vandemoortele International Finance sa, 412 F, Route d’Esch, 2086 Luxembourg (2)	0	100

(1) VDM CC merged into VDM NV per 1 January 2023

(2) The results of VDM International Finance, liquidated on 13 September 2022, are included in the consolidated income statement for 2022

NAME AND OFFICE	2023	2022
SUBSIDIARIES	**%**	**%**
Italy		
Vandemoortele Bakery Products Italia S.p.A., Via Fiorenzo Semini 12, 16163 Genova	100	100
Austria		
Vandemoortele GmbH, Leo-Neumayer-Strasse 10, 5600 Sankt-Johann-im-Pongau	100	100
Spain		
Vandemoortele Barcelona sa, Calle Sant Martí de l'Erm n°1, planta 5a, 08960 San Just Desvern - Barcelona	100	100
Distribuidora de Confiteria Heladeria y Panaderia s.l., Calle Monterey Veracruz 45-47, 29006 Malaga	100	100
Panavi Ohayo SL, Ronda de les Conques 8, 08180 Moia	100	100
Switzerland		
Vandemoortele Rückversicherung AG, Baarerstrasse 14 CH - 6300 Zug	100	100
Poland		
Vandemoortele Bakery Products Polska sp.z.o.o., Ul. Tokarzewskiego 7-12, 91-842 Lódz	100	100
The United States of America		
Vandemoortele USA Inc., Corporation Trust Center , 1209 Orange Street, Wilmington, De19801	100	100
China		
Vandemoortele Food Trading (Shanghai) Co. Ltd., Room 21J, West Building 666, Beijing East Road, Huangpu District, 200001 Shanghai	100	100

Deloitte.

Vandemoortele NV

Statutory auditor’s report to the shareholders’ meeting for the year ended31 December 2023 - Consolidated financial statements

The original text of this report is in Dutch

Statutory auditor’s report to the shareholders’ meeting of Vandemoortele NV for the year ended 31 December 2023 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Vandemoortele NV (“the company”) and its subsidiaries (jointly “the group”), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders’ meeting of 9 May 2023, in accordance with the proposal of the board of directors (“bestuursorgaan” / “organe d’administration”) issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders’ meeting deliberating on the financial statements for the year ending 31 December 2025. We have performed the statutory audit of the consolidated financial statementsof Vandemoortele NV for 10 consecutive periods.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year thenended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 1 146 049 (000) EUR and the consolidated income statement shows a profit for the year then ended of 109 330 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group’s net equity and financial position as of 31 December 2023 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the “Responsibilities of the statutory auditor for the audit of the consolidated financial statements” section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company’s officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon,and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment risk on Goodwill and Property, Plant and Equipment related to the Bakery Products business	
Due to the nature of the Bakery Products business and the growth ambitions in this segment, significant capital expenditure is involved. Moreover, the business is subject to volatile raw material prices, which are often not directly translated into the end consumer market. Due to the unpredictability and the volatility of the raw material prices, there is a risk for impairment if the business would not generate sufficient cash flows. The Group reviews the carrying amount of these long-lived assets, including a goodwill of 136 606 (000) EUR, annually or more frequently when impairment indicators are present. Estimating the recoverable amount of the assets requires significant management judgement including estimates of future sales, future EBITDA, discount rate and the assumptions inherent in those estimates. The Group disclosed the nature and the value of the assumptions used in the impairment analyses in note 15 to the Consolidated Financial Statements.	We designed our audit procedures to response to this key audit matter. We obtained an understanding of the impairment assessment process and evaluated the design and implementation of the relevant key controls in place. In addition, we obtained impairment tests prepared by management. We evaluated and challenged the reasonableness of estimates and judgments made by management. Special focus was given to the key drivers of projected future cash flows, being amongst others estimated EBITDA and the applied discount rate. We critically assessed the budget and related assumptions, taking into account the historical forecasting accuracy and the current economic environment. Our internal valuation specialist was involved to review the reasonableness of the discount rate. Moreover, we examined sensitivity analyses performed over changes in discount rates and EBIT(DA). We also considered the adequacy of the Group’s disclosures (note 15) relating to goodwill.

