

Double Materiality Assessment

2024

In partnership with:



TCHAI

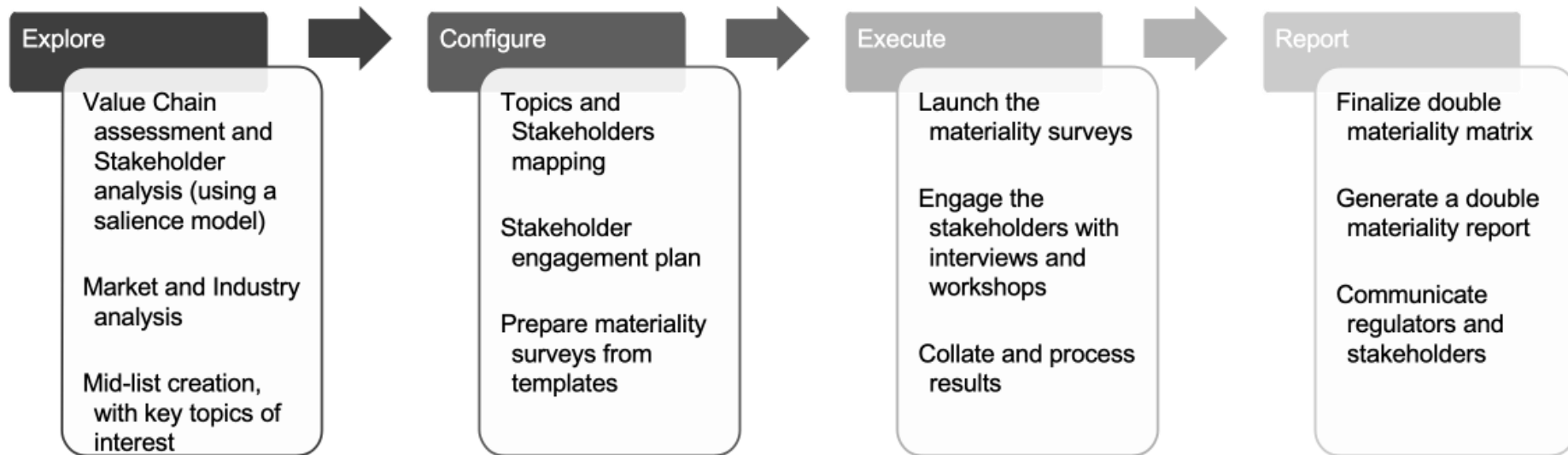
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GENERAL INFORMATION

IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities

To prepare our sustainability report in line with the CSRD requirements, we have conducted a Double Materiality Assessment (DMA) with the guidance of MasterSustainability.today, during Q1 and Q2 of 2024. Our process for identifying and assessing material risks and opportunities followed a structured approach based on the guidelines provided by EFRAG.



1. EXPLORE

1A. Tchai's Value Chain

We began by analyzing our entire value chain to prioritize issues with significant societal and environmental impacts. This comprehensive analysis defined our operations, business relationships, geographies, and all involved stakeholders, setting the boundaries for our DMA. This approach allowed us to consider direct impacts, contributions to impacts, and impacts linked through business relationships. Mapping relevant stakeholders along the value chain was essential, as CSRD mandates stakeholder consultation for assessing and validating impacts, risks, and opportunities. Using a salience model, we assessed the power and interest of each stakeholder. Further details are provided in section SMB-2 on our stakeholder analysis and engagement plan.

1B. Tchai's Market and Industry Analysis

MasterSustainability.today conducted thorough desk research to map key ESG matters relevant to our industry sector and competitors. This analysis incorporated insights from the SASB Materiality Map, ensuring a comprehensive understanding of the industry landscape. Findings from this analysis were integrated into our decision-making process to identify key topics for the DMA.

1C. Key Topics

Through meticulous examination of our value chain, stakeholder input, and industry analysis, we compiled a list of 25 relevant ESG issues. Our selection was guided by the extensive list of topics, sub-topics, and sub-sub-topics provided by the European Sustainability Reporting Standards (ESRS). Upon review, it was confirmed that the selected list covered all relevant ESG topics for our organization. This list is shown in the Appendix.

2. CONFIGURE

2A. Topic-Stakeholder Mapping

Not all stakeholders are equally influenced by all ESG topics. Depending on their function in our value chain, on the nature and characteristics of our business relationship, as well as on their sector, type of activity and geographical location of their facilities, they might be affected, or might themselves have more influence, in some respects rather than in others. Recognizing that not all stakeholders are equally influenced by all ESG topics, we created a Topic-Stakeholder mapping. This mapping ensured that the views and perspectives of each stakeholder group were integrated into the materiality assessment for topics relevant to them.

2B. Stakeholder Engagement Plan

An engagement plan was developed based on the salience and reachability of stakeholders. Depending on these factors, stakeholders were engaged through workshops, interviews, or surveys. MasterSustainability.today designed these surveys and calculation logics according to EFRAG guidelines and criteria.

3. ASSES IMPACT MATERIALITY

3A. Definition and Criteria

Impact materiality assesses an organization's impact on people and the environment, following EFRAG guidelines. Impacts were categorized as actual (present) or potential (foreseen), and as negative or positive. Materiality was assessed based on scale (strength), scope (extent), remediability (ease of remediation for negative impacts), and likelihood (probability of occurrence for potential impacts).

3B. Surveys and Likert Scales

Stakeholders rated the magnitude or severity of our actions and policies on them using Likert scales:

Score	Magnitude	Scale	Scope	Remediability	Likelihood
0	None	-	-	-	-
1	Very Weak	Minimal	Limited	Very Easy	Highly Unlikely
2	Weak	Low	Concentrate	Easy	Unlikely
3	Moderate	Medium	Medium	Difficult	Possible
4	Strong	High	Widespread	Very difficult	Likely
5	Very Strong	Absolute	Total	Not possible	Highly Likely

4. ASSES FINANCIAL MATERIALITY

4A. Definition and Criteria

Financial materiality identifies ESG-related risks and opportunities that could financially impact the company. This involved evaluating the likelihood and potential severity of risks, along with time horizon, trends, and affected financial dimensions.

