



# SBTi NO-DEFORESTATION COMMITMENT PROGRESS REPORT



## 1. FOREWORD & EXPLANATION OF THE LORENZ SBTi NO-DEFORESTATION COMMITMENT

This document serves as Lorenz's progress report on its SBTi (Science Based Targets initiative) No-Deforestation Commitment. The information and data shown here relate to the 2025 reporting year aligned with the Lorenz Sustainability Progress Report 2025. In alignment with the SBTi FLAG Guidance and the Accountability Framework initiative (AFi), Lorenz defines deforestation as the conversion of natural forest to non-forest land use, conversion to a tree plantation or severe and sustained degradation. Other ecosystem conversions are excluded from this specific scope.

At Lorenz, we remain committed to the continuation of our SBTi No-Deforestation Commitment with an original target date of December 31, 2025 and a cut-off date of December 31, 2020. That means that agricultural commodities produced on land deforested after this benchmark date do not comply with our procurement standards. Should non-compliance with our No-Deforestation Commitment occur, we initiate prompt engagement with affected suppliers, emphasizing constructive dialogue and corrective action before considering disengagement. Our

No-Deforestation Commitment covers our relevant commodities, focussing on four primary deforestation-linked commodities with potential deforestation risk. While we have already successfully achieved our No-Deforestation Commitment for commodity paper and cardboard, as well as potatoes and wheat flour (identified as low risk in our risk assessment) we acknowledge that our ambitious December 31, 2025 target has not yet been fully met across all commodities.

Establishing full transparency within the upstream value chain remains a complex, step-by-step process. Driven by the need for continued action, we want to achieve our commitment across the remaining three primary deforestation-linked commodities by December 31, 2028. For Lorenz, this commitment is an important pillar of our validated SBTi FLAG targets, serving as a critical lever to mitigate land use change emissions within Scope 3 and support our overall Net-Zero target in 2050. The purpose of this report is to present our current status quo and outline the next steps on our ongoing journey.

## 2. RISK ASSESSMENT PROCESS & CLASSIFICATION OF CONFORMITY

To identify and prioritize our relevant commodities, we conducted an initial risk assessment. This initial risk assessment primarily relied on three central sources of information:

1. SBTi (primary) deforestation-linked commodities in the context of the SBTi No-Deforestation Commitment: Defining FLAG commodities based on  $\geq 5\%$  threshold of sourced FLAG commodity volume as significant threshold or commodities including  $\geq 1\%$  of deforestation-related materials as

defined by SBTi (cocoa, timber, soy, palm oil, rubber, cattle or coffee)

2. Share of Land Use Change (LUC) within the emission factor: Secondary data-based (LUC) emission factors associated with our purchased raw materials (serving as our first point of reference)
3. Country Risk Levels: Deforestation risk levels of Lorenz' sourcing countries, benchmarked against the EU Deforestation Regulation (EUDR) Country List





As a result of this initial risk assessment, the following commodities were identified:

**PRIMARY DEFORESTATION-LINKED COMMODITIES:**

- Cardboard and Paper
- Rapeseed Oil
- Peanuts
- Flavours

**NON-PRIMARY/VOLUME-BASED COMMODITIES:**

- Potatoes
- Wheat Flour

We only consider cardboard and paper, rapeseed oil, peanuts and flavours to be primary deforestation-linked commodities. Potatoes and wheat flour are listed because they constitute more than 5 % of our purchasing volume. Due to their origins (Germany and Poland) we consider them to be low risk for deforestation (see also further explanations on these commodities in the “Status Quo and next actions” section).

Following this initial risk assessment phase, the practical evaluation was executed through the following sequential steps:

**1. Supplier Questionnaire:**

We distributed a targeted questionnaire to relevant suppliers of the four identified primary deforestation-linked commodities. This questionnaire aimed to increase overall value chain transparency regarding geographical origin, supply chain structures, procurement methods, and the suppliers’ individual corporate objectives regarding No-Deforestation.

**2. Classification of conformity:**

Following the distribution of the supplier questionnaire, we categorized potential actions to ensure No-Deforestation into three different conformity levels. This classification was based on internal considerations by the Lorenz project team.

