IRCA Group Sustainability Report 2022/23

Together
For Positive Impact.

In this report

Welcome to the IRCA Group's first Sustainability Report. It comes at a key moment in our history, as the Group transforms from an Italian-based export-led business, into an international business with a meaningful local presence in different markets.

We play a vital role in the centre of the food value chain, transforming high-quality raw materials into superior ingredients for our customers – food manufacturers and artisanal producers. Each link in this value chain depends on close collaboration if we are all to meet our shared goals for sustainability – and we know that sustainability needs to be the guiding light for every aspect of the food industry of the future. We are committed to this, and will now publish sustainability reports each year as we measure our progress towards achieving our goals.

Introduction

About this report
The reporting data covers the period of October 2022 to September 2023 unless stated otherwise. Our belief in the power of reporting as a catalyst for change and progress underscores our commitment to transparency while actively pursuing continous improvement.

Healthier Indulgence & Wellbeing Options

A People Company

Smart, Sustainable Solutions

Letter from the CEO

I am very pleased to share our first IRCA Group Sustainability Report with all of you. IRCA Group was founded as a family company in Italy over 100 years ago and continues its transformation journey into an international group while maintaining its Italian roots and heritage.

IRCA Group is a supplier of high-quality semi-finished ingredients for the international food industry, and partner to both large food manufacturers and artisanal producers. Sustainability plays a vital role in these partnerships. We are aware of our important role as a sustainable actor in this market, and to this end we want to share our future plans as well as the actions we have already taken.

Strategic focus

Having already transformed in so many ways – geographic footprint, workforce size, sales volumes and revenue – the Group will continue to build on these developments. Firstly, we aim to continue our organic growth in our core territories of Italy, EMEA, APAC and the US, where we can be closer to our customers and have a positive impact in our local communities.

Just as importantly, we will invest to strengthen our sustainability strategy, as outlined in this report, which we built leveraging the views of a wide range of stakeholders. We have set out clear goals and KPIs for 2025 and 2028 and identify the issues where we can have the biggest impact, achieve tangible progress and deliver significant results – whilst creating value for both our partners and customers, and our business.

Three pillars of our new sustainability strategy

Our strategy builds on existing best practices from across the Group and sets out roadmaps for three pillars that we consider the priority issues for sustainability within our sector, while continuing to support all aspects of our overall business strategy and growth plans.

- **Healthier Indulgence & Wellbeing Options** recognises our role in providing alternative options to consumers including "free from" and products reduced in sugar and fat that cater to specific dietary requirements or lifestyle choices. We are continuing to invest in innovation to meet this need.
- **A People Company** places people at the heart of who we are. We thrive through our partnerships with clients, suppliers, employees and other stakeholders, and we believe that we can make a true difference through education in particular, which will be an integral part of our overall sustainability strategy. It is our mission to ensure that everybody should have the opportunity to learn and potentially become a pastry professional or a chef, regardless of their background.
- **Smart, Sustainable Solutions** means investing in operational improvements and innovation, so we make our products in the most environmentally friendly and sustainable way. We will work with our supply chain partners on responsible sourcing, maintaining the quality of the raw materials we use to create outstanding food ingredients.

Our opportunity

I believe the motto of our sustainability strategy – **Together for Positive Impact** – points to the greatest opportunity we have. Only **together** can we make meaningful progress in tackling the biggest sustainability issues of the day. Education is at the heart of our strategy, to give people the knowledge to develop necessary skills. This is why we are investing in education, from sustainability training for our employees, to professional programmes for pastry chefs, with a particular focus on young chefs, through to helping young people from disadvantaged backgrounds develop a career as a pastry professional or chef. If we all act together, we can achieve our goals.

Please explore our efforts in more detail in the following pages and do reach out if you have any feedback for us. I would like to particularly thank our team and partners for their incredible commitment and energy in achieving both business development and positive impact together.

Massimo Garavaglia
CEO IRCA S.p.A.

About IRCA Group

Our business

IRCA Group is an international leader in chocolate, creams and high-quality ingredients.

With a solid history of over 100 years in the sector, the Group has its Headquarters in Italy (Gallarate) and a strong global footprint with 22 production sites and over 2,100 employees in Europe, the United States and Vietnam.

Through its brands IRCA, Dobla, JoyGelato, Ravifruit and Cesarin, IRCA Group offers an unparalleled "one-stop shop" approach for delivering quality solutions for all ingredient needs, through a broad range of innovative products.

Advent International, a leading global private equity fund, acquired IRCA Group in July 2022. Since then, the Group has completed three acquisitions, adding new technologies and capabilities: Anastasi, Cesarin and the Kerry Sweet Ingredients Portfolio. Through these acquisitions and through strong organic growth, Group revenue has more than doubled, and the company is growing its presence outside of Italy rapidly. While retaining its Italian roots, IRCA Group now has a significant presence and proximity to customers in key local markets, and a global presence in manufacturing, R&D, commercial offices and its Academy network of training centres.

Our mission

We create tasteful, innovative and sustainable products, which are the result of our passion, to offer unique moments of indulgence.

Our values

- **People:** The value of our people
- **Passion:** Dedication and commitment
- **Transparency:** Reliable by nature
- **Excellence:** Quality beyond all expectations
- **Commitment to the future:** Taking care of the only planet we have

Key facts and figures 2022/23

- Headquarters in Italy (Gallarate)
- **1,000** Direct clients in over 100 countries
- **3** Innovation centres
- **7** Academy training centres and schools
- **15** Commercial offices worldwide
- **2,100+** Employees in Europe, the United States and Vietnam
- **300+** Distributors in EMEA
- **22** production sites with strong global footprint
- **16** Logistic centres worldwide

Our brands

IRCA: undisputed leader in indulgent ingredients, such as chocolate and creams, inclusions, caramels and many others

Dobla: chocolate decorations, chocolate toppings and chocolate cups

JoyGelato: finest Italian gelato ingredients for all application needs

Ravifruit: leading supplier of frozen and ambient fruits

Cesarin: semi-finished fruit and vegetable products, as well as marmalades and jams

A history in high-quality ingredients

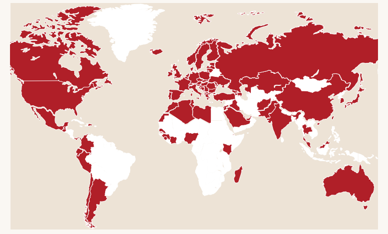
1919
The Nobili family business starts, with production of essential oils and essences for liqueurs

1940s
Buys first machinery, to begin producing malt and malt extract

1960s

Adds new production lines, first for bread products, then for pastry cream and pastry

1970
A new machine for refining liquid chocolate leads to first technical demonstrations for customers


1980
Begins to participate in international fairs, leading to first exports


1985
IRCA Group reaches
80
employees

2000
Extends Vergiate plants making flour and chocolate


2008

Opens third plant, at Gallarate, to process almonds and hazelnuts

2015
JOYGELATO FINEST ITALIAN GELATO
Launches gelato brand JoyGelato

2018
Acquires Dobla, making chocolate decorations
Launches IRCA Academy

2021
Acquires In2Food, a key distributor in the US

2022
Acquires Cesarin, a leading artisanal fruit-based ingredients company
Cesarin dal 1920
Acquires Anastasi, a leading manufacturer of pistachio ingredients
ANASTASI PISTACHIO FARM

