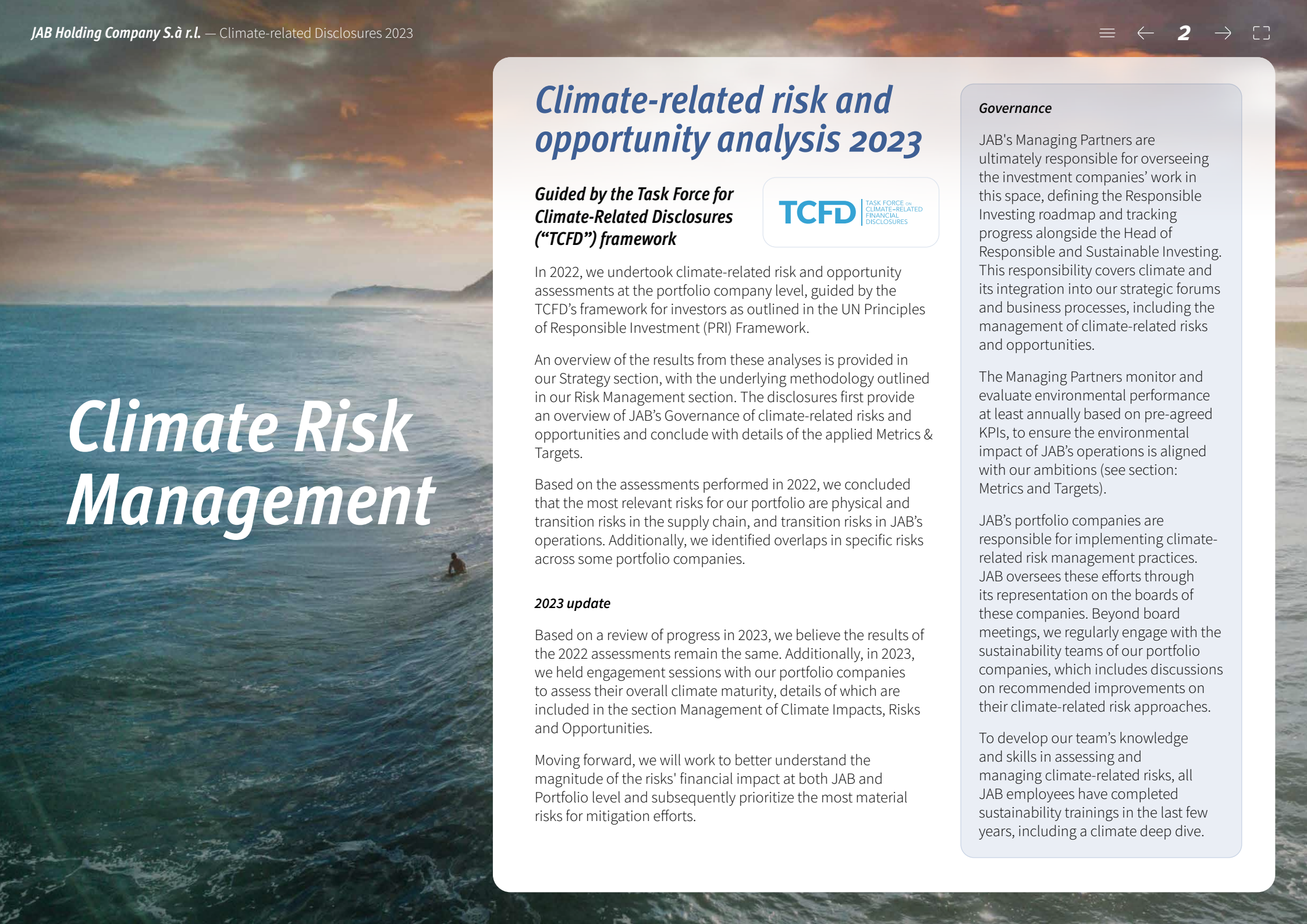
JAB
HOLDING
COMPANY

Climate-related Disclosures 2023



Climate Risk Management

Climate-related risk and opportunity analysis 2023

Guided by the Task Force for Climate-Related Disclosures ("TCFD") framework

In 2022, we undertook climate-related risk and opportunity assessments at the portfolio company level, guided by the TCFD's framework for investors as outlined in the UN Principles of Responsible Investment (PRI) Framework.

