



Impact Report Galactic 2024



A word from our...

Frédéric Van Gansberghe, CEO:

When we founded Galactic 30 years ago, our mission was to make products and solutions for our customers that were less harmful and more sustainable by using fermentation as a starting point for our product range. Our choice has proven to be the right one as now the whole chemical and biochemical industry is working on improving its sustainability. Although our products have an intrinsic green character, we must also evolve and elevate our standards to ensure our products not only deliver on quality and performance but are even more sustainable tomorrow than they were yesterday.

Pieter Van Weeën, CIO:

Galactic is an international company with its beating heart in the center of Europe. In this competitive environment, what sets us apart is our flexibility combined with our ambition to continuously improve our product range, our technologies and our processes to further reduce our impact on the environment whilst investing in our colleagues and stakeholders. This way, we can all together create a durable ecosystem for our natural and more traditional preservation solutions.



ABOUT GALACTIC

At Galactic, we are pioneers in fermentation technology and our purpose is to have an impact on the things that matter. Inspired by consumers' increasing demand for natural and less processed foods, we take pride in providing a complete range of natural and healthy ingredients.

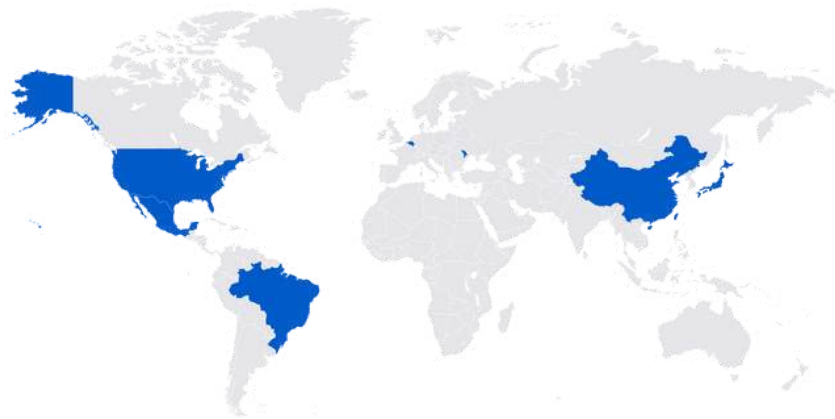
From recipe improvement to microbiological analysis, our expertise is available to food producers all over the world. Besides this important food market, we also use our expertise to produce new molecules by fermentation, to replace petrol-based products.

Looking ahead, we will continue to pursue our strategic plan while helping our clients create innovation and bring positive changes to the communities we work and live in. Driven by our exceptional people, we are confident that Galactic is well-placed to deliver further sustainable growth in the years to come.

Galactic has three production facilities and innovation centers in Belgium, China and the United States, a support office in Moldova and six sales offices in Belgium, China, Japan, United States, Mexico, and Brazil. Many actions and projects are coordinated from our headquarters in Belgium.

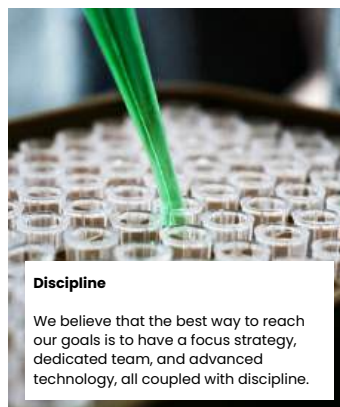
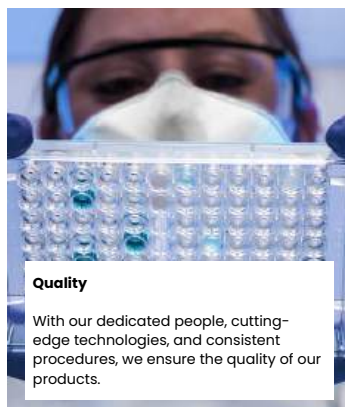
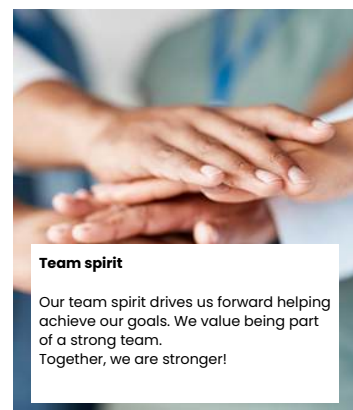
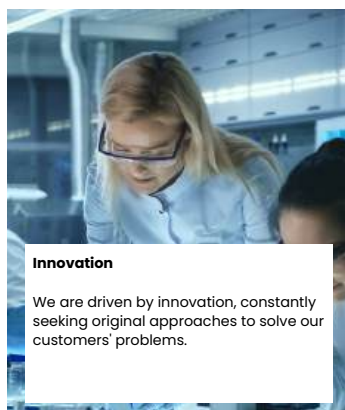
The ESG strategy was also developed in Belgium and either rolled out immediately worldwide in all our locations or first fine-tuned and optimized in Belgium and afterwards transferred to the other entities of the group.

