

# DOUBLE MATERIALITY REPORT 2024



NEUHAUS

BELGIUM • 1857

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## **DOUBLE MATERIALITY REPORT**

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## Objective and context

*"At Neuhaus, we seamlessly blend tradition with innovation, ensuring our chocolates delight the senses and respect the environment."*

As the global focus on sustainability intensifies, we are committed to continuously reassessing the key priorities and risks identified by our stakeholders within the chocolate and cocoa sector. Given the complexity and inherent challenges of this value chain, it is crucial for us to pinpoint and address critical areas that can drive meaningful change. Neuhaus has undertaken a comprehensive double materiality assessment, engaging closely with key stakeholders across our supply chain. This engagement has been pivotal in ensuring our strategy aligns with both stakeholder expectations and the current realities of the cocoa industry.

This report outlines the methodologies and findings of our assessments, highlighting significant topics in terms of their impact on local communities, cocoa and dairy farmers, and the environment. Furthermore, it assesses the potential financial implications from external factors, such as climate change.

## Our method

Our commitment to conducting thorough sustainability assessments aligns with our continuous sustainability efforts, international standards and best practices. For our 2024 double materiality analysis, we partnered with sustainability professionals to utilise their impartial, external expertise. Together, we undertook the following steps:



**Identifying ESG-Related Impacts:** We assessed impacts across our upstream, downstream, and core processes to develop an ESG topic framework. The identification of impacts was supported by research, prior assessments, peer screening, industry standards, news analysis, stakeholder engagement, etc.



**Multi-Stakeholder Engagement:** We gathered diverse opinions through roundtables and surveys to comprehensively understand our ESG impacts.



**Analysing Impacts:** We evaluated how Neuhaus' operations and value chain affect people and the environment, and identified the financial risks and opportunities associated with ESG topics.



**Building the Materiality Matrix:** We integrated the results of these assessments to identify the most significant topics, ensuring maximum impact.



## Value-chain analysis

A detailed understanding of our value chain is crucial for conducting a robust materiality assessment and developing a comprehensive list of ESG topics for analysis. We identified both actual and potential impacts along the value chain, incorporating input from external experts and cross-referencing with the CSRD list of sustainability matters. The following gives an overview of our value chain, from cocoa plantations to consumer use.



## Stakeholder engagement

Engaging our stakeholders is a vital part of our materiality assessment process. This engagement allows us to understand their expectations, incorporate their insights, and prioritise key ESG topics. For our 2024 assessment, we engaged a wide range of stakeholders to gather their views and expertise on critical sustainability topics.



We organised a roundtable discussion where participants provided qualitative evaluations of various ESG topics, sharing their insights, expectations, and the perceived impacts. In addition, we conducted a quantitative analysis, including impact and financial assessments through two surveys: one focused on ranking ESG topics by the severity of their impact, and the other on their financial implications.

An online survey was also distributed to our suppliers and customers to gather supplementary data. This survey aimed to confirm the findings from the roundtable discussion and provide a comprehensive overview of stakeholder evaluations on ESG topics. We also included an open-ended question at the end of the survey, allowing stakeholders to anonymously share any further thoughts and comments.

Finally, Neuhaus, as part of the holding Compagnie du Bois Sauvage, maintains direct contact with cocoa plantations in Ecuador. Compagnie du Bois Sauvage holds a 35% stake in the company Ecuadorcolat. This company currently owns over 1,300 hectares of agricultural land, primarily planted with cocoa trees, with the cocoa bean production exclusively used to supply its shareholders. The company's main objectives are to ensure the Group's supply chain while maintaining a strong focus on quality control and respect for both the environment and society.

The Group remains confident that ongoing investments to improve labour conditions, environmental protection, and product quality, as well as the restoration of plantations, will yield positive results in the future. Incorporating cocoa farmers' perspectives on what they consider to be the material ESG topics for Neuhaus aims to foster a more comprehensive and equitable materiality assessment, aligning with our commitment to responsible business practices across our entire supply chain.