An overview of the results from these analyses is provided in our Strategy section, with the underlying methodology outlined in our Risk Management section. The disclosures first provide an overview of JAB's Governance of climate-related risks and opportunities and conclude with details of the applied Metrics & Targets.

Based on the assessments performed in 2022, we concluded that the most relevant risks for our portfolio are physical and transition risks in the supply chain, and transition risks in JAB's operations. Additionally, we identified overlaps in specific risks across some portfolio companies.

2023 update

Based on a review of progress in 2023, we believe the results of the 2022 assessments remain the same. Additionally, in 2023, we held engagement sessions with our portfolio companies to assess their overall climate maturity, details of which are included in the section Management of Climate Impacts, Risks and Opportunities.

Moving forward, we will work to better understand the magnitude of the risks' financial impact at both JAB and Portfolio level and subsequently prioritize the most material risks for mitigation efforts.

Governance

JAB's Managing Partners are ultimately responsible for overseeing the investment companies' work in this space, defining the Responsible Investing roadmap and tracking progress alongside the Head of Responsible and Sustainable Investing. This responsibility covers climate and its integration into our strategic forums and business processes, including the management of climate-related risks and opportunities.

The Managing Partners monitor and evaluate environmental performance at least annually based on pre-agreed KPIs, to ensure the environmental impact of JAB's operations is aligned with our ambitions (see section: Metrics and Targets).

JAB's portfolio companies are responsible for implementing climate-related risk management practices. JAB oversees these efforts through its representation on the boards of these companies. Beyond board meetings, we regularly engage with the sustainability teams of our portfolio companies, which includes discussions on recommended improvements on their climate-related risk approaches.

To develop our team's knowledge and skills in assessing and managing climate-related risks, all JAB employees have completed sustainability trainings in the last few years, including a climate deep dive.

Strategy & Methodology

Per the TCFD recommendations, we have analysed the below two scenarios in which we identified material risks and opportunities for the supply chains (upstream), at own operations, and for the customers of our Investment Platforms (downstream).

1. A 1.5°C scenario (focused on transition risks)
2. A 4°C scenario (focused on physical risks)

The assessment looked at a variety of possible climate-related risks and opportunities on a portfolio company level. Subsequently, specific risks and opportunities that overlapped across multiple portfolio companies were identified as priorities. The overview on the right shows the range of exposures to these key risks and opportunities across the value chain of JAB's Investment Platforms. These risks have not been benchmarked against external peers or other industries. Therefore, their identified magnitude is relative to the risks of our own portfolio.