Our ecosystem: Galactic believing strongly in the added value of doing business in a sustainable way, strives to be part of an ecosystem with the same believes. This starts with our main shareholders Finasucre and Bois Sauvage who are both incorporating ESG principles in their own organization as well as supporting companies like Galactic to advance in this subject matter. Furthermore, Galactic's sister company Futerro with whom strong business relationships exists is a leader in bringing bioplastics based on polylactic acid to the market to disrupt the classic plastic industry. Finally, strategic relationships with for example distributors, logistics partners and HR partners are influenced by their vision and actions regarding sustainable business conduct.



OUR MISSIONS & VALUES

Mission: Develop safe, healthy, sustainable, and high-quality products. We offer innovative natural solutions produced through fermentation, including a wide range of natural antimicrobials, lactic acid, lactates, and other derivatives, to (food) producers worldwide.



Sustainability as a core value: Sustainability has long been one of the core values of Galactic. This commitment was translated into our ambition to find the best resources from nature to transform them into added-value products via the low impact process of fermentation. Today, Galactic wants to formalize its processes and monitoring further and embark on a true global all-encompassing ESG strategy.

ESG AT GALACTIC

Our ESG team: Galactic has an ESG team on three levels.

1. Firstly, the corporate team consists of the Chief Innovation Officer and a dedicated ESG Officer that are managing the Galactic group ESG project pipeline and are the motor for all ESG-related actions throughout the group.
2. Secondly, the Galactic Green Team is composed of team members from different countries and professions who are our local ESG ambassadors as well as drivers of certain specific ESG topics.
3. Lastly, all our Galactic employees are sensitized to the importance of ESG and contribute to specific actions or data collection. The latter is, on the one hand, a necessity as Galactic today is a 300-employee company, but on the other hand, it is an opportunity as it allows all employees to be an active part of the ESG project.

Members of our team:



PIETER VAN DER WEEËN

Chief Innovation Officer
ESG Project manager
Brussels, Belgium



DANA URSATI

Customer Care Manager
Chişinău, Moldova



FRÉDÉRIC DUMONT

R&D Technician
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PHILIPPE RIZZO

Purchasing Manager
Escanaffles, Belgium



REBECCA NAHMIAS

HR Director Europe
Escanaffles, Belgium

Our ESG vision:

At Galactic, our vision is to orient preservation needs in Life Sciences towards natural solutions. To facilitate this transition, we endeavor to achieve quality, innovation, and customer-intimacy in a sustainable manner.

It is clear to us that access to resources is of great importance for our success. Integrating our raw materials into a circular economy model while minimizing the environmental impact of transforming them into natural preservation solutions in our facilities and delivering them to our customers are crucial.

We understand that our Galactic people are the main driver to reach our goals. Therefore, we strive to provide them with satisfactory and safe working conditions, while maximizing their potential in a stimulating and rewarding environment.

Our ESG strategy: Galactic wants to be a champion in ESG by focusing on transparency, sustainability and commitment to doing better today than yesterday. In this perspective, Galactic has amended its legal status to include its commitment to sustainability in October 2024. This change clearly marks the importance of this topic for the Galactic group and its commitment to contribute to a cleaner and more sustainable future.

Given the activity of Galactic in an industrial setting, the focus of the ESG action plan is on environmental actions with some selected important and relevant topics from the social and governance sphere. This is reflected in Galactic's selected United Nations Sustainable Development Goals, which mainly focus on environmental aspects:



Although many ingredients were already present within Galactic group for several years to be a leader in sustainability, efforts and information were decentralized, and actions were not always harmonized. The 2024 focus of the Galactic group, led by the corporate ESG team, was to gather all information from all entities to set a state zero as well as draw lessons from each entity's best practices to shape the action plan for the coming four years. The ambition is to roll out this action plan in 2025 and further challenge the actions to keep our ambitions high and aligned with customer and market requirements.