2023
Acquires Kerry Group's sweet ingredients portfolio


IRCA Group global footprint

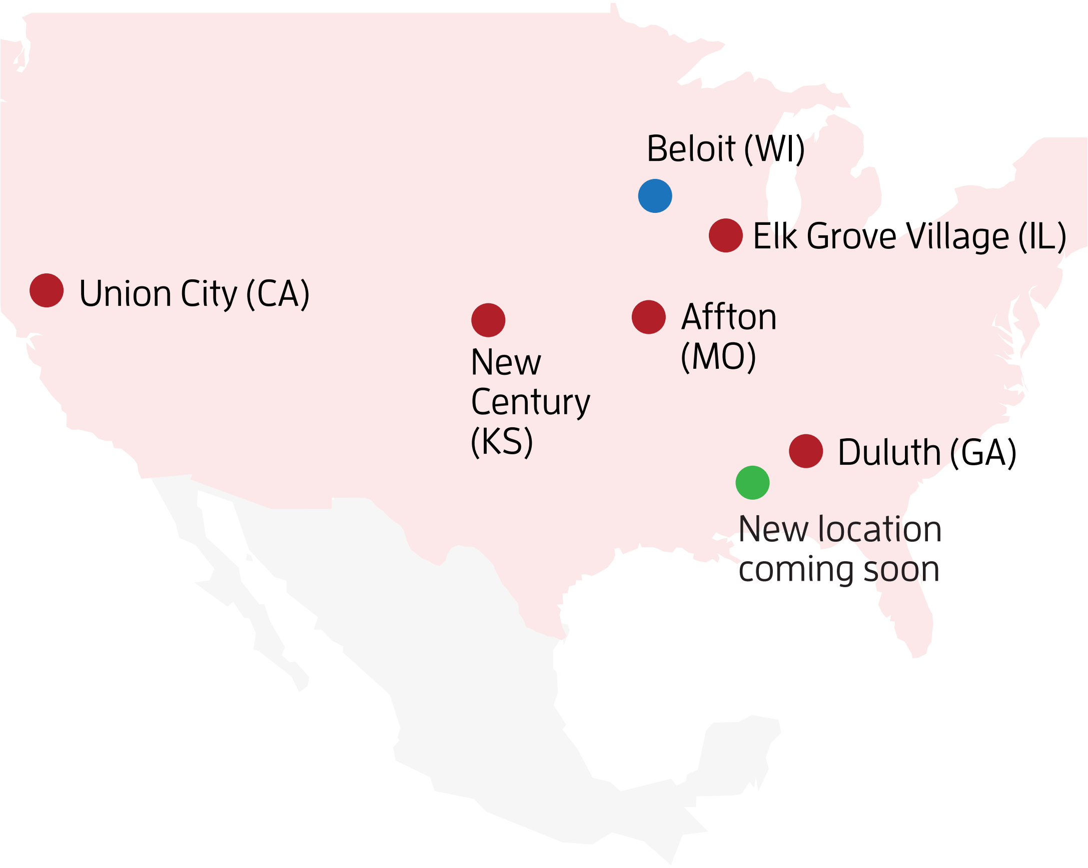
22 Manufacturing sites

3 R&D centres

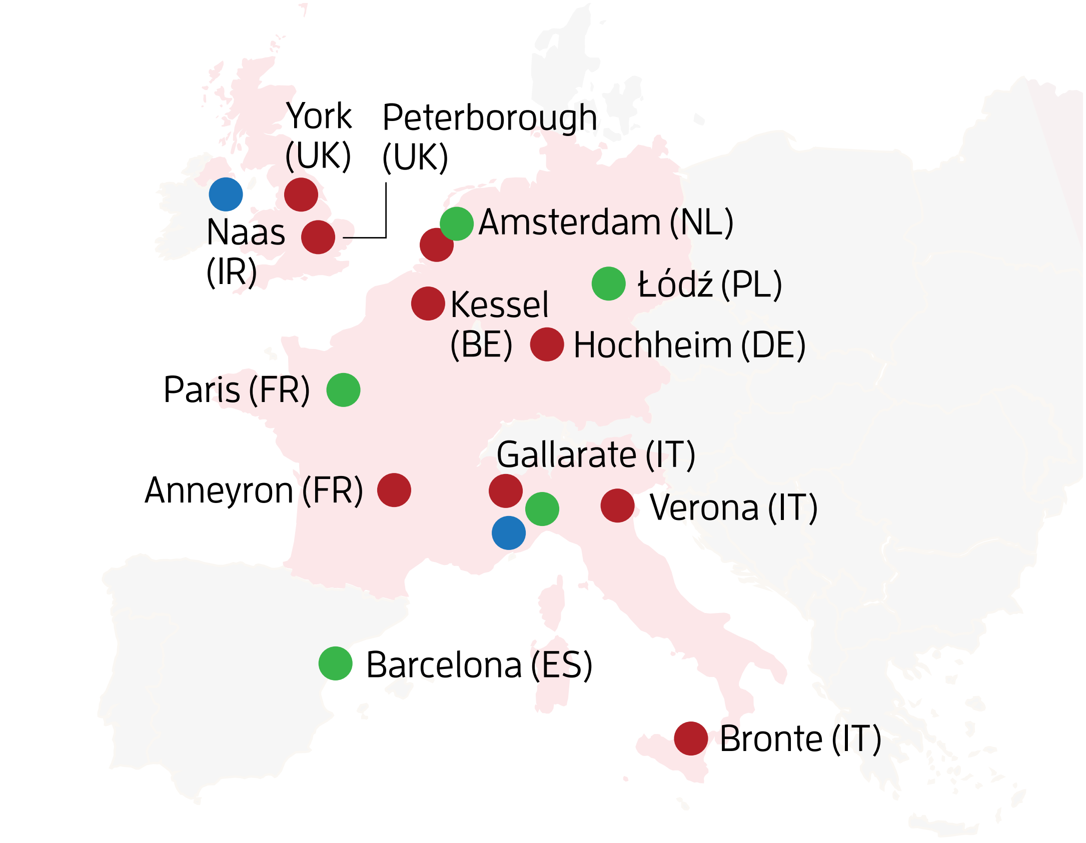
7 Academies/studios

IRCA Group has a significant international footprint across manufacturing, commercial, R&D and academies. These locations collectively allow us to focus on our strategic priorities of proximity to customers in local markets, innovation in products and services, and education as the key to inspiring action and positive impact.

US



Europe



Vietnam

- Manufacturing site
- R&D centre
- Academy/studio

Our product portfolio

Chocolate, Compounds and Creams	Pralines and Coated Sweets	Caramel Variegates & Pieces	Fruits and Fruit Puree	Baked Inclusions	Non-baked Toppings and Inclusions

Our sustainability manifesto

Together for Positive Impact

Our approach to sustainable positive impact has people at its heart – whether in creating healthier products for consumers, supporting the equitable development of people in our company and community, or offering smart and sustainable solutions to our customers. We see education as key to inspiring action, working together to bring positive impact.

HEALTHIER INDULGENCE & WELLBEING OPTIONS

Creating tasty, healthier and wellbeing options for moments of indulgence

Focused on:

- **Health and nutrition**

Together

For Positive Impact.

SMART, SUSTAINABLE SOLUTIONS

Delivering smart and sustainable solutions for our customers

Focused on:

- **Climate**
- **Sustainable value chain**
- **Packaging**

A PEOPLE COMPANY

Empowering people in our company and community

Focused on:

- **Employee Experience**
- **Diversity and inclusion**
- **Community**

Strategic framework and targets

Summary of key targets

Healthier Indulgence & Wellbeing Options

Promoting alternative options for key product categories, improving nutritional profiles and meeting diverse customer needs and preferences.