Recoverability of Deferred Tax Assets	
Per 31 December 2023, the group has recognized deferred tax assets, mainly on tax losses carried forward, amounting to 37 783 (000) EUR. The analysis of the recognition and recoverability of the deferred tax assets at the level of the business unit Bakery, more specifically at the level of Vamix NV, is important to our audit because the amounts are material, the assessment process is judgmental and is based on assumptions that might be affected by future market and economic conditions. Reference is made to note 14 and 19 to the Consolidated Financial Statements.	As a part of our audit, we discussed tax planning and potential issues relating to valuation and recognition of deferred tax assets with management. We obtained an understanding of the recognition and recoverability assessment process and evaluated the design and implementation of the relevant key controls in place. We performed substantive audit procedures on the analysis of the recoverability of the deferred tax assets based on the estimated future taxable income, principally by evaluating and testing the key assumptions used to determine the amounts recognized, and by challenging them, taking into account the current economic environment. We also considered the adequacy of the Group's disclosures (in note 14 and 19) in respect of deferred taxes.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financialstatements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures thatare appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosuresare inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group tocease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. Weare responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timingof the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore thekey audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects,the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider,in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual integrated report on the consolidated financial statements are free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware ofsuch a material misstatement.

The non-financial information as required by article 3:32, § 2 of the Code of companies and associations, has been disclosed in a separate report that is part of section 3 "Sustainability statement" of the annual integrated report. This statement on non-financial information includes all the information required by article 3:32, § 2 of the Code of companies and associations and is in accordance with the consolidated financial statements for the financial year then ended. The non-financial information has been established bythe company in accordance with the European Sustainabilty Reporting Standards (ESRS). In accordance with article 3:80 § 1, 5° of the Code of companies and associations we do not express any opinion on the questionwhether this non-financial information has been established in accordance with the European Sustainabilty Reporting Standards (ESRS).

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in thenotes to the consolidated financial statements.

Single European Electronic Format (ESEF)

In accordance with the draft standard on the audit of the compliance of the financial statements with the Single European Electronic Format ("ESEF"), we have also performed the audit of the compliance of the ESEFformat and of the tagging with the technical regulatory standards as defined by the European Delegated Regulation No. 2019/815 of 17 December 2018 ("Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format ("digital consolidated financial statements") included in the annual financial report.

Our responsibility is to obtain sufficient and appropriate evidence to conclude that the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements as stipulated by the Delegated Regulation.

Based on our work, in our opinion, the format and the tagging of information in the digital consolidated financial statements included in the annual financial report of Vandemoortele NV as of 31 December 2023are, in all material respects, prepared in accordance with the ESEF requirements as stipulated by the Delegated Regulation.

Due to the technical limitations inherent in the block-tagging of consolidated accounts in the ESEF format, itis possible that the contents of some tags in the notes may not be returned in the same manner as the consolidated accounts attached to this report.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Signed at Ghent.

The statutory auditor

Digitally signed by
Tom Windelen
DocuSign
Ondertekend door: Tom Windelen (Signature)
Ondertekentijd: 28-Mar-2024 | 16:01 CET
C: BE
Uitgever: Citizen CA
8C19791BCD034C1CAA0538AB5D7BC88F

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Tom Windelen

Deloitte.

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Vandemoortele

37. Statement by responsible person

14 March 2024

STATEMENT BY RESPONSIBLE PERSON

Mr. Yvon Guérin, Chief Executive Officer confirms that to the best of his knowledge:

a) The consolidated financial statements and the annual accounts as of 31 December 2023 of VANDEMOORTELE NV, prepared in conformity with applicable accounting standards, reflect a true andfair view of the net worth, the financial situation, and the results of VANDEMOORTELE NV and its subsidiaries consolidated in these financial statements.

b) The combined report of the Board of Directors on the financial statements and the annual accounts as of 31 December 2023 of VANDEMOORTELE NV contains a faithful presentation of the performance of the business, the results of the VANDEMOORTELE Group and of VANDEMOORTELE NV and its consolidated subsidiaries, together with a description of the main risks and uncertainties that they face.