4B. Surveys and Likert Scales

Financial materiality was assessed using a 5-point Likert scale for likelihood and magnitude/severity:

Score	Magnitude/Severity	Likelihood
0	None	-
1	Very Weak	Highly Unlikely
2	Weak	Unlikely
3	Moderate	Possible
4	Strong	Likely
5	Very Strong	Highly Likely

For other criteria, the following scales were used:

Time Horizon	Trend	Financial Dimensions
Short term (< 1 year)	Decreasing	Financial performance
Medium term (1-5 years)	Increasing	Financial position
Long term (>5 years)	Stable	Cash flow
		Cost of capital
		Access to market

5. INTEGRATION AND VALIDATION

5A. Synthesis of Results

Results from impact and financial materiality assessments were integrated, considering the interconnections between impacts and the associated risks and opportunities. Scores and qualitative inputs collected from all stakeholders were reviewed and impacts of the same nature (positive or negative) and theme were grouped to define a list of overarching impacts for each topic. The highest score between positive and negative impact were considered as the final score of the topic. Topics scoring above 3 in both assessments are deemed material. However, topics material in one perspective but not the other are also considered, as high impact scores might have revealed significant risks or opportunities despite low financial scores.

5B. Stakeholder Validation

The final assessment was validated through additional consultations with internal and external stakeholders, ensuring a comprehensive integration of their views and perspectives.

By following this rigorous and inclusive process, we ensure that our sustainability strategies are robust, addressing both current and potential ESG impacts while aligning with stakeholder expectations and industry standards.

STRATEGY

SBM-2: Interests & Views of Stakeholders

For our Double Materiality Assessment (DMA), we actively involved with our stakeholders, to understand how they may be impacted by our business activities.

The key stakeholders involved were identified considering the following principles:

- **Power:** stakeholders who have influence and ability to effect changes
- **Influence:** stakeholders who are affected by our organization's decisions

An overview of our key stakeholders and their power and influence is given in the table on the next page. In addition, information is provided about how engagement was organized, and the key topics of interest that we have considered during our DMA.

PURPOSE & RESULT OF STAKEHOLDER ENGAGEMENT

The primary purpose of stakeholder engagement was to ensure that the company's strategies and operations are aligned with the expectations and needs of its diverse stakeholder groups. By actively engaging with stakeholders, Tchai aims to identify and address potential ESG issues that may impact its reputation, operational efficiency, and long-term sustainability. This proactive approach helps in mitigating risks, discovering opportunities for improvement, and fostering a collaborative environment that supports mutual growth and value creation.

The outcomes of stakeholder engagements were systematically integrated into the company's Double Materiality Assessment, which will eventually inform decision-making processes. Feedback and insights gathered from stakeholders will be analysed and used to inform the development and refinement of ESG policies, strategies, and initiatives. This includes adjusting existing practices, prioritizing specific ESG issues, and setting measurable goals to track progress. By incorporating stakeholder perspectives, Tchai ensures that its actions are both responsive to external expectations and effective in achieving sustainable business performance.

OUR STAKEHOLDERS

Stakeholder group	Power	Influence	How engagement is organized	Topics of Interest
Owners (=Family)	High	High	Interview	Climate change, Waste, Own Workforce, Consumers, Business conduct
Team Purple	High	High	Interview	All
Employees	High	High	Workshop	Climate Change, Own Workforce
Service Suppliers	High	Low	Interviews and Online surveys	Climate Change, Circular Economy, Supplier Relations
Product Suppliers	High	Low	Interviews and Online surveys	Climate Change, Circular Economy, Supplier Relations
Non-EU Suppliers	High	Low	Interviews and Online surveys	Due to technical issues with China we were unable to connect with them at that time, will conduct in the near future during a live visit
Customers	High	Medium	Interviews and Online surveys	Workers in the value chain, Circular Economy, Climate Change
Media	Medium/Low	Medium/Low	Desk research	All
Industry	Medium	Low	Desk research	Climate Change, Water Use, Circular Economy, Gender equality
Regulatory & Governmental	High	Medium/Low	Desk research	All
Creditors (=Banks)	Medium/Low	Low	Interview	Climate Change, Own Workforce, Business Conduct
People & Planet	High	High	Desk research	All

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

We have identified the impacts, risks, and opportunities (IROs) pertinent to our organization concerning Environmental, Social, and Governance (ESG) matters. These aspects are integral to our operations and extend throughout our value chain. Our selection of ESG topics was guided by the extensive list of topics, sub-topics, and sub-sub-topics provided by the European Sustainability Reporting Standards (ESRS). A sub-set of these topics was further scrutinized in our DMA, with the process detailed section IRO-1.