50%

Product: 50% of new products launched with options for healthier & wellbeing options by 2025

100%

Training: 100% of all training for chefs and Innovation Days with customers to include content for healthier & wellbeing options by 2025

100%

Product: 100% of key product categories have healthier & wellbeing options by 2025

Sales: Increase sales of products with healthier & wellbeing options by 2028

A People Company

Enhancing people's experience through education, promoting DE&I and investing in local communities.

2x

Training: Twice the training hours per employee per year for IRCA Italy by 2025

10%

Training: 10% of external masterclass training hours made available to people coming from social inclusion programmes by 2025

80%

DE&I: Aim for an 80% measure of inclusion sentiment in annual employee-engagement survey by 2028

Community: Increase tenfold the number of people we provide with high-quality professional training, including a programme specifically for young chefs by 2028

Community: IRCA people have the opportunity to volunteer in the community for one day a year by 2025

Employee experience: Achieve Great Place to Work certification or equivalent in key markets by 2028

DE&I: Achieve gender balance* in managerial positions globally by 2028

* Gender balance refers to 40-60% of any one gender

Smart, Sustainable Solutions

Reducing the impact of our products through cutting GHG emissions, smarter packaging solutions and sustainable sourcing.

Climate: Define a target for scope 1 and scope 2 emissions reduction and a scope 3 emissions reduction plan by 2024

100%

Packaging: 100% of packaging is recyclable or reusable by 2028

100%

Sustainable sourcing: 100% deforestation-free and traceable cocoa, palm oil, soy and coffee by 2025

100%

Climate: 100% renewable electricity in all key markets by 2025

-25%

Packaging: 25% reduction in virgin plastic per tonne of finished product by 2028

How we developed our strategy

During 2023, we built on our work to date to develop a strategic framework for sustainability. The first phase was a materiality assessment to identify our priority issues – the areas where we can make the most impact.

To prioritise, we:

- Created a long list of issues through desk research
- Rationalised to a short list of issues by analysing customer requirements, regulations and peers, as well as the views from numerous interviews with people across our business and with customers, suppliers and external experts
- Ran a workshop with the executive team to align on the priority issues

The Board validated the results of this exercise. We then set targets for our priority areas, with roadmaps for the next four years' action.

Looking ahead, we will continue to develop and evolve targets to keep pace with emerging regulations and customer requirements. We will evolve our reporting to prepare for EU Corporate Sustainability Reporting Disclosure (CSRD) requirements.

Stakeholder engagement

With the development of our new sustainability strategy, we have begun to make direct and structured approaches to stakeholder engagement, especially with our key account customers, who are large food manufacturers. In developing our strategy, we also sought the views of suppliers and external experts. This activity provides a foundation for dialogue in the future which we will continue to develop and expand to other stakeholder groups.

Our Innovation Days provide regular engagement with customers, to identify and propose product innovations and recipes. These now include sustainability on the agenda, to discuss not just product innovation, but improved logistics management, food-waste issues, packaging efficiency and community programmes. We will continue to develop these further, as we listen to customer feedback.

See **page 16** for more on internal employee engagement.

We interviewed people from across our business as we developed our strategy

Governance and business ethics

Sustainability governance

To develop and implement our strategy and activities, we appointed our first Sustainability Manager in June 2023 and we established a Sustainability Steering Committee. This brings together leaders from across the European and US affiliates, including both business and staff functions. During 2023 the Sustainability Committee met quarterly to identify sustainability trends and projects in order to formulate the Sustainability strategy of the Group. The responsibilities of the Sustainability Steering Committee include:

- Oversee and give guidance on key global ESG matters, reviewing ESG performance of the Group in line with the adopted strategy
- Propose and provide advice on strategic projects and resourcing
- Monitor, evaluate, if appropriate, and provide guidance on the group policies, procedures and practices with respect to sustainability
- Keep up-to-date on regulatory and customer requirements
- Oversee public disclosures and alignment with ESG rating systems

Resolutions concerning the sustainability governance and more in general the ESG matters are monitored by the Board of Directors through quarterly updates.

Business ethics – our approach

The Group take in the utmost account and share the principles of corporate ethics and it is currently updating the Code of Ethics (already adopted by IRCA S.p.A and its affiliates and by Dobla Bheer BV and its affiliates), bringing together the set of values recognized, accepted and shared as well as allocating the responsibilities both inside and outside its organization.

In addition to the revision of the Code of Ethics, that will be adopted by all companies of the Group during 2024, a new set of policies related to business ethics will be adopted, such as third-party risks, anti-corruption and anti-bribery policies.

By the end of 2023, the Italian subsidiaries will adopt the whistleblowing procedure set forth in accordance with EU Directive 2019/1937. This will be implemented through an external online platform which guarantees the protection of the whistleblower in compliance with the applicable regulation and provides guidelines for the internal investigations carried out by the internal Whistleblowing Committee. During 2024, the Group will assess the application of the Whistleblowing Procedure to the other companies outside of Italy.

Our head office in Gallarate, Italy

The knowledge of the Business Ethics documentation is constantly promoted through distribution and dissemination to all members of the corporate bodies and organizations and to all employees; publication on the company network; publication on the Group company's website for the benefit of external parties such as suppliers, advisers, institutions, authorities and third parties in general; inclusion of special termination provisions or clauses or forfeiture of a relation in appointment documents, contracts for consultancy services, collaborative relations, work and supply of goods and services, in the event the obligations arising from this Code of Ethics are violated.

Healthier Indulgence & Wellbeing Options

Our targets

2025			2028
50%	100%	100%	
Of new products launched with healthier & wellbeing options	Of key product categories have healthier & wellbeing options	Training for chefs and Innovation Days with customers to include content for healthier & wellbeing options	Increase sales of products with healthier & wellbeing options

Offering high-quality alternatives for moments of indulgence

We believe moments of indulgence are part of an overall balanced diet and lifestyle. To meet the increasing requirements for alternative dietary choices, our teams are constantly developing new solutions that will improve the ingredient profile of our products, all while maintaining the high quality and taste expected by consumers.

With our network of chefs and ambassadors, we aim to promote recipes that bring joyful indulgence while offering people healthier & wellbeing options.

Offering healthier & wellbeing options

IRCA Group offers moments of indulgence. We believe all foods can be enjoyed as part of a balanced and varied diet. Which is why we always strive to create product alternatives to suit consumer needs and market trends, and give consumers choices.

We create options that are healthier, respect dietary choices or cater to consumers' varied beliefs and values. However, one characteristic remains constant in everything we offer – the quality of our products.

More products rich in whole grains

Defining the criteria for our alternative options

In 2023, we undertook a project to define the criteria for the alternative projects within our portfolio, with the aim of offering a healthier choice to consumers. These criteria include:

- Products rich in fruit, fibre and whole grains
- Products which meet specific consumer needs, such as vegan, plant-based, gluten-free and dairy-free
- The reduction of ingredients such as salt, certain fats and sugar
- Cleaner label alternatives, including the removal of additives, preservatives, artificial colours and artificial flavours
- The use of organic or 100% natural ingredients, in some cases

We have assessed our product range by these criteria, and 20% of our products meet one or more of them. Our aim is for 50% of all new product launches to meet one or more of these criteria by 2025 and we will therefore be integrating them into R&D briefings. We have also set a goal for all our products to have an alternative choice by 2025.