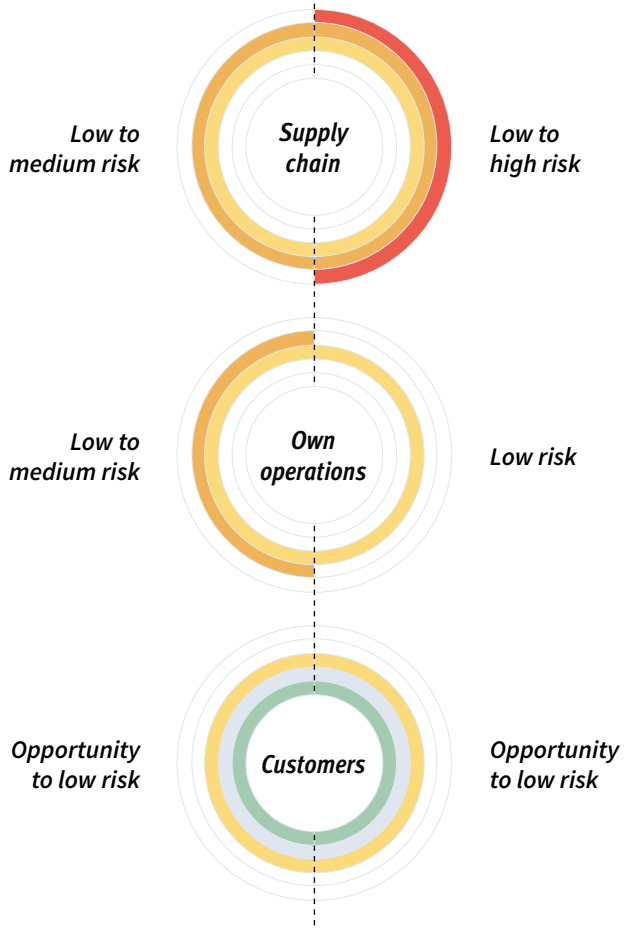
Risk overview

Transition risks in a 1.5°C scenario

Limiting global warming to 1.5°C vs. pre-industrial levels requires rapid, deep decarbonization across the value chain of all portfolio companies. In this scenario, transition risks and opportunities are prominent. The most material risks are discussed in the following sections. All mentioned issues are expected to become relevant in the short-term (i.e. by 2030).

Physical risks in a 4°C scenario

A 4°C scenario could occur if global emissions continue to rise throughout the 21st century due to limited climate action. In this scenario, physical risks and opportunities are predominant. The most material risks are discussed in the following sections. All mentioned issues are expected to start occurring in the short- to medium-term, (i.e. 2030-2040).



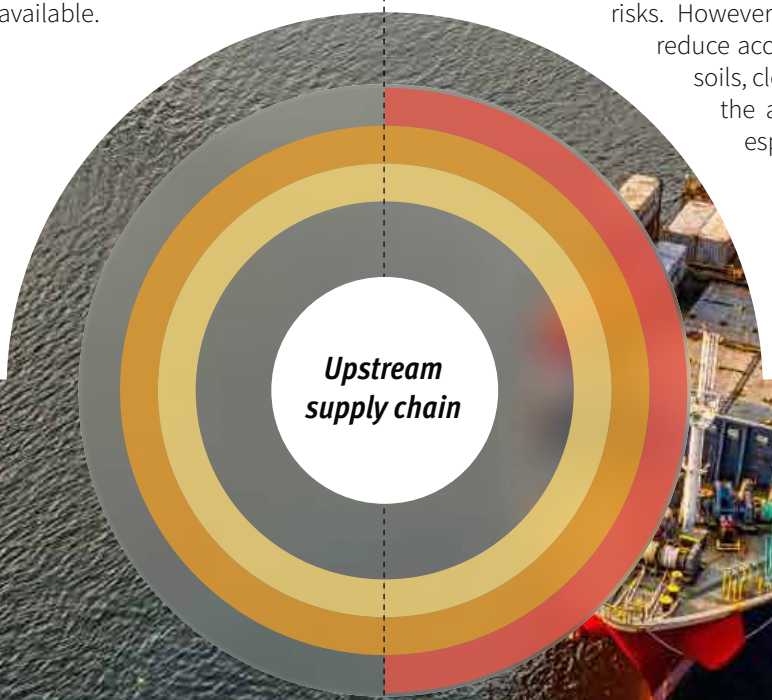
Upstream supply chain risks

Transition risks in a 1.5°C scenario

In a 1.5°C scenario, input material costs are likely to increase for JAB's portfolio companies. Some portfolio companies currently depend on affordable agricultural commodities, either directly or further down in their supply chains. This poses risks due to the impact of regulation on promoting sustainable agriculture practices (e.g., restrictions on fertilizer use), expected increasing restrictions on using new cultivation plots, as well as increased investments to decarbonize agricultural practices. As energy prices increase, that will impact fertilizer costs and several portfolio companies currently depend on non-agricultural inputs (e.g., chemicals, plastic packaging, fuels). These non-agricultural inputs may face price increases due to carbon taxes and costs related to investments to decarbonize these inputs. This will also impact transportation costs in the supply chain. However, alternative options for decarbonization are, in many cases, becoming available.