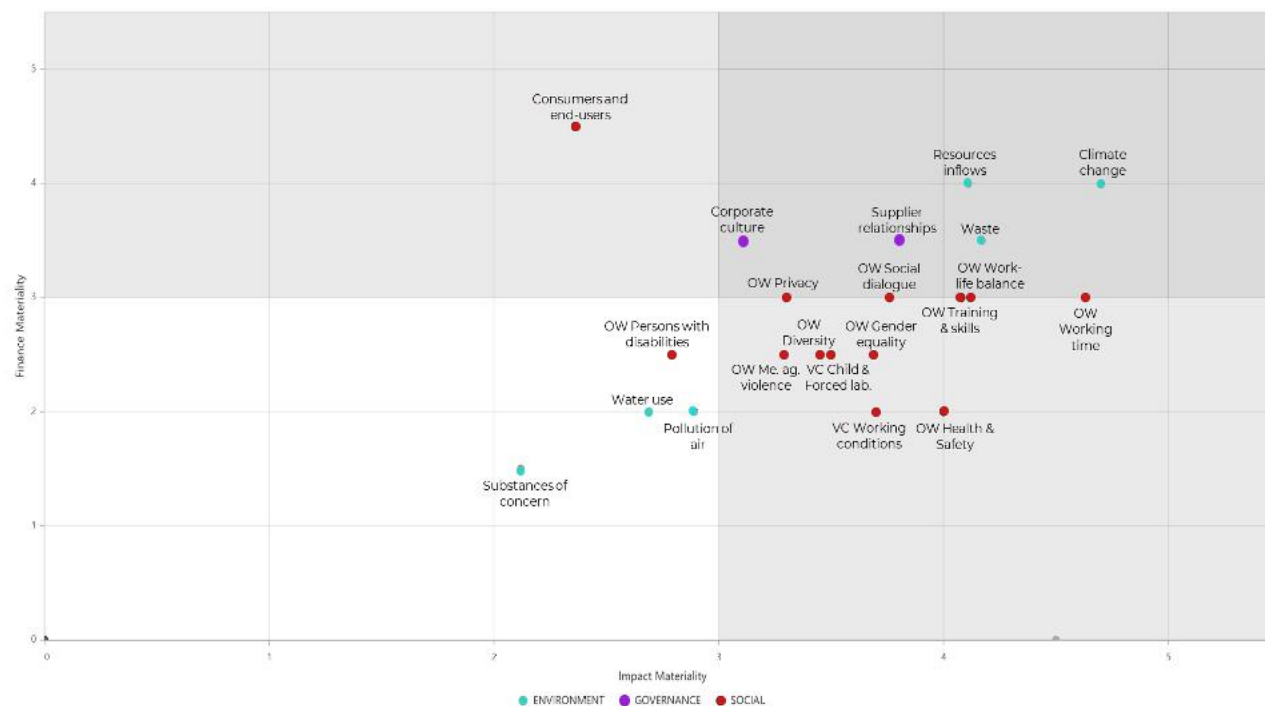
In the table below, we have identified which stakeholders in our value chain are affected or have an influence on these matters, and to what extent. This consideration is integral to our impact evaluation.

Topic Title	L1	L2	L3	Upstream			Own Operations				Downstream	People & Planet
				Product Supplier	Service Supplier	Non-EU Supplier	Owner	Team Purple	Employee	Bank	Customers	
Climate Change	Climate Change	Climate change adaptation, mitigation & Energy	-	●	●		●	●	●	●	●	●
Waste	Circular Economy	Waste	-	●	●		●	●	●	●	●	●
Resource Inflows	Circular Economy	Resource Inflows	-	●				●			●	●
Water Use	Water & Marine Resources	Water use	-	●				●	●	●	●	●
Work-life balance	Own Workforce	Working Conditions	Work-life Balance				●	●	●			●
Working Time	Own Workforce	Working Conditions	Working time					●	●			●
Health & Safety	Own Workforce	Working Conditions	Health & safety					●	●	●		●
Training & Skills development	Own Workforce	Working Conditions	Training & skills development				●	●	●			●
Social Dialogue	Own Workforce	Working Conditions	Social dialogue					●	●			●

Gender Equality	Own Workforce	Working Conditions	Gender equality					●	●	●		●
Working Conditions	Workers in the value chain	Working conditions	Secure employment, working time, adequate wages, social dialogue, work-life balance, health & safety	●	●		●	●	●	●	●	●
Forced Labour	Workers in the value chain	Other work-related rights	Forced Labour					●				●
Child Labour	Workers in the value chain	Other work-related rights	Child Labour					●				●
Consumers & end-users	Consumers & end-users	Social inclusion of consumers and/or end-users	Responsible marketing practices				●	●		●	●	●
Corporate Culture	Business conduct	Corporate culture, Protection of whistle-blowers	-				●	●	●	●		●
Supplier Relations	Business conduct	Management of relationship with suppliers including payment practices	-	●	●		●	●	●			●

●High ●Medium ●Low

In the image below the matrix is displayed with the Financial and Impact materiality of all assessed topics. To construct this matrix, we mapped all IROs to their corresponding ESG (sub-sub-)topics. In total, we have identified 8 material topics, spanning across 6 ESRS standards: E1, E5, S1, S2, S4, and G1, marked in the table next to the matrix with 'included yes'.



Material Topics	Included
Work-Life Balance (S1)	Yes*
Resource Inflows (E5)	Yes**
Climate Change (E1)	Yes
Consumers & End-Users (S4)	No
Working Time (S1)	Yes*
Corporate Culture (G1)	Yes
Supplier Relations (G1)	Yes
Health & Safety (S1)	Yes
Training & Skills Development (S1)	Yes
Waste (E5)	Yes**
Working Conditions (S2)	Yes
Social Dialogue (S1)	No
Gender Equality (S1)	No
Forced Labour (S2)	No
Child Labour (S2)	No

* Work-Like Balance and Working time will be treated as one topic: Work-Life Balance

** Resource Inflows and Waste will be treated as one topic: Circular Economy

EXPLANATIONS FOR NOT REPORTING:

Own Workforce's Social Dialogue

At Tchai, we recognize the importance of fostering a robust social dialogue within our workforce, therefore this has been central to our organizational culture for quite some years now. We have successfully implemented many initiatives such as feedback sessions, (team)meetings, team planning, team and individual coaching, and employee satisfaction surveys. With these measures, which we continuously evaluate and improve, we strive to create and nurture an environment where open communication and collaboration thrive and aim to ensure that every voice is heard, especially those who may find it challenging to engage in these processes. We focus on harnessing the diverse perspectives and various ideas within our workforce, so we can capitalize on the opportunity to drive positive outcomes for our organization, including enhanced employee satisfaction, productivity, and innovation, with that strengthen our competitive advantage and promote long-term sustainability.

The importance of social dialogue has also been highlighted by most of our stakeholders, including employees and management. Although it's acknowledged that there are areas to improve on, there is overall satisfaction with the performance of our social dialogue processes. So, we can modestly say that our efforts have not been in vain.

And that's why we have made the strategic decision not to report on this theme currently. But instead, focus our energy on areas where we need to improve at a bigger scale and where the potential for a more substantial positive impact is more evident. This decision reflects our commitment to transparency and accountability, as it allows us to allocate resources and attention to areas where we can make the most meaningful progress towards our sustainability goals.

Gender Equality

At Tchai, we prioritize gender equality and equal opportunities, as echoed by positive feedback from stakeholders. Our recent implementation of the T-Track evaluates individual added value, promoting agility and aligning talent with roles, thereby fostering gender equality by recognizing diverse skills and offering transparent career paths. This system underscores clear salaries and growth opportunities, affirming our commitment to gender non-discrimination. Furthermore, this implemented system provides concrete data on gender-related statistics within the company, addressing previous requests for transparency.