**3. Analysis and Gap Evaluation:**

Finally, we analyzed the questionnaire results and evaluated supplier data against our classification of conformity, allowing us to derive the gap between the current status quo and AFi/SBTi conformity.

The classification of conformity is comprised in three levels: “AFi/SBTi Conformity”, “Initial Conformity”, and “Non-Conformity”.

- **AFi/SBTi Conformity:** Measures within this level align with AFi and SBTi requirements based on our current interpretation of their standards. It requires rigorous, data driven proof such as geodata analysis, advanced traceability to low-risk countries based on commodity/country-based risk assessments, recycled material verification, or certified physical supply chain models (Identity Preserved, Segregated, or Controlled Mass Balance).
- **Initial Conformity:** This intermediate level relies on standard verification methods, such as written supplier declarations, non-controlled mass balance models, and sourcing from low-risk countries based on EUDR country classifications. Lorenz recognizes this level as preliminary proof of deforestation-free status. Although it falls short of AFi/SBTi conformity, for Lorenz it serves as a good starting point for low risk of deforestation in the supply chain.
- **Non-Conformity:** This level applies to any supply chain characterized by a complete lack of transparency, missing information, or a confirmed risk of deforestation.

**General Note:** Across all three classification levels, our foundational requirements for supplier collaboration include adherence to our Business Partner Code of Conduct incorporating explicit No-Deforestation commitments and accepting only certifications with a cut-off date prior to December 31, 2020.

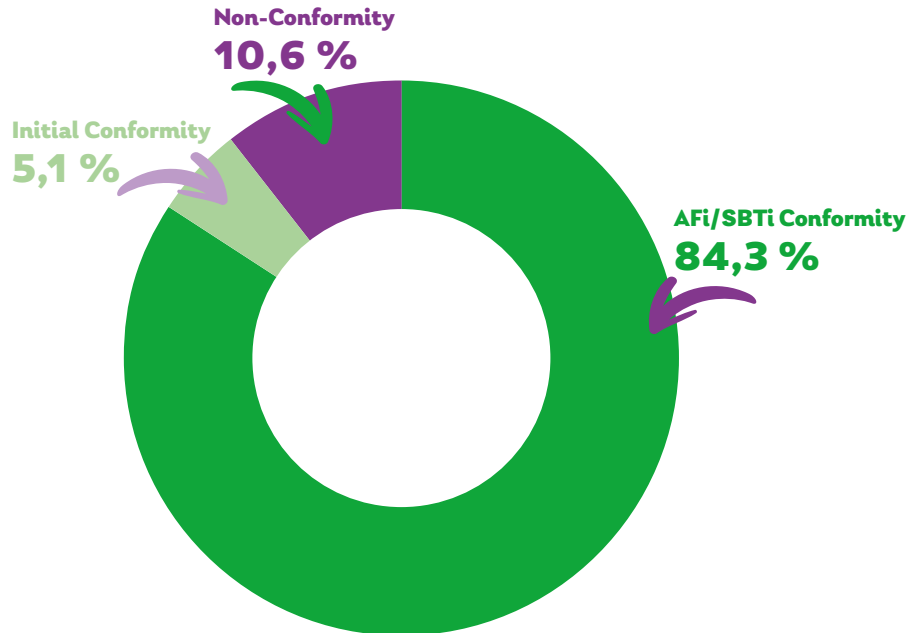
Our immediate priority is to eliminate Non-Conformity by elevating all affected commodities to Initial Conformity. Concurrently, we are committed to transitioning our supply chains toward AFi/SBTi conformity as far as possible by December 31, 2028.

### 3. STATUS QUO AND NEXT ACTIONS

Our relevant commodities (potatoes, wheat flour, paper & cardboard, rapeseed oil, peanuts, and flavours) represent 84 % of Lorenz Group's total purchased volume. To assess deforestation-free compliance, volumes are classified based on credible certifications, verified EUDR

low-risk origins, and supplier documentation.