OUR REALIZATIONS

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ENVIRONMENT



The year 2024 for the Galactic group was about understanding our current performance when it comes to environmental aspects as well as setting ambitious but realistic goals for the coming years.

Amongst others, a carbon assessment of all our industrial sites was undertaken on scope 1, 2 and 3 emissions. These assessments are currently being used for setting actions in our plants as well as for our purchasing department and logistics department as both scope 3 upstream and scope 3 downstream play a crucial role in Galactic's carbon impact.

ENVIRONMENT

Measuring sustainability performance

Description

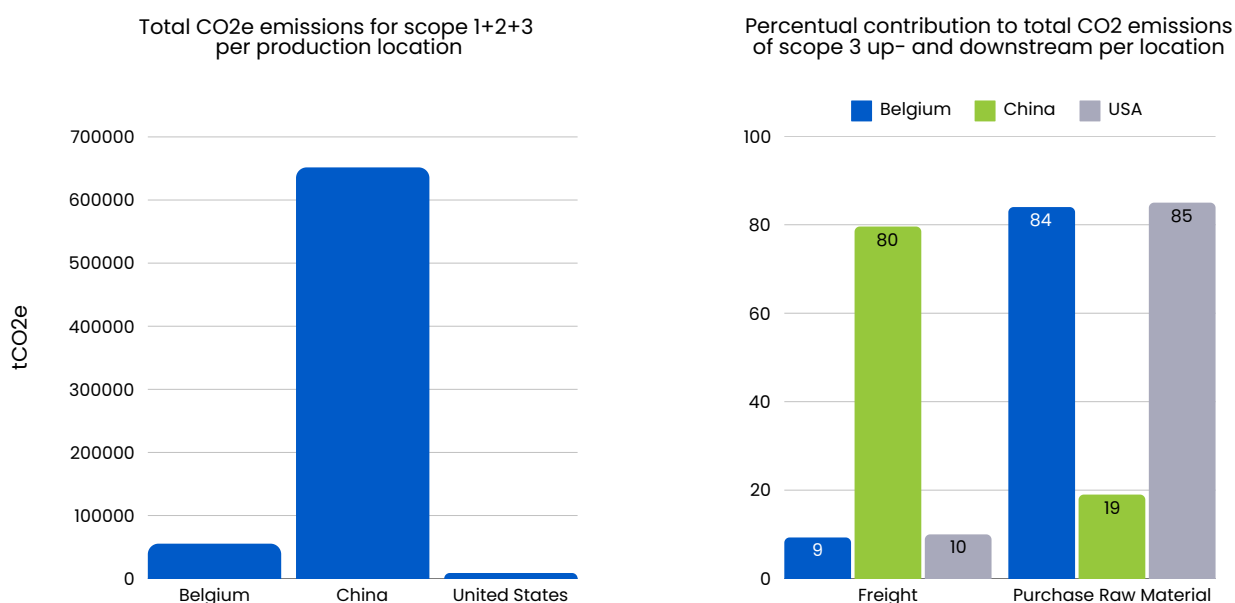
We have measured our performance for sustainability by performing a carbon assessment of our different industrial sites, creating an environmental management system (EMS) in Belgium and extending it to China, and commissioning a life cycle analysis (LCA) study of our heat- stable lactic acid grades.

ACTIONS 2024

Carbon assessment of the Belgian entities (production plant in Escanaffles and office in Anderlecht), Chinese entities (production plant in Ghuzen and office in Bengbu) and the American entities (production plant & offices in Milwaukee) was performed according to the GHG protocol (ISO norm ISO 14064-1:2018).

From the studies, several important lessons were drawn:

- Overall carbon assessment data show that Galactic group results are in line with industry averages.
- In all our locations, more than 95% of our carbon impact was linked to scope 3 emissions with varying importance of the upstream and downstream scope 3 emissions depending on the location.
- Opportunities for more in-depth research in terms of raw materials and logistics were identified.



A uniformized EMS was launched throughout Galactic Group to better monitor its actual performance and guide future improvement efforts.

Critical parameters in terms of energy consumption, water usage, waste treatment and others are followed up on a regular basis. The choice was made to implement the same type of EMS dashboard in all three production locations to share the same language and to be able to compare performance in the group.