Considering the financial impact, which is viewed as an opportunity to grow and differentiate, gender equality presents an opportunity for Tchai to strengthen its reputation as an inclusive and equitable workplace. By fostering a culture of gender equality and equal pay, we can attract and retain top talent, enhance employee satisfaction and productivity, and ultimately drive business success.

Although we see that we can still achieve growth on this matter, we choose not to report on gender equality and equal pay in this instance, as for this we are prioritizing other areas that require more immediate improvement. However, efforts to enhance transparency and accountability in gender

equality will continue, with plans to report more comprehensively in the next reporting cycle. This strategic decision aligns with our commitment to continuous improvement and ensuring that our reporting accurately reflects the reality of our efforts towards this subject within Tchai.

Child and Forced Labor Along the Value Chain

At Tchai, we prioritize the protection of the rights and well-being of all workers in our value chain, reiterated by management. Therefore, we have robust policies and procedures in place to ensure compliance with ethical practices and conduct thorough audits of our suppliers. Even though our industry does not present a significant risk in terms of child and forced labour, we do uphold a zero-tolerance policy for child and forced labour along our value chain, aligning with international standards (such as ILO) and reflected in our Supply Chain Code of Conduct.

Given our strong policies and procedures in place, the low risk associated with our industry (which is affirmed by stakeholders), and the alignment with international standards, we have chosen not to report on this theme at this time. Instead, we will continue to uphold our zero-tolerance policy, conduct regular audits of our suppliers, and advocate for the protection of children's rights throughout our value chain. This decision underscores our unwavering commitment to ethical business practices and the protection of human rights and aligns with our values.

Changing Consumer Preferences and Sustainable Product Innovation

At Tchai, we recognize the importance of adapting to changing consumer preferences and embracing sustainable product innovation to remain competitive in the market. The feedback from stakeholders reflects an optimistic sentiment towards our efforts to make a positive impact, including our commitment to sustainability and ethical practices. Our management team acknowledges the importance of conveying our vision and mission through the brands we work for and the products we offer. Additionally, our commitment to sustainability and ethical practices is evident in our efforts to inspire and connect with our products and the way we work.

At this moment, however, we have chosen not to report on these themes. This decision is based on the understanding that while these topics are, as said, significant for our organization, most of the efforts we take for sustainable changes are already included in other themes such as climate change, circular economy (waste, in and outflows), and our social standards, which we do report on.

Furthermore, it's important to note that, at this moment, while we try to guide our clients towards more sustainable choices, we don't always have the power to make really go in that direction. And our influence on consumer decisions may be limited as well, as ultimately, the choices consumers make are influenced by various factors beyond our control.

However, we are hopeful that new regulations and compliance in the future will help us to steer clients towards more sustainable choices. As regulations evolve and compliance becomes more stringent, sustainable practices may become more and more mandatory for businesses, making it increasingly difficult for clients to ignore sustainability considerations. This aligns with our commitment to sustainability and ethical practices and reinforces our efforts to guide clients towards more sustainable choices.

OVERVIEW OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IROs)

The tables on the next pages show for each of the material topics a description of the sustainability-related Impacts, Risks and Opportunities (IROs) because of our stakeholder engagements as described in SBM-2.

Impacts

For each impact, we have specified whether the impact was positive or negative. All impacts were actual impacts, unless it was stated specifically that the impact was potential. In addition, we have indicated the time horizon in which the impact occurs. The time horizon used is Short term (<1 year), Medium term (1-5 years) and Long term (>5 years). In addition, for each impact, we identified where these impacts are concentrated - our own operations (OO), our upstream value chain (UVC) or downstream value chain (DVC) – and which stakeholder group is affected. In addition, for topics that impose a material impact, we explain where the impacts originate from or are connected to our strategy and business model, and whether we are involved with the material impacts through our activities or because of our business relationships.

Our scoring of impacts, risks and opportunities included policies, actions and targets that are already part of our daily operations to reduce or mitigate any negative impacts or risks. Therefore, the impacts and risks listed in the tables show a residual impact, risk or opportunity. How the score was calculated based on the criteria “Scale”, “Scope”, “Remediability” (and “Likelihood”), is explained section IRO-1. The detailed scores on these criteria are provided in the final column only when an impact, risk, or opportunity applies to the stakeholders "People and Planet." For all other stakeholders, the last column only displays the score. This difference arises from the way questions were asked and composed specifically for each stakeholder, addressing the particular nuances related to "People and Planet."

Risks and Opportunities

For each topic, we specified both the current and anticipated financial risks and opportunities for our organization. For current ROs, we outlined the financial effects on our financial position, financial performance, and cash flow. If we foresaw a significant risk of a material adjustment within the next annual reporting period, we indicated this. For the anticipated ROs, we outlined the financial effects on our financial position, financial performance, and cash flows over the short, medium, and long term, including the reasonably expected time horizons for those effects. In addition, we included how we expect our financial position, financial performance, and cash flows to change over the short, medium, and long term, given our strategy to manage risks and opportunities.

The scoring of Risks and Opportunities is based on the criteria of magnitude and likelihood of the financial effect, as explained in section IRO-1.