## Assessing impact materiality

We recognise that our operations affect people and the environment across different regions worldwide. For many years, we have been committed to addressing these impacts through our sustainability program. In our materiality assessment, we thoroughly examined these impacts to ensure our actions align with our values and support our long-standing commitment to sustainability.

Our sustainability program is better for...

them	me	the planet
 <p>100% of our chocolates are made with sustainably sourced cocoa</p>	 <p>All our ingredients are from natural origin</p>	 <p>Continuous improvement in R&amp;D</p>

Our impact assessment is based on a comprehensive analysis of our value chain, helping us identify effects arising from upstream, downstream, and core processes. We considered both current impacts and potential future effects that might emerge.

We assessed the materiality of these impacts based on the following scoring aspects:

**Severity:** measured by scale (how significant or beneficial), scope (how widespread), and irremediable nature (for negative impacts only).

**Likelihood:** measured only for potential impacts.

Severity			Likelihood of occurrence					Impact materiality score					
<b>Scale</b>	Very low	Medium	Very high	+	Highly unlikely	Unlikely	Possible	Likely	Very likely	=	Low Impact	Medium Impact	High Impact
<b>Scope</b>	Very low	Medium	Very high		1	2	3	4	5		<2	[2:3,5[	>=3,5
<b>Irremediable Character</b>	Very low	Medium	Very high										

To provide an objective view of our impacts, external sustainability experts led the initial evaluation, which was refined through discussions with our internal experts.

## Assessing financial materiality

An integral part of double materiality involves evaluating the potential significant economic impacts of ESG issues on a company's financial performance. For Neuhaus, understanding this dynamic is crucial for fostering long-term resilience and creating impact. Our stakeholders identified sustainability risks by examining the full value chain from a short- to medium-term perspective. Each risk was evaluated based on:

**Likelihood/Exposure to risk or pursuance of opportunity:**

How is the company exposed to the risk or how the company intends to pursue the opportunity?

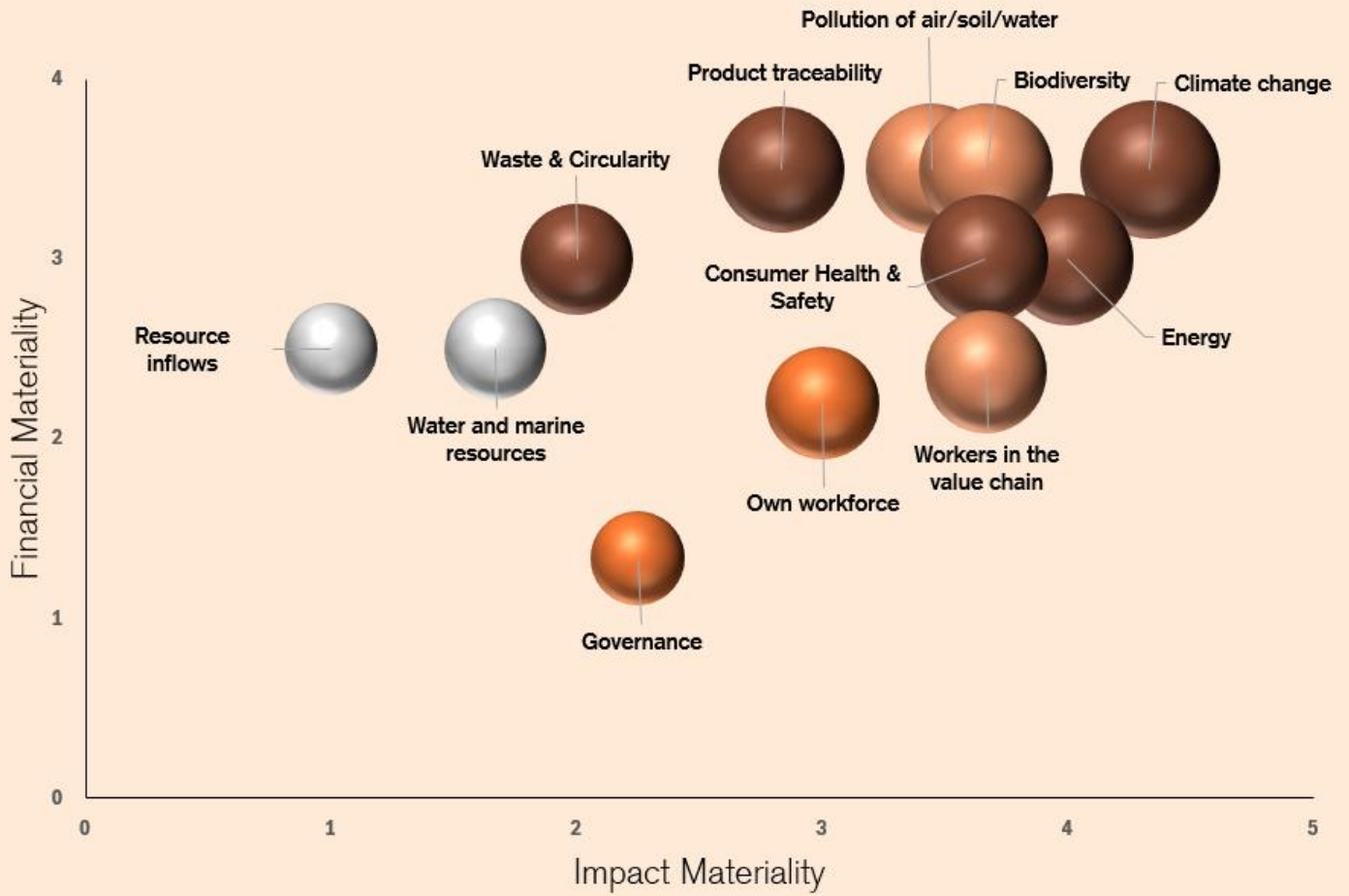
**Expected magnitude of financial performance and cash flow change:**