Physical risks in a 4°C scenario

In a 4°C scenario, input material availability is likely to decrease, while input material prices increase, due to the acute and irreversible effects of climate change. Some portfolio companies are heavily dependent on agricultural inputs and yields of tropical climate crops, such as green coffee beans, tea, and cacao, are expected to decline. Areas that are suitable for cultivation will reduce, and increased frequency and severity of extreme weather events are expected to negatively impact the remaining cultivation sites. The cultivation of food crops is then expected to be prioritized over cash crops. Physical risks for agricultural inputs that can be produced in temperate climates, such as sugar, wheat, and eggs, would also manifest. The impact on those crops would generally be less prominent, as suppliers/production locations are distributed across a wider variety of geographies, spreading out the arising risks. However, climate change will physically affect biodiversity and reduce access to natural capital and ecosystem services (e.g., fertile soils, clean water, pollination, and pest control). Lastly, individuals the agricultural supply chain who work in the outdoors are especially exposed to the physical impacts of climate change.



Own operations risks

Transition risks in a 1.5°C scenario

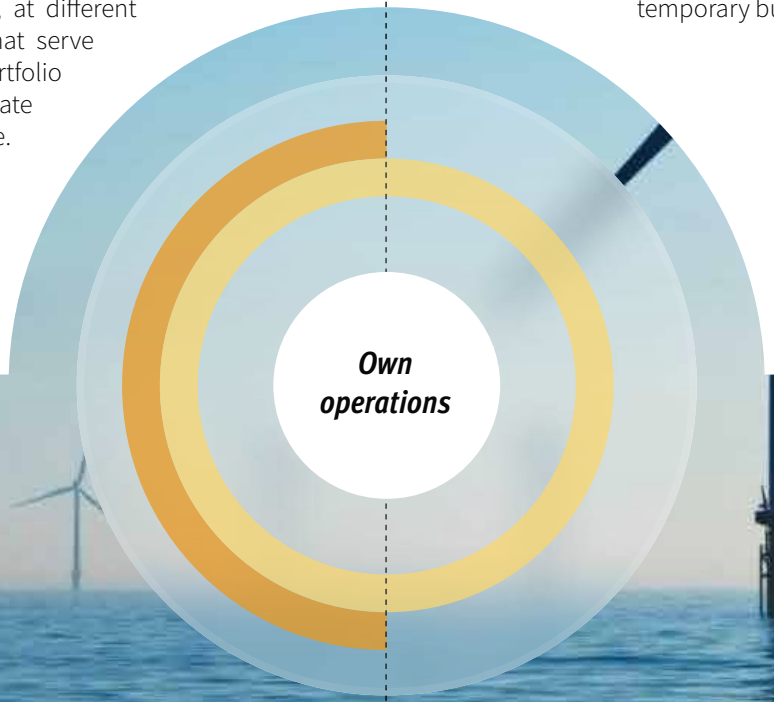
Many operational processes of JAB's portfolio companies are sensitive to the low-carbon transition. As a result, most portfolio companies will face increased pressure due to climate-related regulation. This includes increased costs due to energy efficiency requirements and increased energy prices. Regulation may differ per region which adds increased complexity to achieving decarbonization. It is likely that many of the companies in the portfolio can decarbonize using well established emission reduction mechanisms (e.g., electrified transport, renewable electricity use, redesigning packaging). However, there is a challenge in directing investments into the right technologies, as it is difficult to fully understand what the future ecosystem of logistics, energy, and materials will be. Additionally, for some portfolio companies, decarbonization is complicated by the fact that multiple physical sites need to be decarbonized simultaneously, at different locations. This is particularly relevant for companies that serve their customers via physical outlets. Moreover, many portfolio companies depend on government action to facilitate sufficient renewable energy capacity and infrastructure. Lastly, through increased reporting requirements, there is an added risk of companies being held more accountable as they may face litigation if progress is lagging.