Yvon Guérin
Chief Executive Officer,
Vandemoortele NV

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COMBINED REPORT OF THE BOARD OF DIRECTORS
presented to the General Assembly of Shareholders of
NV VANDEMOORTELE, to be held on Tuesday 14 May 2024 at 4 pm
in its offices at Ottergemsesteenweg-Zuid n° 816, 9000 Ghent

Ladies and gentlemen,

We have the pleasure to present to you the combined report on both the IFRS consolidated and statutory annual accounts of Vandemoortele NV, as of 31 December 2023, in accordance with Articles 3.6 and 3.32 of the Code of Companies and Associations ("CCA").

The scope of the consolidation of the Vandemoortele Group includes Vandemoortele NV and 30 fully consolidated subsidiaries.

The 2023 financial statements have been approved by the Board of Directors, as recommended by the audit committee chaired by Natasja Laheij. The independence of the Audit Committee, as well as its accounting and audit expertise, has been ensured by its members.

The details of the financial reporting and non-financial reporting of the Vandemoortele Group are provided in the "Annual Integrated Report 2023". This document can be found on the Group's website.
See: www.vandemoortele.com/en/tags/investor-news/financials.

VANDEMOORTELE NV

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I. BUSINESS REVIEW FOR 2023

- Key financial figures (IFRS consolidated financial statements)

Million euro KEY FINANCIAL FIGURES	2019	2020	2021	2022	2023	2022 Variance
REVENUE	**1,384**	**1,197**	**1,330**	**1,739**	**1,925**	**186**
Adjusted EBITDA*	**152**	**104**	**119**	**165**	**216**	**51**
EBITDA*	**140**	**98**	**111**	**163**	**206**	**43**
Adjusted EBIT**	**90**	**44**	**55**	**103**	**151**	**48**
EBIT (profit from operations)**	**75**	**38**	**46**	**98**	**141**	**43**
EAT***	**48**	**37**	**33**	**71**	**109**	**38**
SNFD****	**170**	**133**	**92**	**34**	**2**	**-32**
RATIOS						
Adjusted EBITDA / Revenue	**11.0%**	**8.7%**	**8.9%**	**9.5%**	**11.2%**	
Adjusted EBIT / Revenue	**6.5%**	**3.6%**	**4.1%**	**5.9%**	**7.9%**	
Net profit / Revenue	**3.4%**	**3.1%**	**2.5%**	**4.1%**	**5.7%**	

* Earnings before interests, taxes, depreciation and amortisation
** Earnings before interests and taxes
*** Earnings after tax
**** Senior net financial debt

In a challenging year, shaped by an uncertain economy and continued geo-political tensions, our company achieved excellent business results.

Our revenue increased to €1.925 million in 2023 (+11% compared to 2022). This was mainly realized through a better product and channel mix and selective price increases to compensate for cost inflation.

The adjusted EBITDA amounted to €216 million, which represents 11% of the 2023 revenue. This is a 31% increase of the adjusted EBITDA compared to 2022. The adjusted EBIT amounted to €151 million (i.e., an increase with 47% compared to 2022). The EBITDA and EBIT improvements were driven by a combination of operational excellence, a better product and channel mix, and various cost-saving measures.

On top of a strong adjusted EBIT, the negative impact of the adjusting items and the positive impact of lower interest expenses allowed us to achieve earnings after tax (EAT) of €109 million. The consolidated balance sheet includes equity of €562 million and a senior net financial debt of €2 million (compared to €34 million in 2022).

- Performance Bakery Products (BP)

2023 was a good year for the Bakery Products business line. Revenue increased to €1,178 million, while the adjusted EBITDA rose to €128 million. The increase in revenue was mainly driven by the impact of our selective price increases. These price adjustments started already in the course of 2022 and were necessary to compensate for the rising prices of raw materials, ingredients, packaging, energy and logistics.