ENVIRONMENT

Material Topic: Climate Change (E-1)

Impacts

Impact	Description	Time Horizon	Stakeholder & VC	Score
Positive	We are working to reduce greenhouse gas emissions, using environmentally friendly ways of doing business, increasing the use of sustainable materials and processes, and transitioning to the use of energy from the sun, wind, or other renewable sources.	Medium to Long term	Planet (OO)	Medium (3.3) Scale: 3 Scope: 3 Remediability: 4
Negative	Even though we as an organization are taking steps to reduce the environmental impact, the emissions from our supply chain to produce our products are still significant. Emissions related to transportation (i.e. road and shipments) as well as the energy-intensive factories.	Medium to Long term	Planet (UVC)	Medium (3.3) Scale: 3 Scope: 3 Remediability: 4
Positive	Our organization is aiming to setting an example for our sector. By raising awareness about the importance of climate change actions to our suppliers, they will be encouraged to make changes as well.	Medium term	Product Suppliers (UVC)	Medium (3.3)
Positive	Our customers are seeking to reduce their scope 3 greenhouse gas emissions. All efforts that we are undertaking on this matter will positively affect them.	Medium term	Customers (DVC)	Medium (2)
Positive	Our collaborators appreciate our commitment and efforts towards environmentally friendly practices, which align with their work culture and personal values.	Medium term	Employees (OO)	Medium (3.4)
Positive	Our current efforts to reduce climate change positively contribute to our reputation, which is advantageous for our management & owners who are seeking an improved market position. As team purple we feel that it is everyone's responsibility as individuals and as a company to fight climate change and set goals to eventually reach a 0 negative impact	Long term	Owners & Management (OO)	High (4.7)
Positive	Our current efforts to reduce climate change will positively contribute to making the client portfolio of our creditors more sustainable.	Medium term	Creditors (UVC)	Medium (3)

Risks & Opportunities

Risk	Description	Severity	Likelihood	Time Horizon	Trend	Financial Aspect
Resource Scarcity	Scarcity of raw materials due to environmental changes can increase material costs.	High (5-8% of total revenue)	Likely	Medium to Long term	Increasing	Increased procurement costs, potential need for alternative materials

Opportunity	Description	Magnitude	Likelihood	Time Horizon	Trend	Financial Aspect
Operational Efficiency	Investing in energy-efficient technologies can reduce operational costs in the long run.	Moderate (3-5% of total revenue)	Highly likely	Medium to Long term	Increasing	Reduced operational costs, increased efficiency
Green Product Innovation	Developing eco-friendly products can attract environmentally conscious customers, potentially increasing market share and revenue.	Moderate (3-5% of total revenue)	Likely	Medium to Long term	Increasing	Increased market share, potential new revenue streams from green products
Enhanced Reputation	Proactively addressing climate change can improve Tchai's reputation, potentially attracting more customers and employees.	Moderate (3-5% of total revenue)	Likely	Short to Medium term	Increasing	Improved customer trust, increased market share, positive impact on brand (employer) value

Material Topic: Circular Economy (E-5)

Circular Economy is related to resources inflows and waste

Impacts

Type	Description	Time Horizon	Stakeholder	Score
Negative	At this moment, most of the materials we use to produce our products, are not yet sustainable.	Medium to Long term	Planet (OO)	High (4.3) Scale: 4 Scope: 4 Remediability: 5
Positive	With Tchai's commitment to use more sustainable materials, the customers will truly have options to choose more sustainable alternatives.	Short term	Customer (DVC)	High (5)
Negative	The combination of availability, affordability and (optimal) applicability of more sustainable alternatives is a big challenge. Even though at this moment customers do not always want to pay for it, we should keep offering the sustainable alternatives, and provide insights into the impact differences.	Medium term	Planet (OO)	Medium (3) Scale: 3 Scope: 3 Remediability: 3
Positive	The main impact for team purple for inflow is negative as described but there are also positive sides as we are already taking steps to make our inflow materials for our product more sustainable. We have created our product passport for this reason. This way we can see the impact from the design stage and play with several materials to come to the best result also and especially regarding sustainability	Ongoing, Short term	Management/Planet(OO)	Medium (3) Scale: 3 Scope: 3 Remediability: 4
Positive	As soon as Tchai (together with the end-customer) decides a more sustainable material, the supplier will be able to search for and provide recyclable materials.	Short to Medium term	Supplier (UVC)	High (4.3)
Positive	Our efforts in waste management are recognized, although some collaborators experience less direct impact. These include meaningful content for promotion, support for designers to create products that will lead to as little waste as possible, i.e. least different kind of materials.	Medium term	Employees (OO)	High (3.8)

Negative	We choose negative as we still create waste and one of our long-term goals is to minimize this as much as possible on all various aspects within Tchai.	Long term	Management/Planet (OO)	High (5.0) Scale: 5 Scope: 5 Remediability: 3
Positive	As Tchai we are very organized as it comes to waste. We have a cloud waste management system where everything is picked up and handled in the correct way by various specialized parties. We are also looking at more ways to handle specific waste to be for example reused or recycled in a specific way.	Medium term	Management/Planet (OO)	Medium (3) Scale: 3 Scope: 3 Remediability: 4

Risks & Opportunities

Risk	Description	Severity	Likelihood	Time Horizon	Trend	Financial Aspect
Resource Scarcity	Scarcity of raw materials due to environmental changes can increase material costs.	High (5-8% of total revenue)	Likely	Medium to Long term	Increasing	Increased procurement costs, potential need for alternative materials
Energy Price Volatility	Fluctuations in energy prices due to climate policies can affect production costs.	Low (1-3% of total revenue)	Likely	Short to Medium term	Increasing	Increased operational costs, potential need for investment in energy-efficient solutions
Supply Chain Disruptions	Interruptions in the supply chain affecting the timely procurement of resources.	Moderate (3-5% of total revenue)	Likely	Medium term	Increasing	Increased COGS, production delays.

Opportunity	Description	Severity	Likelihood	Time Horizon	Trend	Financial Aspect
Operational Efficiency	Investing in energy-efficient technologies can reduce operational costs in the long run.	Moderate (3-5% of total revenue)	Highly likely	Medium to Long term	Increasing	Reduced operational costs, increased efficiency
Circular Economy Initiatives	Developing products that utilize recycled or reclaimed materials.	High (5-8% of total revenue)	Possible	Long term	Increasing	New revenue streams, market differentiation
Sustainable Product Design	Designing products that generate less waste and are easier to recycle.	Low (1-3% of total revenue)	Highly Likely	Long term	Increasing	Cost savings, market differentiation, increased sales.