Low to medium risk

Physical risks in a 4°C scenario

Assets and processes in the operations of portfolio companies are more sensitive to acute climate impacts than to chronic impacts such as rising temperature levels. Although most of the portfolio companies' operations take place in relatively robust indoor environments, acute weather events in addition to flooding could lead to the disruption of operations. Many operations are also characterized by a broad network of local branches, spreading the risk. Additionally, operations which can be conducted remotely (i.e. distribution of products and services online), helps to further mitigate this risk. In terms of physical assets, most operations depend on infrastructure (e.g., energy, water, logistics) to function properly, which can be damaged by acute climate impacts. Although most of these operations take place in developed countries, infrastructure failure would typically be temporary but could increase in frequency.

Low risk



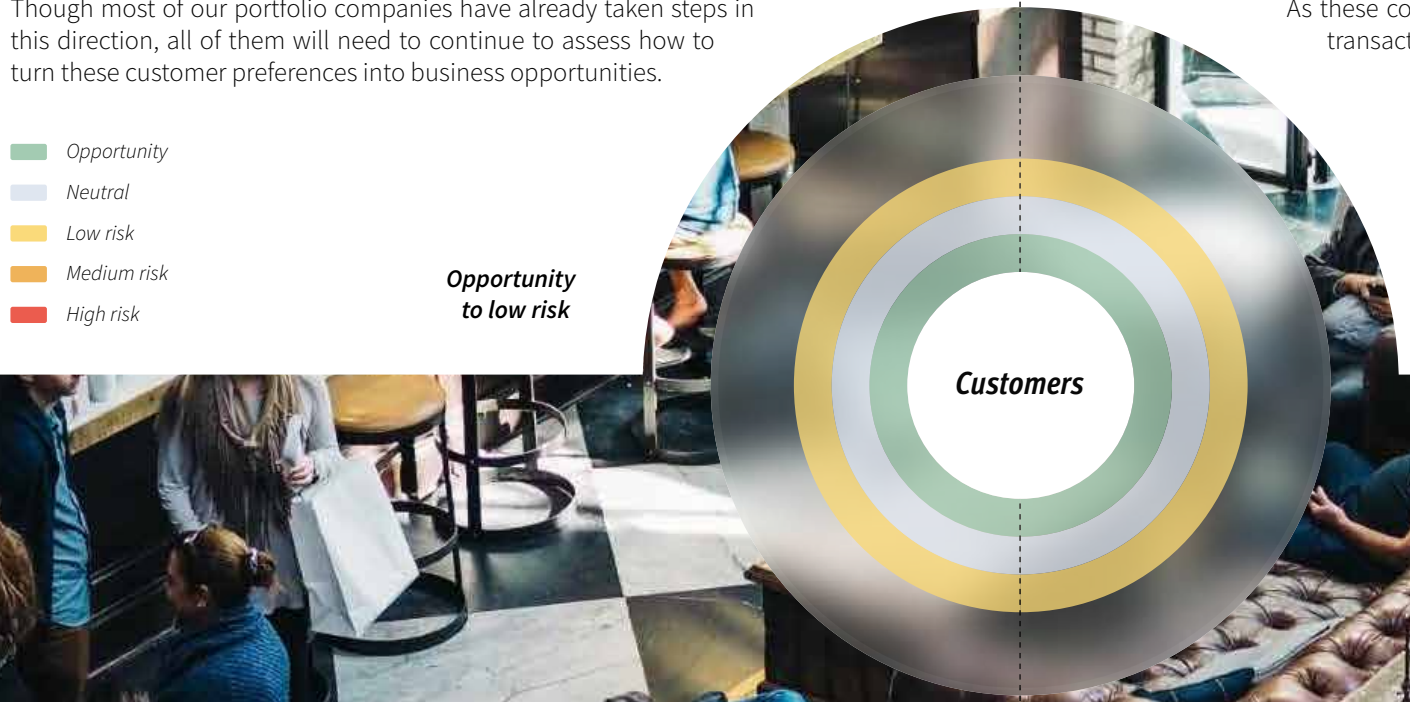
Customers risks

Transition risks in a 1.5°C scenario

The downstream value chain of JAB's portfolio companies provides some transition opportunities and limited transition risks. This is largely due to the assumption that given the popularity of our brands, they can protect their margins despite cost pressures resulting from decarbonization efforts. At the same time, this provides the opportunity for companies to create better, more sustainable products, which could increase revenues. However, there is some risk due to continued regulatory pressure to reduce waste and increase circularity of packaging, whilst simultaneously reducing emissions from packaging waste. This may have cost implications for portfolio companies. There is also a clear opportunity in the downstream value chain, as it will be increasingly important to consider changing customer preferences related to climate change and sustainability more broadly. Though most of our portfolio companies have already taken steps in this direction, all of them will need to continue to assess how to turn these customer preferences into business opportunities.

Physical risks in a 4°C scenario