The overall sales volume fell by 2%, primarily as the result of a declining raw bread market.

Throughout the year, the Bakery Products business line continued to steer towards improved product, customer, channel and country mixes, while simultaneously reducing less profitable business. Our stronger focus on added value products and on the Food Service channel proved to be the right strategy. To support the growing demand for our pastry products, we invested in a new and ultra-modern pastry line in Torcé 2. We also successfully launched the Mars® donut for the retail market and the Secrets pastries for artisan bakers. In general, we continue to focus on innovation and aim for a customer-centric and solutions-driven approach, including sustainable packaging.

- Performance Plant-Based Food Solutions (BPFS)

In 2023, this business line was renamed from "Margarine, Culinary Oils & Fats" (MCOF) to "Plant-Based Food Solutions" to align more closely to our strategy of becoming a diversified plant-based products/solution company in Europe with a clear focus on professional products in food.

The Plant-Based Food Solutions business line ended the year with very good financial results. Revenue increased to €762 million, while the adjusted EBITDA rose to €88 million. Similar to Bakery Products, the increase in revenue was mainly driven by selective price increases, which we started to implement in the course of 2022 and were maintained where necessary in 2023 to overcome inflation and rising costs.

The overall volumes increased slightly by 1% with a noticeable redistribution of sales between channels. The Food Service channel experienced a temporary decline, due to economic uncertainty, supply chain issues and aggressive price competition. Our volumes in the Industry channel also declined in the first half of the year, due to non-competitive pricing in our non-European export markets but recovered due to a strong performance in our core markets in the second half of the year. At the same time, the Retail channel grew by 12% as we regained a few private label contracts with major retailers across Western Europe.

A remarkable achievement in the first half of 2023 was the commissioning of our pumpable shortenings line in Zeewolde. Pumpable shortenings are 100% plant-based fats that can be used directly in customers' production processes. Key customers for this product are biscuit and cookie manufacturers. Many of them already received successful bulk deliveries last year. Despite the temporary volume decline, we further implemented our growth strategy in the Food Service channel.

- Investments

In order to support our growth strategy and to meet the rising demand for our products, Vandemoortele spent nearly €78 million on investments in 2023. The Bakery Products (BP) business line invested €59 million, while the Plant-Based Food Solutions (PBFS) business line invested €19 million. All of our investment plans were supported by strong business cases, optimally positioning us for sustainable and long-term growth.

In BP, our largest investment was the new pastry line in Torcé 2, France. This production line primarily manufactures Bake'Up products for the non-European market. We also upgraded our production lines for floor-oven bread in Ravenna, to bring more added-value products to the Italian market. In terms of packaging, we replaced a portion of the blister packs in our donut factories with flowpacks, thus saving packaging materials, and we automated our packaging lines at several sites to enhance their capacity and efficiency.

Investments in PBFS mainly focused on the further replacement of our production control system. We also updated our production lines for the Retail channel and installed a Cleaning-in-Place (CIP) system at our site in Izegem, in order to comply with increasingly strict legal and market expectations in terms of allergen cross-contamination and microbiological limits. Lastly, we invested in a new production line for 10kg margarine blocks in Dresden, Germany, to meet the growing demand in the Industry channel.

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- Important events after the closing date of the accounts – circumstances that could significantly impact the evolution of the consolidated enterprise

None have been noted at present.

- Research and Development (R&D)

Innovation is a key engine for our future growth, and we are focused on a fewer, bigger, better mindset. We are building a short- and long-term innovation roadmap across all categories. The applied research within Vandemoortele is focused on strategic areas, such as health and nutrition, clean label, sustainable packaging, and new process technologies. Important innovations in the past year include new top-quality products in our pastry range within Bakery Products and innovations in bread, answering craftmanship and nutrition claims. In line with our sustainability pledge, the R&D department has made continued progress on clean label and on sustainable packaging. Further efforts were made to reduce salt and sugar content in Bakery Products, and in Plant-Based Food Solutions we are continuing to develop products with nutritional and health claims, less saturated fats, a better NutriScore and 100 % plant-based.