How the company expects performance, position, and cash flows to change over time?

Likelihood of occurrence					Magnitude					Financial materiality score				
Highly unlikely	Unlikely	Possible	Likely	Very likely	+	Low	Moderate	High	Significant	Catastrophic	=	Low R/O	Medium R/O	High R/O
1	2	3	4	5		1	2	3	4	5		<2	[2:3,5[	>=3,5





These insights were mapped to relevant ESG topics and consolidated into a topic score.

# Double materiality results



The findings of our materiality assessment are illustrated in the materiality matrix above. In this matrix, the x-axis represents impact materiality, and the y-axis represents financial materiality. The bubble size corresponds to the average of the impact and financial scores, with larger bubbles indicating higher scores on these assessment criteria.

On the right is a detailed overview of our topics:

-  Non-material topics
-  Material in own workforce and value chain
-  Only material in value chain
-  Particulars: At S1 own workforce, only Health & Safety, Gender Equality and Diversity are material. Governance is material at holding level.

\*For S4 consumers and end-users, we left out non-material sub-topics to maintain simplicity.

	Value chain	Own operations	Color
Climate change	Material	Material	Dark brown
Energy	Material	Material	Dark brown
Pollution of air/soil/water	Material	Material	Light brown
Water and marine resources	Non-material	Non-material	Light blue
Biodiversity	Material	Material	Light brown
Resource inflows	Non-material	Non-material	Light blue
Waste & Circularity	Material	Material	Dark brown
Own workforce	Material	Material	Orange
Workers in the value chain	Material	Material	Light brown
Consumer Health & Safety*	Material	Material	Dark brown
Governance	Material	Material	Orange
Product traceability	Material	Material	Dark brown

## Keeping sustainability efforts relevant

For Neuhaus, performing a materiality assessment is essential for continuously refining and advancing our sustainability strategy. Our 2024 assessment highlights our focus on climate action, energy efficiency, environmental protection, pollution control, and social responsibility.

## Ongoing process

We remain committed to sustainability by focusing on adaptation and mitigation measures, supply chain traceability, due diligence processes, and reporting frameworks. Regular materiality assessments will ensure our priorities remain aligned with evolving developments and stakeholder expectations.