The physical impact of climate change in the downstream value chain of JAB's portfolio companies provides some opportunities and limited risks. For some companies, the consumer base may be financially impacted by physical risks. For instance, if they live in areas impacted by climate events or need to relocate, consumers' financial power may decrease, affecting platforms in these locations with physical points of contact. Consumers are also highly dependent on a functioning transport infrastructure for access to local branches of some portfolio companies. Considering most of the operations are located in developed countries, infrastructure failure would typically be temporary, but may increase in frequency. Other portfolio companies mainly operate online to sell their products, providing a significant opportunity in the case of physical climate change. As these companies do not need a physical point of contact, online transactions offer companies an opportunity to maximize value.



Risk Management

Identification of climate-related risks

We perform ESG due diligence as part of the investment process, as a key element in our risk management approach. Climate & energy is included in the ESG due diligence process as one of the priority assessment areas. This includes a review of the greenhouse gas footprint of potential new investments (when available), as well as an examination of their approach towards transition- and physical risks related to climate change.

Metrics and Targets

As JAB's climate-related risk and impact is material on the investment portfolio level, we have defined two climate-related KPIs with portfolio coverage targets on the adoption of SBTs and TCFD.

Please refer to our most recent annual report for JAB's climate-related metrics and targets, including Scope 1, 2, 3 greenhouse gas emissions and the current performance compared against our targets on the adoption of SBTs and TCFD.

Management of climate impacts, risks and opportunities

JAB actively manages our climate impact by assessing the GHG emission profiles of the companies in our portfolio. We have set SBTs to reduce our emissions and seek to have our portfolio companies do the same. For the first time in 2023 we have calculated our GHG footprint from investments (Scope 3 Category 15).