Innovation and communication

Our principal innovations in this area come through identifying and evaluating new raw materials and formulations. In our R&D process, we test to understand the impact different ingredients can have on our products, an activity often conducted in collaboration with our suppliers. For example, we were one of the first customers of a supplier to test a specific ingredient in a chocolate application, and we now use this in our vegan chocolate.

We run Innovation Days with our customers, to help educate and inspire them by demonstrating our products' capabilities and their use in applications. Our aim is that, by 2025, all our Innovation Days will include applications with alternative options, and we will encourage customers to consider them as alternatives or additions to products they may already use. In addition, we will include these options in the training for chefs, to create more and more awareness of diet and nutrition as topics.

How we offer alternative choices

We approach our alternative choices in two different ways. We create champion products, specifically designed to fit new market requirements – for example, our vegan chocolate range or our reduced-sugar alternatives, while with our existing products we constantly consider if we can make improvements – for example, decreasing sugar and fat content, while maintaining great taste.

Some of the initiatives underway include:

- Looking to increase the range of well-being products in our portfolio – for example nuts, which are recognised as a smart choice for enhanced nutrition
- Reviewing our product portfolio in line with EU food-labelling thresholds – for example, no/low/reduced or source of/high in
- Reviewing our product portfolio with regard to customer dietary preferences or intolerances – for example vegan, gluten-free, allergens, organic
- Expanding our range of well-being products – for example, Korn Fit wholemeal bread mix (rich in cereals and seeds) or our sugar-reduced chocolate (30% less sugar)
- Operating a fully segregated dairy-free production plant and launching a new vegan chocolate line
- Enriching the portfolio with fruit-based products

Providing plant-based gelato alternatives

What's next in 2024

- Develop an R&D plan to increase the percentage of alternative options in our portfolio
- Develop and deploy educational content and recipes for IRCA Academy, artisanal bakery customers and food manufacturers
- Continue collaborating closely with our customers to increase awareness and adoption of alternative options

Spotlight on alternative options

> Our intention is to use innovation to continue to develop and provide a range of alternatives to help our customers meet different dietary choices.

Annika Engelbrecht
Global Chief Marketing Officer

Bakery mixes

- Wellness line – multigrain fit, cereal plus
- Korn fit Amavita – complete wholemeal bread mix, made from sunflower seeds, rye, linseed, soy, corn and barley

Nuts and pistachio

100% pure pistachio and hazelnut pastes and some specialities under the "Pistacchio Verde di Bronte DOP" brand

Alternative options in chocolate offerings

- Vegan
- Reduced sugar
- Organic

Frozen fruit and purées

100% natural solutions, free from additives and preservatives, colouring and flavours, where the original taste of fruit is preserved without compromising quality

Ensuring high-quality products

Product safety and food quality standards are our top business priority. Our aim is to ensure high-quality, sustainable products, traceable from the raw material to the consumer.

Our commitment to quality is demonstrated by our 'high' scoring on the Global Food Safety Initiative (GFSI) certification, the coalition for strengthening and harmonizing food systems, which comprises standards as BRC, IFS and FSSC 22000. The GFSI certification score is one of our KPIs, and a guarantee of quality for our customers and relevant health authorities. Several IRCA business units also have other certifications (e.g. ISO 9001) to accommodate specific target market needs. Our different certifications share a common objective, to provide guidelines for food safety under the GFSI umbrella, but tailored to different industry sectors or regions.

To qualify for GFSI, IRCA Group must maintain an internal auditing programme, and in 2022 we spent over 400 hours on this. In addition, our quality-control laboratories undertake more than 115,000 tests and analyses every year on finished products and raw materials. More than 95% of our suppliers (by volume) are audited to GFSI and ISO standards.

Product marketing and labelling

IRCA Group is a business-to-business operator and, as such, our labelling is in clear black and white, explaining regulatory requirements in appropriate detail. On the gourmet and artisanal side of our business, we see scope for providing additional useful advice and for communicating on dietary choices such as halal and kosher. We use QR codes on artisanal products to communicate information digitally and in local languages.

95%

of our suppliers (by volume) are audited to GFSI and ISO standards

We undertake more than 115,000 tests and analyses every year on finished products and raw materials

A People Company

Our targets

2025

2x
The number of training hours per employee per year for IRCA Italy

IRCA people have the opportunity to volunteer in the community for one day a year

10%
Of external masterclass training hours made available to people coming from social inclusion programmes

2028

Achieve Great Place to Work certification or equivalent in key markets

Achieve gender balance* in managerial positions

* Gender balance refers to 40-60% of any one gender

80%
Score of inclusion sentiment in annual employee engagement survey

Increase tenfold the number of people we provide with high-quality professional training for the pastry and bakery industry, with a programme specifically for young chefs

Empowering people in our company and community

The daily dedication and commitment of our people are what make IRCA Group an international leader. We share this commitment to making IRCA Group a leader in high quality food ingredients where everyone can feel included, supported in their growth and valued for their unique contribution. By empowering people throughout our global team, we ensure great outcomes for the employee experience, our customers and our planet. Because our future success depends on a strong and diverse pipeline of talent, we support training and development for underrepresented communities via our IRCA Academy and network of corporate chefs.

Creating a great place to work

Our approach

We want IRCA Group to be the workplace of choice in our sector, attracting and retaining high-calibre talent in all functions. Therefore, we have set a target of achieving Great Place to Work® certification or equivalent in key markets by 2028. By listening to employees and acting on their feedback, we will continuously improve the experience of being part of IRCA Group and how people can contribute to our collective success.

Having recently welcomed many new colleagues to the IRCA Group, through acquisitions as well as organic growth, we are currently focused on developing a common culture across our different sites, built on our values of People, Passion, Transparency, Excellence and Commitment to the future. (see **page 4** for full description).

2,122

employees[1]

Employee engagement

In 2021, we first used the Great Place to Work® survey to understand our workplace culture. At that point, the market was just recovering after Covid. We had managed the pandemic period successfully and with employee safety front of mind at all times. Participation in the survey was a highly encouraging 80%. Factory employees highlighted a number of topics, for which we were able to take action immediately. These included health and safety improvements, working garments and some ideas for improving communication, such as 15-minute breaks for groups to discuss issues in the workplace. For office employees, key topics related to salaries and training opportunities.

For the newly expanded Group, we plan to repeat the survey in Italy, then roll out to the Dobla companies, and then to other acquisitions in sequence.

A culture of sustainability

We are aiming to nurture a sustainability culture at all levels of the business, helping employees bring appropriate activities and initiatives – such as recycling and energy efficiency – into their day-to-day work. This will include regular communications on sustainability, such as newsletters, as well as training.

Well-being at work

We provide flexible working in some locations, where the job allows. For example, in Italy employees can work two "smart" days a week, from home or elsewhere if that is possible. We are looking into how we can improve work-life balance for factory workers on shift work.

What's next in 2024

- Prepare and roll out the Great Place to Work® survey (or equivalent) in Italy, and then to other parts of the Group sequentially

[1] Average number of permanent employees - (period 2023 Q1-3, IRCA Sweet employees as of 31/07)

Helping all our people realise their potential

Our approach

IRCA Group aims for total inclusion and equality, from recruitment through development to promotion. We want the best people, in the roles that best suit them, and to provide them with the support to help them achieve their potential. Our DE&I goal is to achieve gender balance in managerial positions by 2028.

We will be reviewing and formalising recruitment, professional development and promotion processes to ensure unbiased and objective decision-making. We will also conduct a gender-based "equal pay for equal work" assessment globally and will address any gaps identified by 2025.