These innovations are based on consumer research, customer development requests, nutritional technological and nutritional insights acquired through research projects conducted in conjunction with external partnerships and the universities of Ghent and Leuven. Our customers are at the center of what we do, and we strongly value their business and opinions.

- Risk management and internal control environment

Through our annual risk management process, we have created a heatmap with different potential risks and have selected a number of priority risks (see below for the main priority risks), for which we prepare a mitigation and action plan. Besides looking at the traditional strategic, operational and compliance risks, we also already started in 2022 to incorporate ESG (Environmental, Social & Governance) risks into our risk management process. For the financial year 2024, some ESG-risks will also be included as priority risk (also see below).

- Main Priority risks

The **most important strategic, operational and compliance risks and challenges** are: 1) *Cyber security*. A hostile cyberattack, especially one that stems from ransomware, could potentially have a significant impact. To protect ourselves, we have reinforced our ICT infrastructure and taken out adequate cybercrime insurance. In addition, a security council – with associates from

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various departments – has been created to monitor the evolution of this risk. 2) *Supply chain interruption* due to a possible limited availability of raw materials, combined with unexpected issues with single source key suppliers. We have already developed and implemented mitigation controls that focus on single-source supplier risks. 3) R*egulatory compliance*, as legislation on environment, climate, health and safety is becoming increasingly strict and complex. We work hard at Vandemoortele to maintain full compliance with the different legislations, and even to be a forerunner in certain domains.

The crises in Ukraine and Israel do not have a direct impact on our business, since Vandemoortele has no production sites or commercial offices in Russia, Ukraine, or Israel. However, as Ukraine and Russia are the world's largest suppliers of wheat and sunflower seeds, new price rises could have an indirect impact. In addition, *geopolitical concerns* might lead to increased volatility in energy prices and foreign exchange rates which we are following up on a regular basis.

The **most important market and financial risks** are: 1) *Credit risk*. The Group is exposed to credit risks that are dependent on the ability of its counterparties to fulfil their contractual obligations. To protect ourselves against customer defaults and bankruptcies, we rely on the services of international credit insurance companies and apply internal credit limits to individual customers. 2) *Fluctuations in currencies and interest rates*. Because of the nature and structure of our activities, Vandemoortele has only limited exposure to the risk of fluctuations in currencies and interest rates.

The **ESG top risks** are: 1) *War for talent*, which due to increased competition on the labor market may impact our ability to recruit and retain talented employees. Applicants are increasingly looking for positions they can be proud of, and for employers who will treat them well. As such, a strong employer brand with a clear and ambitious vision on sustainability has been developed and has been rolled out in all countries. 2) Increased *stakeholders' ESG expectations* relating to sustainable sourcing, manufacturing, packaging and product content. 3) *Use of natural resources*. Our continued use of fossil fuels and other natural resources exacerbates climate change and environmental disruption. Extreme weather conditions and natural disasters are becoming increasingly common. Since our products are made from agricultural raw materials, we depend on weather conditions being appropriate for cultivation. Furthermore, natural disasters caused by climate change can damage our infrastructure and lead to supply chain disruptions. 4) *Shifts in consumer habits*. Consumers' preferences are increasingly shifting towards healthier, natural, more ecologically friendly products with less impact on our planet. In addition, new labels are making consumers aware of the impact our products have on people and the environment. If we fail to face these challenges, we risk losing market share and being outcompeted within the market. By continuously improving the ways in which we source our ingredients, changing consumer behavior will provide us with an opportunity instead of a risk. We enhance our products to make them more sustainable and guarantee clean and safe food products with a good nutritional balance.

- Financial instruments

The Group uses derivative financial instruments to cover our interest rate, currency rate and commodity price risks, which are centrally managed. The Group's policy prohibits the use of derivatives for purposes other than clearly identified transactional risks. A detailed description of the financial risks and financial instruments used can be found in Sections 25, 26 and 27 of the 2023 Financial Statements' disclosures.

II. OUTLOOK FOR 2024

In 2023, our financial, commercial and supply chain strategies all delivered results consistent with our expectations. We will therefore continue to pursue our chosen strategic course across the next twelve months.