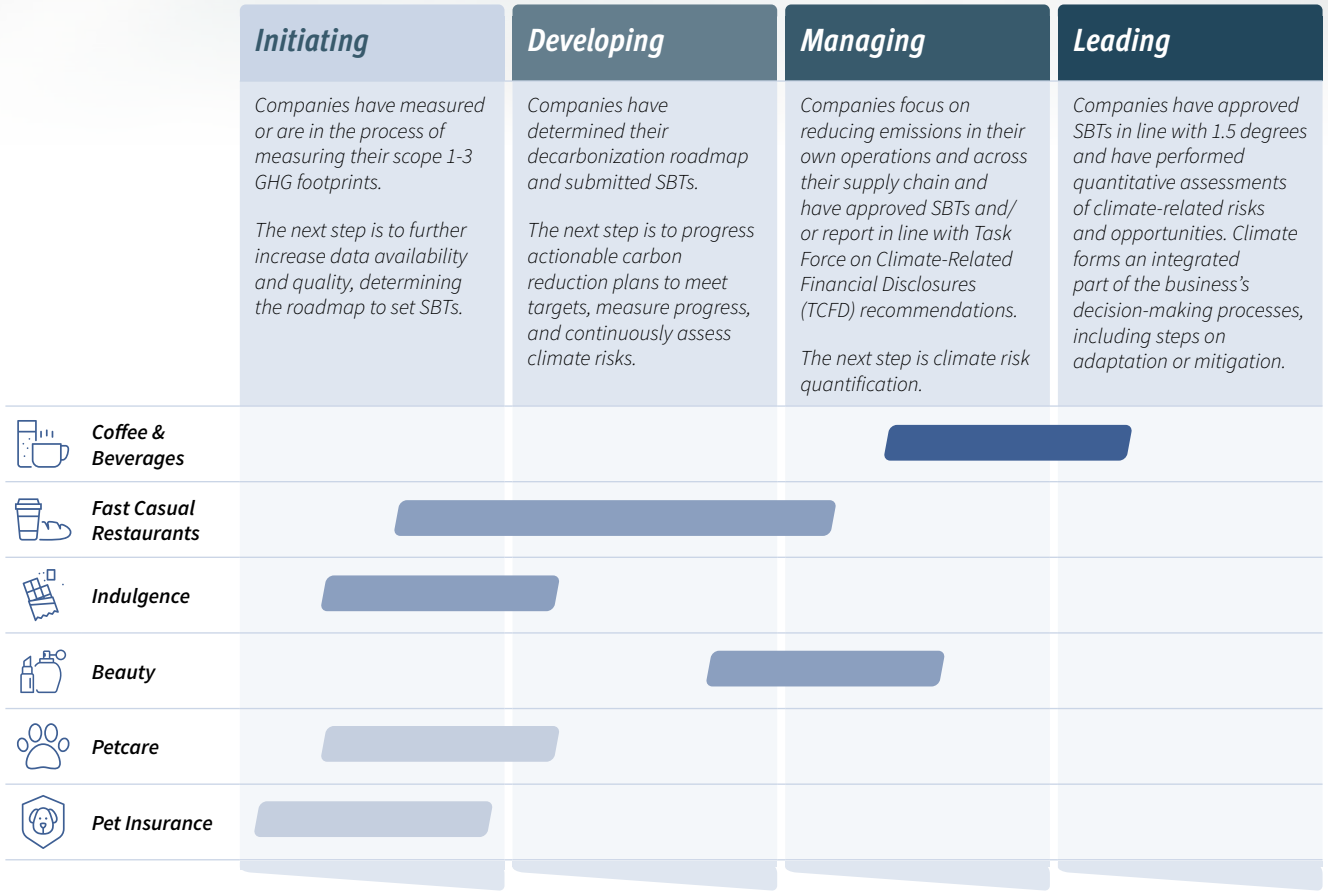
We encourage our portfolio companies to align with TCFD recommendations. This helps them better understand, manage, and communicate their climate-related risks and opportunities. Our Environmental Policy and Environmental Management System provides more detail and information on JAB's commitment and approach to undertaking environmentally sustainable business practices.

Environmental Policy

We engage with our portfolio companies, encouraging them to take action and prioritize decarbonization efforts. This is done through periodical climate meetings where we work together to have a positive impact in reducing greenhouse gas emissions and mitigating climate change.

In 2023, we held engagement sessions with our portfolio companies to assess their overall climate maturity. As summarized in the chart, we see different climate maturity levels across the portfolio.

The different maturity levels indicate where portfolio companies are on their climate journey and next steps. Through this exercise, we have identified areas for collaboration and best practice sharing on activities ranging from engaging with supply chains to performing climate risk assessments to identifying decarbonization initiatives and setting SBTs.



We recognize that the portfolio companies' progress will vary due to their relative size, sector, and the geographies in which they operate. Their progress will further differ as a result of their overall carbon intensity and any ongoing organizational changes. Therefore, our aim is to encourage action proportionate to the businesses' scale and operations.

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