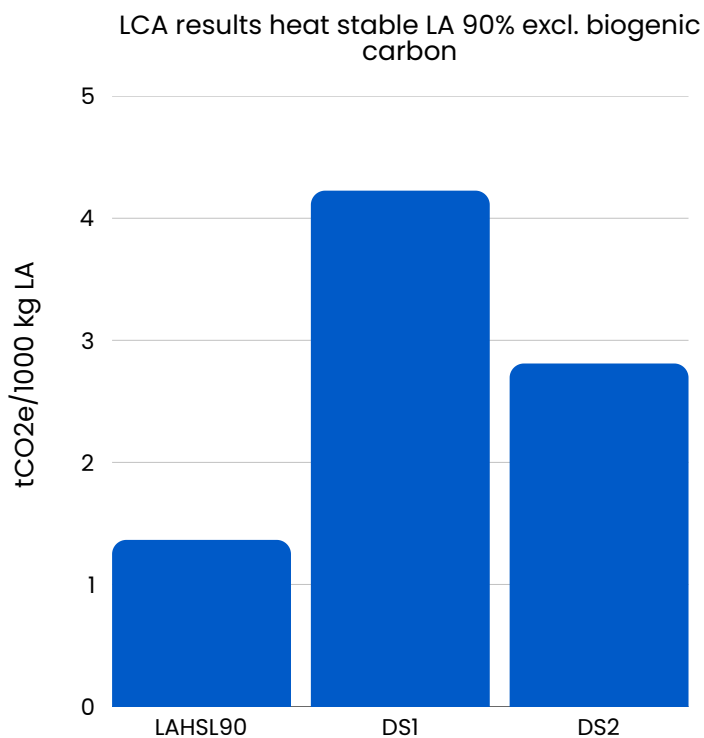
ENVIRONMENT

Measuring sustainability performance

ACTIONS 2024

A cradle-to-gate LCA was performed on Galactic's four heat stable lactic acid grades, lactic acid at 50%, 80%, 88% and 90% (LAHSL90) concentration, produced in our Belgian plant. The choice of this product range was made as sales volumes are high for it, giving them a higher weight on the overall impact of their usage. From the analysis, we can see that comparing our tons of CO₂ eq. per 1000 kg of lactic acid produced with existing datasets (DS1 & DS2 both from Eco Invent v3.10 database) that Galactic products perform at least 50% better and is therefore a sustainable solution.

Galactic used this opportunity not only to get data on this product range, but also to define the framework according to which future LCA data will be calculated.



AMBITIONS FOR 2025:

- **Carbon assessment:** Translation of results into action plan to implement in 2025 in a multi-year plan.
- **EMS:** Extend the dashboard to the US. Furthermore, follow up of global dashboard and best practices workshops between locations to improve global performance are foreseen.
- **LCA:** Definition of priority products for LCA analysis and launching of at least three new LCA analyses worldwide.

ENVIRONMENT

Towards an action plan to reduce environmental impact

Description

Analyzing our sustainability performance from the previous section, we wanted to set objectives and start working on an action plan for reduction in scope 1 & 2 (investments, adapted HR policies, mentality change with climate fresh), scope 3 upstream (supplier code of conduct and towards gathering ESG impact factors from them), and scope 3 downstream (studying if our logistics can be optimized).

ACTIONS 2024

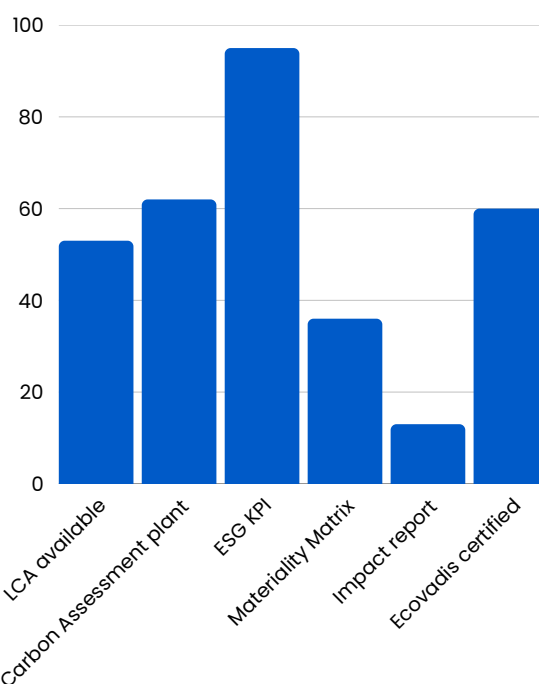
The main environmental impact from Galactic can be retraced to the scope 3 emissions. In that perspective, the focus was on actions to reduce our impact both for scope 3 upstream and downstream:

SCOPE 3 UPSTREAM

- Updating our Belgian supplier code of conduct and focusing on ESG related topics:
- Evaluating the suppliers of our Belgian plant on their ESG maturity with a focus on good practices and improvement objectives. It was clear that our suppliers are advancing on several key ESG-related topics within their organization. This reinforces the belief that Galactic is working with the right suppliers.



Portion of suppliers (% based on business number)



ENVIRONMENT

Towards an action plan to reduce environmental impact

SCOPE 3 DOWNSTREAM

Evaluation of our global logistics flow via train, road and boat was performed. All Galactic production locations manage their own logistics flow. It was noticed that there are opportunities for optimization. A worldwide workshop is being prepared to share results with all logistics managers and initiate the construction of an action plan.

SCOPE 1&2

While our efforts to address scope 3 emissions will have the greatest impact, we also focused on scope 1 and 2 actions to ensure that we make direct, in-house contributions to a change. Furthermore, this also allows all employees to participate in the improvement actions.

- Investments in buildings were made in several of our locations to improve the performance of our buildings as well as the wellbeing of our employees. We started with phase 1 of the renovation of our administrative building in our production plant in Belgium focusing on an optimized quality control lab, better sanitary services and a newly created break room. Our administrative team and application lab team moved to a new location in Bengbu where a full renovation was done to improve overall energy householding. Our brand-new application lab was inaugurated in the first half of 2024.

Application lab China - Bengbu:



- A full revision of our travel and car policy were done for Belgium with a focus on favoring transportation via electric vehicles, public transportation and bicycle. A study is currently ongoing to see how the green principles of these policies can be adapted to the rest of the Galactic group, considering local incentives and habits.



ENVIRONMENT

Towards and action plan to reduce environmental impact

- 2 green home & office policies were rolled out throughout the group to sensitize all employees on energy consumption and savings strategy. A guideline booklet was distributed and campaigns with posters, stickers and quizzes are ongoing to incorporate the good practices of the guidelines in the day-to-day way of working.



- The concept of climate fresh was introduced within Galactic during a workshop with the Green Team. The idea is to raise awareness and to link a set of consequences related to the climate changes. This will be a first step and will be combined with other actions to evoke a cultural change within the Galactic group to ensure employees are acting with our environment in mind.

AMBITIONS FOR 2025:

- Set quantitative targets for scope 1, 2 and 3 reductions globally.
- Study industry standards and good practices in terms of carbon emission reduction to evaluate their potential impact within Galactic; and evaluate the possibility of implementing them to effectively achieve Galactic's objectives.
- Develop a strategy to work together with our suppliers worldwide to sensitize them about the importance of ESG practices and share good practices with them.
- Define a short-to-long-term action plan to improve our logistics flow.
- Roll out sustainable policies on energy consumption and emissions group wide.

SOCIAL



Galactic wants to create a safe, stimulating and welcoming environment for its employees and for the communities close to them. With this purpose in mind, Galactic focused in 2024 on harmonizing its procedures, stressing equal opportunities and wellbeing for current and future employees.

Furthermore, our surveys designed for suppliers, employees and customers were further enhanced with ESG topics to guide our actions in the right direction to achieve higher satisfaction and provide our partners with the right input and support.

SOCIAL

Employee wellbeing

Description

Improving our hiring process, onboarding, employee handbook, training program, etc. We studied our existing materials and updated them in line with good practices from the industry and with a bigger focus on ESG-related topics. On top of that, an internal harmonization between the different parts of the Galactic group was initiated where good practices of the different locations were used to create a unified documentation package with regional differences based on local legislation and needs.

ACTIONS 2024

A set of documents such as our hiring process, onboarding, training program, and our employee handbook were revised, updated and distributed firstly to our Belgian locations.

A matrix was created afterwards to assess the needs of other Galactic locations to harmonize their processes or to establish a procedure that was not formalized before.