Regarding the Bakery Products business line, we will continue to develop the Food Service channel and improve our product mix by introducing more added value products. Our ambitious BP investment plan entails both capacity extensions and the improvement of existing production lines. These investments are needed to deal with our long-term development plans, which drive our expansion and our growing market share, especially in terms of pastry. In addition, we will continue to invest in the energy optimization and the safety of our manufacturing sites, keeping our assets up-to-date and compliant with all energy regulations and safety standards.

Our growth plans for Plant-Based Food Solutions center on our professional channels – Food Service and Industry – and on the Retail Private Label channel. To support our growth path, we will invest in further upgrading of our Retail lines and in new technology for the Industry channel. In terms of sustainability, we will continue our efforts to reduce our energy consumption.

For both business lines we will also continue to look in 2024 at opportunities to grow through M&A besides our organic growth objectives.

III. CORPORATE GOVERNANCE

As a family business, we focus on our strategic objectives while tackling operational issues and responsibilities on a daily basis. To achieve our goals, we put in place various policies and procedures, and implement and monitor them.

Adequate corporate governance is one of Vandemoortele's essential tools to ensure our sustainable growth and profitability, now and in the future, to the benefit of our stakeholders.

The details of the corporate governance of the Vandemoortele Group can be found on the Group's website and can be read in the "Annual Integrated Report 2023".
See: https://vandemoortele.com/en/tags/investor-news/corporate-governance and . www.vandemoortele.com/en/tags/investor-news/financials.

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IV. CORPORATE GOVERNANCE DECLARATION

Vandemoortele adopts the Corporate Governance Code 2020 as a reference code. However, considering the specific characteristics of the Vandemoortele Group and, in particular, the fact that the shares are not listed, some principles of the Code have not been applied systematically.

The Corporate Governance Code 2020 (provision 3.7) prescribes that the Board of Directors functions as a collegial body, and that decision-making within the Board of Directors should not be dominated by any individual or group of directors. Vandemoortele's Board of Directors consists of twelve directors, six of whom are (non-executive) directors appointed on the nomination of the group of family shareholders. The potential corporate governance risk that this situation could entail is a strong control by the representatives of the family shareholders. However, this is mitigated by having an equal number of directors (six) who are not representatives of the family shareholders, including the CEO and five independent non-executive directors who have the necessary expertise, competences and experience, and who constitute a counterbalance and allow for a balanced and real dialogue within the Board.

The Corporate Governance Code 2020 (provision 7.6) prescribes that non-executive directors should receive part of their remuneration in the form of shares of the company, so that they can act from the perspective of long-term shareholders. Vandemoortele does not allocate shares to the (non-executive) members of the Board of Directors because Vandemoortele believes that this type of renumeration is not needed to have these directors, who are carefully selected, act in an objective manner and in the long-term interest of the company. This is also evidenced by the long-term presence of several of the non-executive directors.

The Corporate Governance Code 2020 (provision 7.9) requires the Board of Directors to set a minimum threshold of shares to be held by the members of the executive management. Vandemoortele deviates from this principle and stipulates no obligation for the members of the executive management to hold a minimum number of shares in the company. This is justified by the fact that Vandemoortele considers that the current remuneration policy, including the annual granting of stock options to the members of the executive management, sufficiently contributes to them acting in the long-term interest of the company.

The Corporate Governance Code 2020 (provision 7.11) prescribes that the company may not cover the risks associated with stock options, as this is not in line with the objective of this incentive mechanism. Vandemoortele deviates from this principle by allowing the beneficiaries of stock options to choose between either accepting in first order an offer of stock options (either in whole or in part) with no vested benefit or, if this offer is refused in first order, accepting in second order a cascading offer of stock options with vested benefit whereby a lower number of stock options is granted. This choice allows the participants, upon accepting the cascade offer (after having refused the first offer), to potentially receive a refund of all or part of the taxes paid on the taxable benefit from the company in the event that the increase in the value of the stock, at the end of the term of the stock option plan, would be less than the taxes paid by the beneficiary. The refund covers only the portion of the taxes not covered by the growth in value. The company has created this scheme in order to increase the attractiveness of the stock option plan and thereby maximize the participation of senior management. This helps to ensure that our senior managers act in the long-term interests of the company.