We want to ensure all employees feel IRCA Group is a diverse and inclusive place to work. We have set a goal to achieve an 80% score of inclusion sentiment in our annual employee engagement survey by 2028. In the future, we will look at setting additional DE&I targets which will support us in ensuring everyone can succeed at IRCA Group.

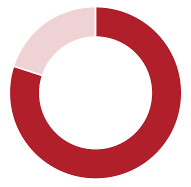
> We are now broadening our training approach to include softer skills. Our secret to success is to be a great team, and we want to support our people to be the best they can be, individually and in how they work together.

Massimo Cestaro
Global HR Officer

Training and development – our approach

As a food company, throughout our history we have taken a technical approach to training, covering critical issues such as safety and food quality. We are now broadening our training programmes to focus more on softer skills. We currently assess people's training needs with an evaluation programme, conducted by line managers, with specific actions for each person, and in connection with salary reviews. We plan to enhance evaluations to be based on a more 360-degree approach. In 2023, we appointed a role specifically in charge of talent and development, to expand the programmes available. Our goal for IRCA Italy is to double the amount of training hours per employee by 2025. We will be looking at setting similar targets across the Group.

Members on the Executive Committee



- Men: 80% (8)
- Women: 20% (2)

Employees identified as Managers

- Men: 69% (134)
- Women: 31% (59)

What's next in 2024

- Develop a company-wide policy and strategy on training and development to ensure all employees have access to training appropriate to their role and level
- Review and standardise recruitment, promotion and professional-development processes across IRCA Group to ensure unbiased and objective decision-making
- Establish a DE&I policy and communicate it to all employees

CASE STUDY

Helping high-potential and high-performing employees to advance

Our talent programme for high-potential and high-performing employees started in 2021 and continued into 2022. We selected 35 candidates through an evaluation system. They took part in coaching, mentoring and tutoring, covering subjects such as effective communication, financial tools and leadership skills. After a break to evaluate the programme, we plan to accept the next training cohort in 2024.

12

hours training completed on average per IRCA Italy employee in 2022/23[1]

[1] IRCA will gather further regional training information across the organisation for future reports

Keeping our people safe and well

6
Total number of recordable incidents of work-related injury or illness

0.24
Accident severity rate*

* The safety metric measures how critical or serious the effects of an injury or illness can be.

Dobla Factory, Phú Mỹ Town, Vietnam

Our approach

Ensuring the health and safety of our employees has always been of utmost importance. In 2019, we began to formalise our health and safety processes. We employed our first health and safety manager and developed a programme "All together for safety". The development of the programme was informed initially by an employee survey, which we restarted in 2023. Overall, it has led to a reduction in incidents and much greater employee awareness of health and safety.

The programme involves mapping and analysing the risks, and then reducing or eliminating them through training, changing ways of working, or investment in improving installations and equipment to meet the latest safety standards. We are also continuing to raise employee awareness, including recognising near misses, and working on prevention.

Examples of measures in place include:

- All production managers have health and safety (H&S) targets
- Plants track H&S metrics including injury frequency index, gravity index and H&S training hours
- Plant managers meet the CEO monthly to monitor H&S metrics
- Quarterly H&S meetings including plant manager, H&S representatives, the doctor, the HR manager and representatives of the labour associations
- Every plant has its own medical room

Following the expansion of the Group, we aim to harmonise the health and safety approaches of the legacy IRCA Group companies and the newly-acquired companies and use the best of each to ensure a proactive approach based on risk analysis.

Working conditions

The IRCA Group Code of Ethics (see **page 10**) outlines our policy on human and labour rights. Globally, 20 IRCA Group plants have undertaken a SEDEX self-assessment (low risk), and all IRCA Sweet sites have undergone SMETA four-pillar audits, covering labour, health & safety, environmental assessment and business ethics. In Vietnam, our plant is SA8000-certified, the most widely recognised global standard for managing human rights in the workplace. Six sites in Italy have achieved ISO 45001 certification for health and safety. Our goal is for all sites to have this certification or equivalent.

Employee consultation

In 2023, in Italy we signed a three-year agreement with our trade union aiming to improve collaboration and working conditions through mutual consultation.

What's next in 2024

- Harmonise Health & Safety Policy and implementation programmes at a Group-wide level
- Ensure that all IRCA Group manufacturing sites hold a valid ISO 45001 certification, an international health and safety certification, or equivalent

Engaging our communities

Our approach to date on community engagement has been to support local social and charitable initiatives where we operate our plants and offices. Now we are formulating a global community strategy, where the overarching theme will be educational initiatives. We will support the development of skills for people from disadvantaged backgrounds. Our 2025 goal is that 10% of external masterclass training hours on professional pastry skills will be made available to people coming from social-inclusion programmes. We are also creating a programme specifically for young pastry chefs, as part of our goal to increase tenfold the skills training we provide to those in the pastry and bakery industry by 2028.

We already have one social inclusion project at an early developmental stage. The aim is to improve the employment prospects of economically disadvantaged citizens, people with disabilities and victims of domestic violence, through providing skills training relevant to our sector, giving everyone the chance to become a chef.

We also want to ensure our employees have an opportunity to give back to their communities. Our goal is that by 2025 all employees will have the opportunity to volunteer for one day a year.

What's next in 2024

- Develop a community-engagement strategy to support a strategic focus on education
- Deploy a training plan for people from disadvantaged backgrounds
- Formalise an employee volunteering policy

Community activity highlights in 2023

Italy

- **IRCA Group Family Day:** We invited employees to visit Gallarate with their families – a chance to see the workplace and enjoy food demonstrations and children's activities
- **Sarà Pink 2023:** IRCA Group and its employees supported the Sarà Pink 2023 charity run, in memory of Sarà Gemo who died of breast cancer, raising awareness and funds for cancer prevention and research
- **Officina 025:** Employees and their families took part in a non-competitive walk to support people under 25 who for psychological reasons encounter difficulties in social integration

Vietnam

- **Sports and Family Day:** 90% of our employees in Vietnam are female. In honour of Vietnam's Women's Day, more than 300 colleagues took part in the company sports day, where eleven teams worked together to achieve common goals in athletic events
- **Tree planting:** In July, 49 volunteers from our Dobla team planted 760 trees in the open land of the industrial zone around our premises, to add to the 800 planted in 2022. The flourishing landscape will now be graced by mango, jackfruit, guava, coconut and melaleuca trees, symbolising a sustainable future
- **Blood donation:** Around 50 volunteers from our Dobla team were awarded a day off to participate in one of two blood-donation sessions to support a situation that is critical in Vietnam due to traffic accidents

USA

- **US Family Day:** The Dobla US headquarters ran a Family Day event to open a window into our world and nurture the culinary curiosity of the youngest members of our employees' families

Spotlight on skills and education

> It is our mission to ensure that everybody should have the opportunity to learn and potentially become a pastry professional or a chef.

Massimo Garavaglia
CEO IRCA S.p.A.

IRCA Academy

Our flagship Academy is in Gallarate, Italy and was founded in 2018. Here, our experienced corporate chefs currently train over 2,000 professionals every year, through hands-on courses, webinars and workshops for professional pastry chefs, ice cream makers and bakers. The practical training room features the best equipment on the market with 12 workstations for individuals, while the workshops take place in a room that seats 90 students who can view the teacher's workstation both directly and via a series of screens.

We are now launching further academies in the US, France and Germany to accompany our existing ones in the Netherlands and Spain.