SOCIAL

Material Topic: Work-life balance (S-1)

Impacts

Impact	Description	Time Horizon	Stakeholder	Score
Positive	Employees are part of a flexible workplace and are empowered to balance work and private life. From our employee survey, the majority feels that this is well organized within Tchai. Our collaborators feel supported in finding a good balance between work and personal life.	Short term	Employee (OO)	High (4.1)
Negative	A small subset of the employees has indicated that the current work-life balance is not ideal.	Short term	Employee (OO)	High (4.0)
Positive	This is very important to Tchai; we encourage it in various ways and support people in working on it. It doesn't always succeed, but we pay a lot of attention to improving and helping people experience more balance in this regard.	Medium term	Management/Planet (OO)	High (5.0)
Positive	The flexibility and arrangement of working hours are positively evaluated.	Short term	Employee (OO)	High (4)
Negative	Certain individuals are currently experiencing excessive workloads and pressure. The question is whether this is due to understaffing and/or inefficiency. In any case, an investment is needed to improve this situation.	Medium term	Management/Employee (OO)	High (5.0)
Positive	Tchai works hard to create positive work environment where employees have freedom to fill in their own work schedule.	Ongoing, Short term	Management/Planet (OO)	High (3.5) Scale: 4 Scope: 3 Remediability: 4

Risks & Opportunities

Risk	Description	Severity	Likelihood	Time Horizon	Trend	Financial Aspect
Employee Burnout	Poor work-life balance leading to increased stress and burnout among employees.	Low (1% -3% of total revenue)	Likely	Short to Medium term	Increasing	Increased employee costs, reduced productivity
Decreased Productivity	Reduced productivity due to employees struggling to balance work and personal life.	Low (1% -3% of total revenue)	Likely	Ongoing	Increasing	Reduced operational efficiency

Opportunity	Description	Magnitude	Likelihood	Time Horizon	Trend	Financial Aspect
Increased Productivity	Employees with a good work-life balance are more productive and motivated.	Low (1 - 3% of total revenue)	Likely	Ongoing	Increasing	Increased operational efficiency, higher output

Material Topic: Health and Safety (S1)

Impacts

Impact	Description	Time Horizon	Stakeholder	Score
Positive	Our measures for safety and health are generally positively received.	Increasing	Employee (OO)	High (3.4)
Positive	We follow all laws and regulations, but enforcement can be challenging due to our self-managing teams. We expect a high level of ownership and personal responsibility, which sometimes makes accountability difficult for individuals.	Stable	Management/Planet (OO)	High (4) Scale: 4 Scope: 2 Remediability: 3

Risks & Opportunities

Risk	Description	Severity	Likelihood	Time Horizon	Trend	Financial Aspect
Enforcement challenges	We follow all laws and regulations, but enforcement can be challenging due to our self-managing teams. We expect a high level of ownership and personal responsibility, which sometimes makes accountability difficult for individuals.	Very Low (<1% of total revenue)	Likely	Ongoing	Increasing	Enforcement challenges have minimal direct impact, but indirect risks could affect productivity and lead to long-term financial consequences.

Material Topic: Training & Skills development (S1)

Impacts

Impact	Description	Time Horizon	Stakeholder	Score
Positive	Tchai's focus on equal training aligns with company goals and has positive impacts such as supporting personal and professional growth, offering learning opportunities, fostering an inclusive culture, and supporting development.	Medium term	Employees, Management (OO)	High (4.1)
Negative	Stakeholder surveys showed that challenges include work pressure, limited advancement, need for better communication, and sometimes language barriers. Negative impacts include workload hindering development, limited growth in some roles, and a flat structure affecting clarity on growth.	Medium term	Employees, Management (OO)	High (3.3)

Risks & Opportunities

Risk	Description	Severity	Likelihood	Time Horizon	Trend	Financial Aspect
Skill Gap	Failure to address skill gaps can lead to decreased productivity and innovation.	Low (<1% of total revenue)	Likely	Ongoing	Increasing	Reduced operational efficiency, lower innovation rate

Opportunity	Description	Magnitude	Likelihood	Time Horizon	Trend	Financial Aspect
Enhanced Productivity	Providing comprehensive training can lead to increased employee productivity and efficiency.	Low (1-3% of total revenue)	Highly likely	Ongoing	Increasing	Increased operational efficiency, higher output
Improved Attractiveness and Employee Retention	Offering continuous development opportunities can improve employee satisfaction and retention and attract new high-quality candidates.	Moderate (3-5% of total revenue)	Likely	Ongoing	Increasing	Reduced recruitment costs, improved employee morale

Material Topic: Working Conditions (S2)

Impacts

Impact	Description	Time Horizon	Stakeholder	Score
Negative	The ethical treatment and strong relationships with suppliers are appreciated, but some collaborators have less direct contact with them.	Ongoing, Short term	Employee (OO)	High (3.7)
Positive	We take this into account when sourcing our suppliers. We primarily work extensively in Europe with professional organizations.	Ongoing, Short term	Management/Planet (OO)	High (4) Scale: 4 Scope: 2 Remediability: 4

Risks & Opportunities

Risk	Description	Severity	Likelihood	Time Horizon	Trend	Financial Aspect
Supply Chain Disruptions	Poor working conditions can lead to strikes, protests, or shutdowns in the supply chain, affecting production	Low (1-3% of total revenue)	Likely	Medium term	Increasing	Increased operational costs, potential revenue loss due to delays
Reputational Risk	Negative publicity due to poor working conditions in the value chain can harm Tchai's brand and customer trust	Low (<1% of total revenue)	Likely	Ongoing	Increasing	Loss of customer trust, potential loss market share

Opportunity	Description	Magnitude	Likelihood	Time Horizon	Trend	Financial Aspect
Supplier Collaboration	Collaborating with suppliers to improve working conditions can lead to stronger partnerships and operational efficiencies	Very Low (<1% of total revenue)	Highly likely	Short to Medium term	Increasing	Reduced operational costs, increased efficiency
Enhanced Brand Reputation	Improving working conditions in the value chain can enhance Tchai's brand reputation and customer loyalty	Low (<1% of total revenue)	Likely	Short term	Increasing	Increased client trust, market share growth

GOVERNANCE

Material Topic: Corporate Culture (G1)

Impacts

Impact	Description	Time Horizon	Stakeholder	Score
Positive	Cultivating the right culture to fit Tchai's mission is very important to us, it will determine our success. We have been working on this for some time, paying a lot of attention to it, in terms of recording certain things in tightly formulated policy documents, we can still improve things.	Long term	Management, Employees (OO)	High (5)
Positive	In general, employees perceive TCHAI's working culture as open and safe, although there is still space for improvement, to strengthen our corporate culture.	Medium term	Employees (OO)	Medium (2.9)