V. SUSTAINABILITY

Our former sustainability strategy was directed by three strategic goals: Balanced nutrition, Protecting nature and Enhancing lives. In our updated strategy, we extend the goal Balanced nutrition to Conscious nutrition, and we add Governance as the solid foundation that shapes our sustainable organization. By integrating these new perspectives, we are acting on the results of the double materiality assessment. Our updated sustainability strategy consists now of four following pillars, i.e.,

- **Contributing to conscious nutrition** shows our intention to improve the nutrition profile of our products, facilitate well-informed food choices, offer plant-based alternatives, and be a leader in food safety.
- **Protecting nature** covers our efforts to source more responsibly, preserve water availability, strive for net zero carbon emissions and work toward zero waste.
- We intend to achieve our third goal, **Enhancing lives**, by offering our associates an engaging, inclusive and safe workplace and a promising professional journey. We also take care of our workers in the value chain and collaborate with our partners in order to create a positive social impact.
- Our main goals rest on our strong governance foundation, **Shaping a sustainable organization**, designed to create sustainable growth and ensure a good relationship with our partners.

For each goal, we express specific targets to measure and monitor. Our sustainability strategy is dynamic: we are always on the lookout for new or changing impacts, risks and opportunities (IRO's) in our sector. We also take upcoming legislation and changing stakeholder expectations into consideration.

The details of the non-financial information of the Vandemoortele Group can be found on the Group's website and can be read in the "Annual Integrated Report 2023".

See: https://vandemoortele.com/en/tags/investor-news/corporate-governance and . www.vandemoortele.com/en/tags/investor-news/financials .

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VI. THE STATUTORY ANNUAL ACCOUNTS AS AT 31.12.2023

Vandemoortele NV closed the 2023 financial year with a profit after tax of € 85.315.496,48, composed of a profit before tax of € 86.251.216,19 and a provision for income taxes of € 935.719,71.

The total result to be allocated for 2023 amounts to € 149.792.356,94 and is composed of € 85.315.496,48 in profit after tax for 2023 and € 64.476.860,46 of result carried forward from 2022.

Considering that an extraordinary shareholders' meeting already approved the distribution and payment of an intermediate dividend *(tussentijds dividend/dividende intercalaire)* of € 983.485,50 in September 2023 and € 12.435.631,56 in December 2023 to Safinco NV, the remaining results to be allocated for 2023 amount to € 136.373.239,88 and the board proposes to allocate it as follows:

Dividends :	€ 25.658.051,76
Retained results :	€ 110.715.188,12

Total dividends for 2023 amount to € 39.077.168,82 which includes the intermediate dividends of € 13.419.117,06.

If this proposal is accepted, a dividend of € 46,96 per share will be paid out to the 546.381 shareholders that are entitled to receive dividends.

For the financial year 2023, the financial risks of the Company were managed by the raw material department and the treasury department within NV Vandemoortele. The Company itself has made use of financial instruments in respect to the purchase of raw materials, the hedging of interest rates and the hedging of foreign currencies.

3.742 share options were accepted in 2023. The share-based payments and stock option movements in the course of the 2023 financial year, including the sale of own shares for the purpose of the stock option plans, are described in detail in Disclosure 31.2 of the 2023 Financial Statements.

The 7-year subordinated bond closed on 07 November 2016 for an amount of € 75 million due on 07 November 2023 has been repaid at that date.

On 1 January 2023 Vandemoortele NV absorbed Vandemoortele Coordination Center NV following a simplified merger (as decided by the shareholders at the

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occasion of an extraordinary shareholders on 30 December 2022). As from that date all treasury activities are done by Vandemoortele NV. The merger resulted in a badwill of €70.117.534,91 which was fully allocated to the result of 2023.