The vision of our Academy system is that everyone should have the opportunity to become a chef. Therefore, we also use them to support people from disadvantaged backgrounds, with a goal that, by 2025, 10% of external masterclass training on professional pastry skills will be made available to people coming from social inclusion programmes.

Ashanti School, Poland

Education is a foundation of our people strategy, which is why, in 2023, we acquired Ashanti International School of Pastry & Culinary Arts, in Lodz, Poland. The school was founded in 2017 and offers a wide range of training for pastry and culinary chefs, bakers, bartenders, baristas and sommeliers.

Ashanti has trained over 8,000 professionals, as well as amateurs who wish to improve their skills, through over 40 contracted trainers, who include leading international and local experts.

Ashanti will continue to offer unique opportunities to talented people in Poland to achieve top-class culinary skills.

See **page 19** for more on our Community Engagement goals and programmes.

Smart, Sustainable Solutions

Our targets

2024	2025		2028	
	100%	100%	100%	-25%
Define a target for scope 1 and scope 2 emissions reduction and a scope 3 emissions reduction plan	Renewable electricity in all key markets	Deforestation-free and traceable cocoa, palm oil, soy and coffee	Of packaging is recyclable or reusable	Reduction in virgin plastic per tonne of finished product

We source cocoa from certified sources including Rainforest Alliance

Developing smart and sustainable solutions for our customers

We pride ourselves on being a solution-oriented partner for our customers. Together we have a high ambition for sustainability and we are working across our value chain to find sustainable solutions that will help customers meet their sustainability targets: from sourcing our raw materials responsibly, to setting climate targets, to reducing our use of plastic and improving the recyclability of our packaging.

Reducing our carbon emissions

Our approach

Operational efficiency is at the heart of how we run our business, and this includes energy efficiency. We have made good progress in recent years in reducing energy consumption at our manufacturing facilities, by identifying opportunities for improvement and making the necessary investments. The purchase and use of renewable energy in our plants has been another important part of our approach to reducing our carbon emissions.

Following our acquisitions in 2022 and 2023, which have significantly expanded the business, we are now in the process of creating a Group-wide approach to reducing our emissions. In 2024, we will undertake an exercise to calculate our carbon footprint and set scope 1 and 2 reduction targets.

This will also help us identify and prioritise opportunities for reducing emissions and create a carbon reduction roadmap. These opportunities may be based on new technologies, or benchmarking or optimising processes based on the latest standards.

> “With sustainability as an objective, we have identified many opportunities to improve efficiency in areas such as energy, waste, water use and circularity.

Dirk Poelman
Global Chief Operating Officer

While our focus to date has been on our own operations, we are now beginning to work with suppliers to better understand our scope 3 emissions. We will investigate opportunities to support projects that help farmers reduce emissions, as well as improve their livelihoods. We will also look at opportunities to reduce emissions from travel and logistics. From this, we will create a scope 3 emissions-reduction plan.

Energy efficiency

In 2024, we will invest in making the prioritised changes that will bring the greatest improvements based on the analysis from our carbon footprint exercise. Some projects we have already undertaken include:

- Moving to LED lighting
- Insulating piping in our plants
- Installing energy-efficient electrical motors in our equipment

Renewable electricity

Our goal is to purchase 100% renewable electricity in key markets by 2025. We purchase 100% renewable electricity for four of our manufacturing sites in Italy, and all the production plants in the UK, Netherlands and Germany, while in France our supply is fossil-fuel free. We have installed solar panels at nine sites, including in Italy (seven plants), Belgium (one plant) and Vietnam (one plant).

Next steps in 2024

- Establish our carbon footprint
- Set a target for scope 1 and scope 2 emissions
- Work with suppliers on collecting scope 3 data
- Continue to implement further energy-efficiency measures
- Move to renewable electricity contracts to meet our goal of 100% renewable energy in key markets by 2025

28,905
Total scope 1 and scope 2 CO_2e emissions (metric tonnes CO_2e)[1]

0.15
CO_2e intensity (metric tonnes CO_2e/metric tonnes of product produced)[1]

49,752
Total gas used (MWh)[1]

61,371
Total electricity used (MWh)[1]

31.89%
Total percentage of renewable energy[1]

[1] Environmental and emissions data does not include some commercial IRCA Group office, logistics, academies/studios, or R&D centres when not incorporated in a manufacture site. Refer to Data index, **page 29** for further information regarding data methodology.

CASE STUDY

Going solar in Vietnam

In March 2023, at our Dobla plant in Vietnam, we installed 926 photovoltaic (PV) solar panels on the roof of our existing factory, while a new facility was also being built. Total installed power was 495 kWp, and it began generating power for the plant in mid-April 2023.

We monitor the electrical power generated by the solar panels, receiving all data online. Usually, the electricity from the PV system can cover up to 25% of overall daily consumption, depending on the weather conditions. Because the sun conditions vary little across the year in south Vietnam, we can forecast the full-year savings of the PV system to be in the region of 300 tonnes of CO_2.

Sustainable sourcing

99%

of palm oil purchased RSPO-certified[1]

28%

of cocoa purchased was Rainforest Alliance Certified or Fairtrade[2]

Our approach

We work closely with our suppliers to meet our customers' requirements for sustainable sourcing. Our approach is based on working with recognised NGOs, including the industry-leading certification programmes Rainforest Alliance, Fairtrade International and Roundtable for Sustainable Palm Oil (RSPO) and membership organisations such as the World Cocoa Foundation.

Cocoa and Hazelnut*

Our goal for 2025 is 100% deforestation-free and traceable cocoa, palm oil, soy and coffee. Our priority for 2024 is to continue to work closely with our suppliers of these ingredients to ensure the products we source will meet the requirements of the EU Deforestation Regulation by 2025.

For cocoa and palm oil, we are able to offer both mass-balance sourcing and segregated sourcing for customers who require this additional level of traceability. Through working with the NGO certification schemes, we can demonstrably meet our own and customers' sourcing requirements, including sourcing products from non-deforested and non-exploited areas, meeting full chain-of-custody traceability regulations, and working to high standards on supply chain ethics, including those for human rights. All the certification schemes also include environmental requirements related to biodiversity. When we are sourcing ingredients that are not from certified sources, we require all our suppliers to sign the IRCA Group Code of Ethics or provide us with their own ethical standards so we can confirm they match ours.

> Through our multi-supplier approach, we can be flexible in meeting the different requirements and sustainable sourcing priorities of our customers.

Stefano De Dionigi
Quality Director,
EMEA Region

Cocoa

We source high-quality cocoa to make our chocolate products. In the EMEA region, certified cocoa accounted for 28% of our total volume[1], including both Rainforest Alliance and Fairtrade. By using the capabilities of different suppliers, we can create specifications to suit each different customer's requirements. This approach also increases the resilience of our supply chain. We will co-operate closely with suppliers in preparation for meeting the EU Deforestation Regulation requirements.

To strengthen our overall contribution to the sustainability of the cocoa supply chain, we are also an active member of the World Cocoa Foundation (WCF), a science-backed, industry-led forum. WCF supports primary production of cocoa through many initiatives to empower farmers and promote sustainable choices for people and environment.

World Cocoa Foundation

Palm oil

We are close to reaching 100% from certified sources for palm oil, 99%[2] of the palm oil we purchased was from RSPO-certified sources, either mass-balanced or segregated.