Risks & Opportunities

Opportunity	Description	Magnitude	Likelihood	Time Horizon	Trend	Financial Aspect
Market Differentiation	Differentiating Tchai from competitors by emphasizing strong corporate culture.	3	4	Medium to Long term	Increasing	Increased market share, competitive advantage

Material Topic: Supplier Relationships (G1)

Impacts

Impact	Description	Time Horizon	Stakeholder	Score
Positive	For our suppliers, transparency and clarity are paramount. Communication is essential and our suppliers are generally satisfied with our respectful, ethical and open attitude. "Tchai thinks in terms of solutions and is open to improvement plans from the supplier. This creates a lasting relationship of trust." "It inspires us to secure this way of thinking in our policy."	Medium term	Product Suppliers, Service Suppliers (UVC)	Medium-High (3,6)
Positive	Maintaining a good relationship with our suppliers is very important. We believe in treating people the way I want to be treated myself. This way, working together is more fun and more of a partnership than just a supplier.	Long term	Management, Owners (OO)	High (5)

Risks & Opportunities

Risk	Description	Magnitude	Severity	Time Horizon	Trend	Financial Aspect
Quality Issues	Poor quality of supplied materials can lead to production inefficiencies and increased defect rates.	Moderate (3-5% of total revenue)	Likely	Short term	Increasing	Increased production costs, potential revenue loss due to product recalls

Opportunity	Description	Magnitude	Likelihood	Time Horizon	Trend	Financial Aspect
Strategic Partnerships	Building strategic partnerships with key suppliers can lead to long-term cost savings and improved supply chain resilience.	Moderate (3-5% of total revenue)	Likely	Medium term	Increasing	Reduced procurement costs, improved supply chain resilience
Cost Reduction Initiatives	Implementing cost reduction initiatives with suppliers can lead to lower operational costs.	Moderate (3-5% of total revenue)	Likely	Short to Medium term	Increasing	Reduced operational costs, improved profitability
Supplier Innovation	Collaborating with suppliers on innovation can lead to new product developments and competitive advantages.	Moderate (3-5% of total revenue)	Likely	Long term	Increasing	New revenue streams, competitive differentiation
Sustainable Sourcing	Adopting sustainable sourcing practices throughout the entire value chain can enhance Tchai's reputation and attract environmentally conscious customers.	Moderate (3-5% of total revenue)	Likely	Medium to Long term	Increasing	Increased customer loyalty, potential new revenue streams

IRO-2 – Disclosure requirements in ESRS covered by the undertaking’s sustainability statement

ENVIRONMENTAL		
Material Topic	Disclosure Requirements	Reference
E1 Climate Change		
Climate Change	E1-1 – Transition plan for climate change mitigation E1-2 – Policies related to climate change mitigation and adaptation E1-3 – Actions and resources in relation to climate change policies E1-4 – Targets related to climate change mitigation and adaptation E1-5 – Energy consumption and mix E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	
E5 Circular Economy (general requirements)	E5-1 – Policies related to resource use and circular economy E5-2 – Actions and resources related to resource use and circular economy E5-3 – Targets related to resource use and circular economy E5-6 – Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	
Waste	E5-5 – Resource outflows	
Resource Inflows	E5-4 – Resource inflows	
SOCIAL		
Material Topic	Disclosure Requirements	Reference
S1 Own workforce (general requirements)	S1-1 – Policies related to own workforce S1-2 – Processes for engaging with own workers and workers’ representatives about impacts S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities S1-6 – Characteristics of the undertaking’s employees S1-7 – Characteristics of non-employee workers in the undertaking’s own workforce	
Working Time & Work-Life Balance	S1-15 – Work-life balance metrics	
Health & Safety	S1-14 – Health and safety metrics	
Training & Skills development	S1-13 – Training and skills development metrics	
S2 Workers in the value chain		
Working Conditions	S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	
GOVERNANCE		
Material Topic	Disclosure Requirements	Reference
G1 Business Conduct		
Corporate Culture	G1-1 – Business conduct policies and corporate culture	
Supplier Relations	G1-2 – Management of relationships with suppliers G1-6 – Payment practices	