Vandemoortele NV also decided to impair the current account of Paindor Provence Frais with an amount of €11.050.000 considering the fact that the production activities of Paindor Provence Frais has stopped, the commercial activity will be stopped in 2024 and Paindor Provence Frais is not able to repay the main part of its current account.

The Company does not have any foreign branches.

No work related to research and development was carried out at the level of Vandemoortele NV during the 2023 financial year.

In accordance with the law and the articles of association, the shareholders are requested to grant a discharge to the directors and the statutory auditor for the mandates they have undertaken during the 2023 financial year.

This report will be deposited in accordance with the applicable relevant legal provisions and will be kept available at the registered office of the company.

ON BEHALF OF THE BOARD OF DIRECTORS

Ghent, 14 March 2024

Baron Vandemoortele

39. STATUTORY ACCOUNTS OF VDM NV

39.1 CONDENSED BALANCE SHEET OF VDM NV

The statutory annual accounts of the parent company Vandemoortele NV are shown below in condensed form. In June 2023, the annual report and annual accounts of Vandemoortele NV and the auditor's report will be filed with the National Bank of Belgium in accordance with Articles 3:10 – 3:14 of the new Code of Companies and Associations (CCA).

The statutory auditor has issued an unqualified opinion.

For the year ended 31 December **THOUSAND EURO**	**2023**	**2022**
Assets		
Fixed assets	**276,319**	**377,174**
Formation expenses	138	233
Intangible fixed assets	316	305
Tangible fixed assets	5,121	3,627
Financial fixed assets	270,745	373,009
Current assets	**647,356**	**168,072**
Amounts receivable after more than one year	321,760	0
Inventories	12,731	15,012
Amounts receivable within one year	270,041	86,509
Current investments	1,250	2,226
Cash at bank and in hand	36,912	60,795
Deferred charges and accrued income	4,661	3,531
Total assets	**923,675**	**545,246**
Equity and liabilities		
Equity	**270,761**	**224,523**
Capital	14,862	14,862
Issuance premiums	64,503	64,503
Reserves	80,681	80,681
Accumulated profits/losses	110,715	64,477
Provisions and deferred taxes	**6,109**	**5,466**
Provisions for liabilities and charges	6,109	5,466
Amounts payable	**646,804**	**315,257**
Amounts payable after more than one year	50,000	50,000
Amounts payable within one year	594,845	259,414
Accruals and deferred income	1,960	5,843
Total liabilities	**923,675**	**545,246**

39.2 CONDENSED INCOME STATEMENT OF VDM NV

For the year ended 31 December THOUSAND EURO	2023	2022
Operating income	**709,260**	**746,446**
Turnover	705,438	744,802
Own work capitalised	2,042	0
Other operating income	1,758	1,644
Non-recurring operating income	22	0
Operating charges	**(709,010)**	**(736,179)**
Raw materials and consumables used and goods for resale	(652,160)	(694,624)
Services and other goods	(28,783)	(24,089)
Remuneration, social security costs and pensions	(21,623)	(11,560)
Depreciation and amounts written off	(1,967)	(1,830)
Provisions for liabilities and charges	(630)	(3,646)
Other operating charges	(383)	(405)
Non-recurring operating charges	(3,464)	(26)
Operating profit/loss	**249**	**10,266**
Financial income	122,375	30,739
Financial charges	(36,373)	(12,098)
Gain/loss for the period before taxes	**86,251**	**28,907**
Income taxes	(936)	(1,111)
Gain/loss for the period	**85,315**	**27,796**
Gain/loss for the period available for appropriation	**85,315**	**27,796**

39.3 RESULT APPROPRIATION

The Board of Directors proposes the following appropriation:

For the year ended 31 December THOUSAND EURO	2023	2022
Profit/loss for the year to be appropriated	**85,315**	**27,796**
Retained profit/loss of previous year	64,477	61,201
Profit/loss to be appropriated	**149,792**	**88,997**
Interim dividend	(13,419)	(955)
Dividend proposed	(25,658)	(23,565)
Profit/loss to be carried forward	**110,715**	**64,477**