As shown in the status overview below, 89.4 % of these volumes currently meet full AFi/SBTi conformity or initial compliance requirements:



Following this aggregated overview, we take a more specific look at the current status quo and the upcoming actions for the six risk-commodities:



#### POTATOES:

The main origin of our potatoes is from Germany and Poland, which are classified as low risk under the EUDR. As EU Member States, both countries operate under stringent national forestry laws and land-use regulations that prohibit illegal land conversion. Furthermore, agricultural production in these regions takes place on long-established farmland, resulting in stable forest cover and non-existent deforestation rates. We will continue to source responsibly, monitor and report the deforestation risk.



#### WHEAT FLOUR:

Our wheat flour is from Poland, which is classified as low risk under the EUDR. As an EU Member State, Poland operates under stringent national forestry laws

and land-use regulations that prohibit illegal land conversion. Furthermore, agricultural production in Poland takes place on long-established farmland, resulting in stable forest cover and non-existent deforestation rates. We will continue to source responsibly, monitor and report the deforestation risk.



#### PAPER & CARDBOARD:

We sent our questionnaire to 100 % of our paper & cardboard suppliers and all of them responded to our questions.

For paper and cardboard, we have already met our No-Deforestation Commitment as 100 % of our suppliers are FSC® (Forest Stewardship Council®) certified and therefore considered as deforestation-free. The cardboard that we use is FSC® Mix (FSC-C133957) certified and consists mainly of recycled material. Non-recycled parts will be covered by EUDR in the upstream supply chain by the end of 2026.





#### RAPESEED OIL:

We source sunflower and rapeseed oil as vegetable oils. Regarding deforestation we focus on rapeseed oil as this constitutes close to 5 % of our purchasing volume and is therefore indicated as a deforestation-linked commodity by SBTi. However, we sent our questionnaire to 100 % of our vegetable oil suppliers, and received responses from 85 % of them, representing 97 % of our total oil volume. We will follow up with the vegetable oil suppliers who have not yet responded to our supplier questionnaire, requesting them to provide the required information as soon as possible.

Most of our vegetable oil suppliers confirm that the main origin of our oil volumes is from European origin. However, due to the commodity structure it is currently impossible to exclude other global origins such as Australia and Canada. In the upcoming year we will continue to discuss possibilities to disclose origins and associated deforestation risk with our suppliers and evaluate the risk of those origins specifically for rapeseed cultivation.



#### PEANUTS:

Based on our risk assessment the main risk for deforestation in peanuts was found in Argentina and Paraguay which is why our measures were focussed on suppliers from those countries. Specifically we sent our questionnaire to those suppliers, representing 62 % of our peanut

suppliers and 57 % of our total peanuts purchasing volume. We received responses from all of them. From our suppliers in Argentina and Paraguay we received written confirmation that no deforestation occurred after 31.12.2020. In 2027 we will review the proof (e.g. geo-data) they provide for their claims. For Argentina we will additionally compare those claims to the findings within the *Regenerative Landscapes Partnership: The Argentina Peanuts Project by the SAI Platform*, where the topic of deforestation and LUC will be covered.

The other countries of origin (South Africa, USA, and India) were considered low risk based on the EUDR country classification. We will improve the assessment of the deforestation risk in peanut production in our specific sourcing regions of those countries in 2027 to improve our confidence level on deforestation free supply chains.



#### FLAVOURS:

We sent our questionnaire to 100 % of our flavour suppliers and all of them responded to our questions. Flavours are highly compound products which increase difficulties in traceability. We therefore focus on certain ingredients: Soy, palm oil, beef and other animal-based products. Although our use of palm oil is minimal, we are committed to sourcing flavours with 100 % RSPO-certified palm oil (mass balance) and therefore consider palm oil as low risk for deforestation. For the other ingredients we will collaborate with our suppliers to increase traceability and agree on criteria for deforestation free supply chains.

## 4. OUTLOOK

Lorenz will publish the SBTi No-Deforestation Commitment Progress Report on an annual basis on the Lorenz website. To ensure the resilience of our actions, the progress will be monitored with an annual

review and regular meetings of the project team. This will allow us to transparently track our ongoing progress and the effectiveness of our actions toward the end of 2028.

#### PUBLISHER

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