Other ingredients

Our largest ingredient by volume is sugar. We source this mostly from within Europe, as well as small amounts of imported cane sugar from countries approved by the EU. We source all our dairy products from Europe, using European milk.

[1] IRCA EMEA and APAC, September 22 – September 23
[2] IRCA EMEA (including MB and SG), September 22 – September 23.*Find out more at ra.org

Sustainable sourcing

Human rights in our supply chain

To ensure our suppliers are adhering to high standards of human rights, including zero-tolerance for child labour, forced labour and bonded labour, they must adhere to the IRCA Group Code of Ethics, which outlines our policies on these. We are currently further developing our human rights approach to manage any relevant risks. We have participated in developing a sector-wide Supplier Code of Conduct with Fedima, the European bakery trade association, to promote human rights in the broader industry. Through our active membership of the World Cocoa Foundation, we are supporting work on combatting child labour in the cocoa supply chain, one of their three key focus areas.

Training on sustainable procurement

Training on sustainable procurement is mandatory for all employees, from directors to factory workers, to be able to maintain sustainability certifications such as RSPO, Rainforest Alliance and Fairtrade. In 2022, we ran the course for approximately 230 people[1], or 70% of our workforce at the time, with 95% of people passing the questionnaire test at the end. In 2023, all new employees have taken the course, both remotely and face-to-face. Topics covered included the ways we work towards sustainability certification, and the various models, such as mass balance and segregated. Those who work directly in procurement, and with the certifications, undergo additional more specific training across all business units.

70%

Of workforce who have received training on sustainable procurement

Next steps in 2024

- We will conduct a risk assessment for commodities that face a risk of deforestation –cocoa, palm derivatives, soy and coffee
- We will engage with suppliers and ensure extended supply-chain traceability of these commodities, potentially including GPS or polygon mapping at farm level, to meet our 2025 goal of 100% deforestation-free and traceable cocoa, palm oil, soy and coffee

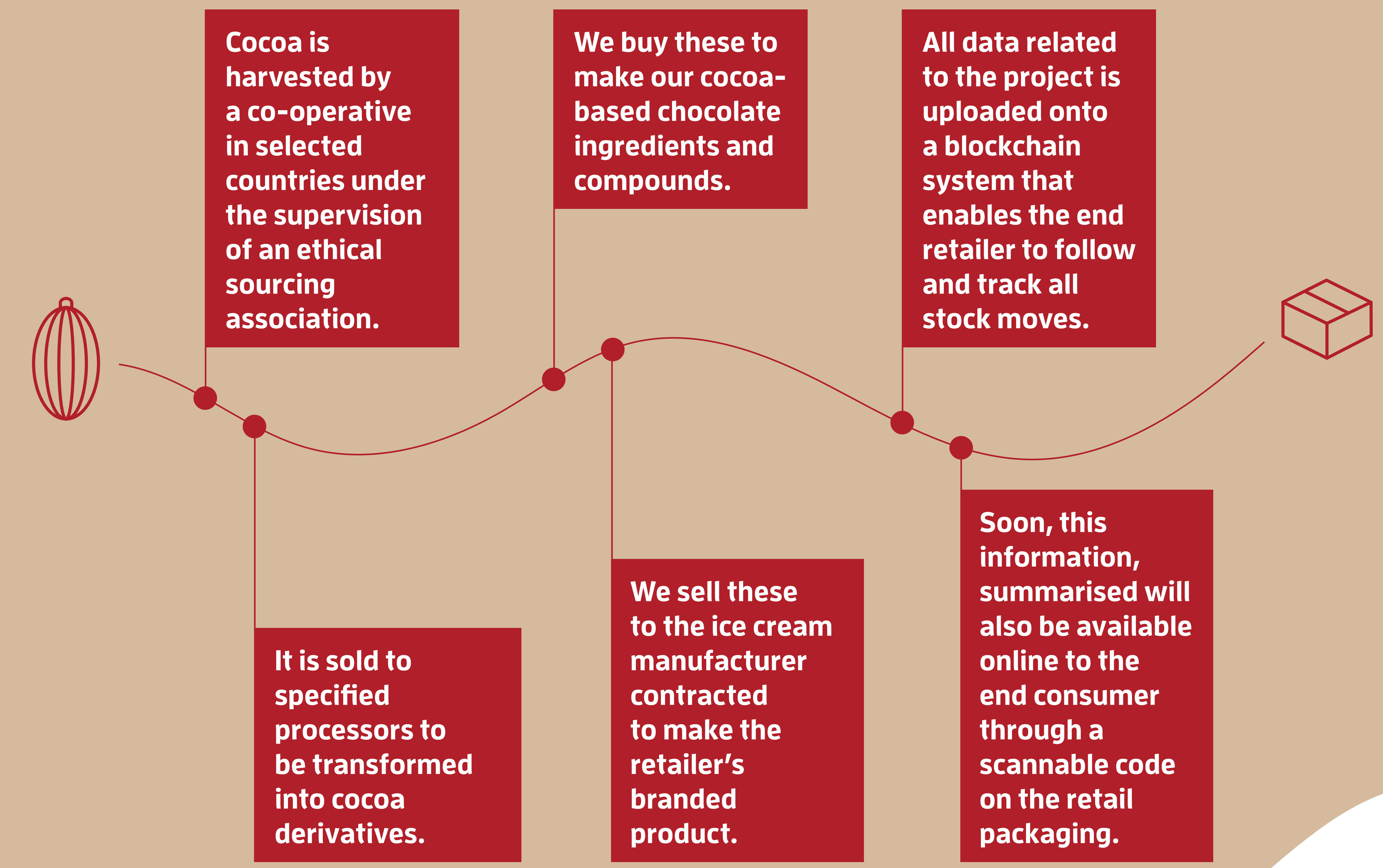
[1] All employees take the course every two years, and new employees take the course in the first year of joining.

CASE STUDY

From cocoa bean to chocolate ice cream

In our role of working with customers to meet their sourcing needs, we were asked to create an ethically sourced chocolate ingredient, at industrial scale, for use in a retailer's branded ice creams.

The controlled chain of custody



Improving the sustainability of our packaging

Our approach

As a B2B company, our products are mainly packaged in bulk volumes, unlike individually wrapped consumer items. Based on a product/packaging ratio, our packaging is already very efficient. However, we recognise the need to keep reducing the impact of the packaging we use. We are testing lighter materials, removing unnecessary materials, and moving to recyclable or reusable materials.

Our main consideration remains the suitability of materials for maintaining the safety and quality of the product through its transportation and storage stages. Therefore, we must take into account the warehouse capability of client sites and their storage requirements, alongside sustainability objectives.

We are now working on a sustainable packaging roadmap for our core categories, to meet our 2028 goals of 100% of packaging being recyclable or reusable, and reducing the amount of plastic used.

Some of our current initiatives include:

- Shipping liquid chocolate and creams in bulk by tanker truck which, while necessitating cleaning, means no packaging is needed.
- Encouraging the use of larger containers rather than a greater quantity of smaller containers, to reduce the overall quantity of material needed. For example, a 1 tonne pack requires only 1kg of liner compared to 5kg of plastic needed to line smaller containers carrying the same total amount.
- Reducing the amount of labelling required by moving to an embossed logo on some containers.
- Assessing where we can further increase the amount of recycled material used in cardboard packaging.
- The EU Packaging and Packaging Waste Directive includes a focus on the reusability of materials. We are looking into possibilities for using more reusable packaging, which would have implications through our value chain.