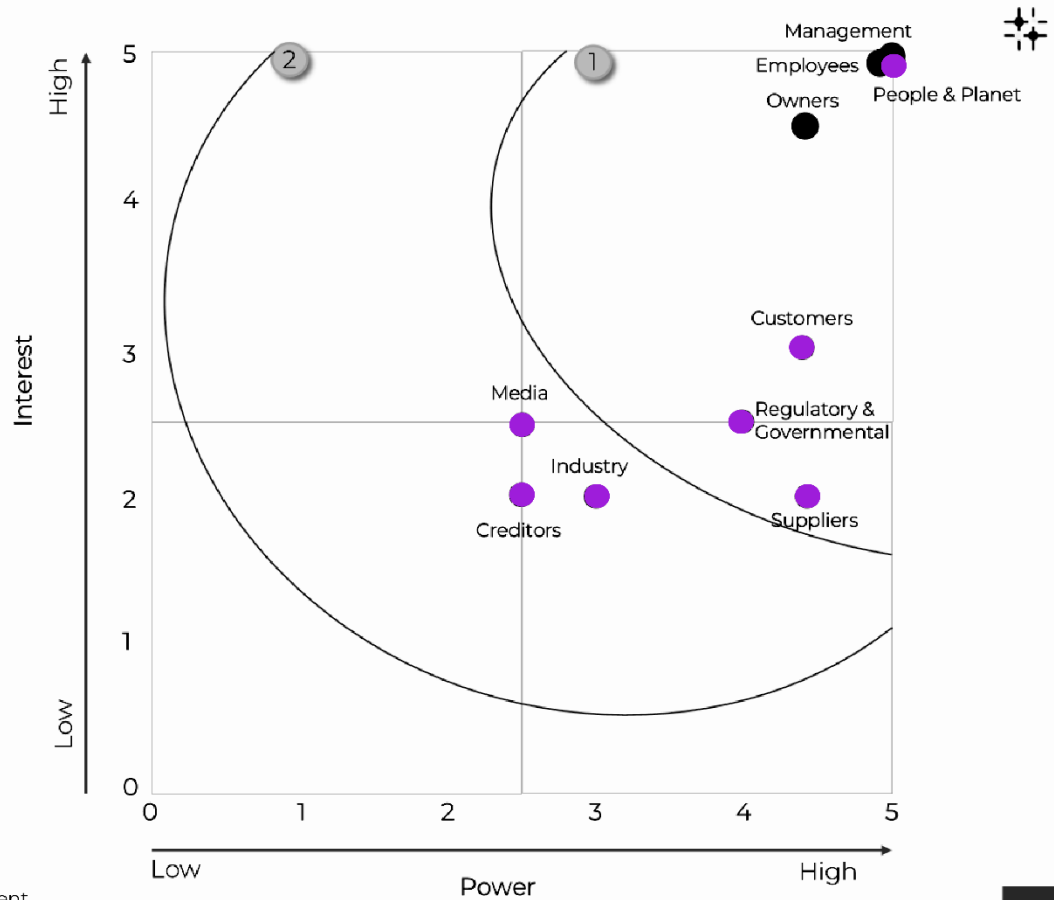
APPENDIX

Stakeholder salience analysis

1. Explore - Stakeholders

	Power	Interest
Internal		
Owners (=Family)	4.5	4.5
Management (Team Purple)	5	5
Employees	5	5
External		
Suppliers	4.5	2
Customers	4.5	3
Media	2.5	2.5
Industry	3	2
Regulatory & Governmental	4	2.5
Creditors (=Banks)	2.5	2
Accountant		
People & Planet	5	5

- 1 Stakeholders that require *closest* engagements
- 2 Other stakeholders that require some form of engagement



Mid-List

MID-LIST TOPICS
Climate Change
Pollution - Pollution of air
Pollution - Substances of concern
Water and marine resources - Water use
Resources inflows including resource use
Circular economy - Resource outflows related to products and services
Circular economy - Waste
Own Workforce - Working conditions - Working time
Own Workforce - Working conditions - Social dialogue
Own Workforce - Working conditions - Work-life balance
Own Workforce - Working conditions - Health and safety
Own Workforce - Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value
Own Workforce - Equal treatment and opportunities for all - Training and skills development
Own Workforce - Equal treatment and opportunities for all - Employment and inclusion of persons with disabilities
Own Workforce - Equal treatment and opportunities for all - Measures against violence and harassment in the workplace
Own Workforce - Equal treatment and opportunities for all - Diversity
Own Workforce - Other work-related rights - Privacy
Workers in the Value Chain - Working conditions
Workers in the Value Chain - Equal treatment and opportunities for all
Workers in the Value Chain - Other work-related rights - Child labour
Workers in the Value Chain - Other work-related rights - Forced labour
Consumers and end-users
Corporate culture (including whistle blower protection)
Business Conduct - Management of relationships with suppliers including payment practices
Business Conduct - Corruption and bribery

Surveys & Calculations

We engaged our stakeholders through surveys that have been developed by MasterSustainability.today, following EFRAG guidelines. MasterSustainability.today has developed three different surveys:

1. **Micro Impact Survey:** It included only one question per topic, in which stakeholders were asked to rate the magnitude of the impact that TCHAI's actions and policies related to that topic had on them. We used the following 6-point Likert-like scale:

How strong is the impact of TCHAI's policies and actions on you?

Score	Magnitude
0	None
1	Very Weak
2	Weak
3	Moderate
4	Strong
5	Very Strong

2. **Mini Impact Survey:** It included the definition of positive and negative impacts. It started with the same question as the micro survey, after which the respondent was asked to define the impact as negative or positive. In addition, a free text box was provided, where the respondents could explain the reasons behind their selection.

How strong is the impact of TCHAI's policies and actions on you?

Score	Magnitude
0	None
1	Very Weak
2	Weak
3	Moderate
4	Strong
5	Very Strong

What kind of impact do such policies and actions currently have on you?

3. Full Impact Survey: This survey was filled out by our ESG team to define the impact of TCHAI on the silent stakeholders, namely the planet and the people. In the first part of the survey, the respondent was asked to define the impact of TCHAI on each topic as inexistent, actual positive, actual negative, potential positive, or potential negative. If the answer was “none” (impact is non-existent), no additional question was asked and the score for that topic was equal to 0. Otherwise, additional questions were asked based on the above-mentioned criteria provided by EFFRAG. The respondent was asked to rate each criterion, as follows:

What kind of impact do such policies and actions currently have on you?

Actual positive impact – Actual negative Impact – Potential positive impact –
Potential negative impact

What is the scale of the impact of E&A Scheer’s policies and actions on your organization?

1 (Minimal) – Low – Medium – High – 5 (Absolute)

What is the scope of the impact of E&A Scheer’s policies and actions on your organization?

1 (Limited) – Concentrated – Medium – Widespread – 5 (Total)

How easy it is to remediate the negative impacts of E&A Scheer’s policies and actions for your organization?

1 (Very easy) – Easy – Difficult – Very difficult – 5 (Not possible)

What would be the likelihood of E&A Scheer’s policies and actions having an impact on your organization?

1 (Highly Unlikely (<20%)) – Unlikely (20-40%) – Possible (41-60%) – Likely (61-80%) – 5 (Highly Likely (>80%))

How soon do you foresee E&A Scheer’s policies and actions having an impact on your organization?

In the next 1 year – In the next 1 to 5 years – After 5 years

For the micro and mini surveys, the final score was given by the average of all the answers to the question “How strong is the impact of TCHAI’s policies and actions on you?”. For the full surveys, that considers the 4 criteria, the calculation logic worked as follows:

1. For each survey response, average of scale and scope (and remediability for negative impacts).
2. For potential impacts the average result is in turns averaged with the likelihood score, to obtain the final impact score of each survey response.
3. All scores of positive impacts are averaged to obtain the overall positive impact score.
4. All scores of negative impacts are averaged to obtain the overall negative impact score.
5. The highest overall score between negative and positive represents the final impact score.