Our 2028 goals

100%

Of packaging is recyclable or reusable

-25%

Reduction in virgin plastic per tonne of finished product

> Our product to packaging ratio is already very efficient. While our priority is to secure the performance of the packaging for quality reasons, we are finding opportunities to use lighter material and removing unnecessary material.

Fabrizio Artoni
Sourcing Director,
EMEA Region

–15%

Over the years in Italy, we reviewed our packaging portfolio for one of our core categories and were able to eliminate approximately 15% of our packaging materials

Next steps in 2024

- Undertake a comprehensive review of our packaging materials
- Work with packaging suppliers to identify alternatives for more sustainable packaging materials
- Develop a sustainable packaging plan and further targets in line with the EU Packaging and Packaging Waste Directive

Environmental management

Our approach

Our approach to environmental management covers energy, water and waste and is founded on operational efficiency. The ISO standard is one standard we use in our management process. Currently 10 sites have ISO 14001 which covers environmental management, and one site has ISO 50001 (energy management).

Water

We manage water in our plants as part of our approach to operational efficiency, and we are always looking for opportunities to reduce the amount of water we use. As part of our new sustainability strategy, we will be conducting a water-stress assessment. Following this, we will set water reduction targets for IRCA Group plants in water-stressed areas, with the goal of being water-balanced.

Our plants use water mainly for cleaning the production lines between different product runs, so reducing the flushing in the production sequence can have an important effect on water use. All IRCA Group sites track the volume of water used per tonne of finished product, aiming to continuously improve water efficiency and detect potential inefficiencies in our manufacturing processes. We also have a project underway to repair leaks.

In Cesarin, we have reduced water use by moving from a dynamic cleaning process for the fruit to a new static cleaning process. This new approach has reduced water use by 50%, while also reducing the wear on our machinery.

In our plants at Gallarate and Vergiate (Italy), we have installed plants to treat all our wastewater discharge by physical, chemical or biological filtration, to return cleaner water to the environment. We also treat wastewater at our UK plant.

> “We have put in place a strong action plan to reduce the use of water, including tracking the volume used per tonne of finished product, to look for and reduce inefficiencies in our manufacturing processes.

Fabio Maggiolo
Chief Operating Officer
EMEA Region

CASE STUDY

Saving water at our Anneyron plant

At our Anneyron plant (France), we have been able to reduce water consumption by approximately 85% since 2015, creating substantial water savings. Initiatives have included adjustments to the freezer and defrosting processes, stopping the open cooling networks for various product lines, and a campaign to reduce leaks and improve the efficiency of cleaning.

-85% water consumption

7 Water intensity (m^3/ton)

Environmental management

Waste

We have achieved zero waste to landfill at a number of sites, including at 90% of our European manufacturing sites. Affton and New Century, in the US, send no waste to landfill. Elk Grove Village and Union City are close to declaring the same.

We follow the same efficiency-based approach as in energy, assessing where we generate waste and then planning clear steps for how to reduce it. All our sites track the amount of waste generated per tonne of finished product and implement measures to reduce it – with a particular focus on food waste – through continuous improvement of each production process. Each line and each plant has KPIs in place to track this.

Our goal is to reduce the waste created during the production process. We do this through increased training, as well as increasing awareness of all general waste and increased participation in reduction initiatives. Where there is waste, where possible we find alternative uses for it, such as anaerobic digestion or providing animal feed. We also work to reduce waste from our packaging, and describe a number of initiatives in that section of this report.

See **page 26** for more on our packaging initiatives.

98.5%

Diversion rate from landfill

Manufacturing site, Gallarate (IT)

What's next in 2024

- Roll out ISO 14001 certification in other sites
- Conduct a water-stress assessment and set water reduction targets for plants in water-stressed areas
- Continue to move towards sending zero waste to landfill from all IRCA Group sites

CASE STUDY

Repurposing waste from fruit purées

We repurpose waste and by-products from our manufacturing process. For example, raspberry and strawberry seeds from our purée business in Anneyron are used as an ingredient in the food-flavouring industry.

Our peach and apricot stones are reused in cosmetics or ornamental gravel. We send all other fruit residues and organic waste from industrial wastewater treatment plants to be converted to renewable fuel.

Data index 2022/23

The reporting data covers the 12 months from October 2022 to September 2023 unless stated otherwise. Sites acquired during this period such as Anastasi in November 2022 and IRCA Sweet in April 2023 are included from the point of acquisition.

The decision was made to focus on IRCA Group production sites in this initial data collection and reporting process. This is due to the availability of site-level data, and the significance of production sites on IRCA Group's overall environmental impact. Therefore, some non-production commercial IRCA Group sites have been excluded[1]. Efforts will be made throughout the coming reporting period to ensure their inclusion in IRCA's second sustainability report.

The emissions values presented in this report are based upon the data, assumptions and site considerations detailed in the general data overview section. IRCA has made efforts to accurately capture and report available Scope 1 and 2 data and as detailed on **page 22**, is committed to conducting a formal emissions footprinting exercise in 2024. Given these calculations have been done prior to the 2024 work program, organisational boundary definition and an emissions inventory are yet to be conducted and fugitive emissions have not been considered. IRCA looks forward to conducting a GHG Protocol-aligned emissions inventory and footprinting exercise in 2024 which will serve as a foundation for IRCA's carbon reduction roadmap.

This is the first year we have sought to collect and report the ESG data points presented in the ESG data table. Our approach to calculating and presenting this data involved making several reasonable assumptions and estimates relating to completeness accuracy and cutoff. As part of our commitment to continuously improving the accuracy, completeness, quality and robustness of our ESG reporting, we intend to refine our methodologies for data collection, measurement and calculation in preparation for next year's Sustainability Report. It is therefore prudent to anticipate potential fluctuations in historical data reported in future Sustainability Reports. Our belief in the power of transparent reporting as a catalyst for change and progress underscores our commitment to share the available data while actively pursuing continuous improvement. We will publish our FY23 data in 2024, and then move to align our sustainability reporting with our financial year.

Emissions[1]	Oct 2022–Sep 2023
Total scope 1 and scope 2 of CO_2 (metric tonnes CO_2e)	28,905
CO2 intensity	0.15
Total Energy Consumption (kWh)	112,621,149.101
• Total electricity (kWh)	61,371,979.612
• Total gas (kWh)	49,752,797.489
Total percentage of renewable energy	31.89%

Water[1]	Oct 2022–Sep 2023
Total water consumption (megalitres, ML)	405.414
Water intensity (ML/Tonnes)	0.21

Waste – Metric Tonnes[1]	Oct 2022–Sep 2023
Total non-hazardous waste	116,545.730
Total hazardous waste	272.539
Total waste diverted from landfill	115,043.998
Diversion rate from landfill	98.5%

People	Jan–Sept 2023
DE&I	
Number of members on the Executive Committee – Women	2 (20%)
Average number of permanent employees – Women	885 (41.7%)
Number of employees identified as Managers – Women	59 (30.6%)
Training[2]	
Total number of training hours provided to permanent employees	1587
Average hours of training provided per employee	12.29
Health and Safety[3]	
Total number of recordable incidents of work-related injury or illness	6
Accident frequency rate	14.4
Accident severity rate	0.24

[1] Environmental data does not include some commercial IRCA Group office, logistics, academies/studios, or R&D centers when not incorporated in a manufacture site.
[2] Training data is for IRCA Italy, including: mandatory training on HSE and quality and professional skills from IRCA Academy
[3] Health and Safety Data is for IRCA Italy production sites only.

Together
For Positive Impact.

irca
GROUP

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