Onboarding (Welcome Day) at Escanaffles

AMBITIONS FOR 2025:

- Further implementation and roll out of documentation package developed in 2024 in different locations to ensure a unified view with regional adaptations.

SOCIAL

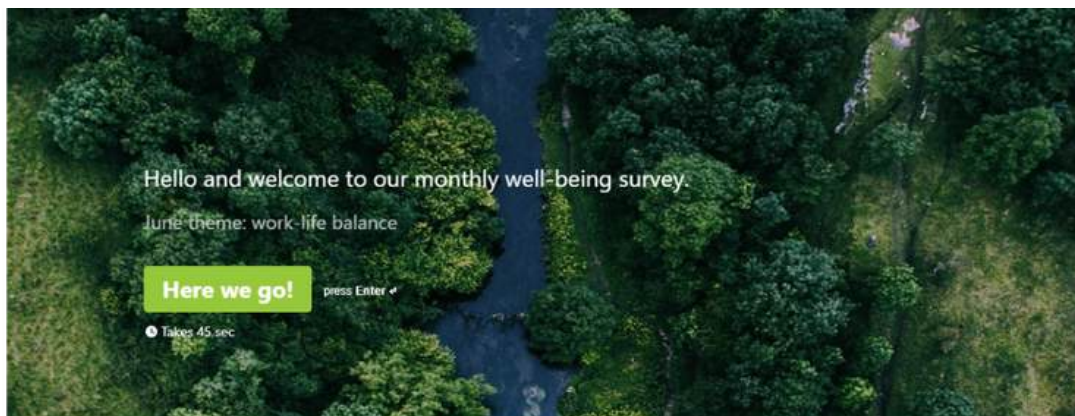
Vertical integration of our ESG vision

Description

Satisfaction surveys were conducted among our employees as well as upstream with our suppliers and downstream with our customers. Existing surveys were extended with ESG-related topics.

ACTIONS 2024

Every month, Galactic employees globally are invited to complete a short satisfaction survey centered around a specific theme. A specific ESG-related satisfaction survey was created for our employees in November 2024. Results show that there is interest in the topics from our employees, but that continuing to inform them about the needs, the challenges and the opportunities are needed to foster a cultural change. Further, a specific section on ESG was included in our yearly satisfaction survey for our distributors and customers from this year on. We understand that this topic is of importance to many of our customers and strengthens our ambition to become a champion in the field of ESG.



AMBITION FOR 2025:

- Continue incorporating ESG topics into satisfaction surveys to better understand the real needs and challenges, and where Galactic can make a meaningful impact.

SOCIAL

Invest in communities

Description

In line with SDG 4 Zero Hunger, we worked with local initiatives across all our locations to combat hunger in our communities, reinforcing our commitment to our actions.

ACTIONS 2024

Each Galactic location worldwide contacted and worked with a local NGO that helps to provide (better) food to local communities in need. Our employees had the opportunity during their working hours to contribute to the daily functioning of these initiatives:

- Restos du Coeur – Brussels (BE)
- Goodtruck – Curitiba (BR)
- Sunshine Love – Bengbu (CN)
- Hunger Task Force – Milwaukee (US)
- Diaconia – Chisinau (MD)
- Noto Peninsula Earthquake Help – Tokyo (JP)



AMBITION FOR 2025:

- Continue the support of local initiatives in line with our SDGs.

GOVERNANCE



The main ESG governance-related actions undertaken during 2024 centered around defining the United Nation's Sustainable Development Goals and internal KPI on which we need to focus within the Galactic group. Several workshops and surveys as well as the stakeholder matrix (double materiality) were carried out in order to define a specific risk within Galactic. Our new Code of Ethics was also part of the concerned actions accompanying specific workshops on fraud and corruption.

GOVERNANCE

Key indicator dashboard

Description

SDGs and KPI definition.

ACTIONS 2024

A set of key SDGs was chosen via a workshop with the Galactic Green Team and validated by the Galactic management team. This set of SDGs was already used in 2024 to guide several projects (e.g. investing in communities and our EMS)



A specific ESG KPI dashboard was created to reflect the main challenges and risks for the Galactic group as well as the major axes for further improvement. This KPI dashboard will be reported during the management meetings.

| Category | Impact Segment | Aspects | Indicator | References |
|----------|--------------------------|---------------------------------------|--|------------------------------------|
| G | Business model | Investments | Percentage of total investments and investments in associates in accordance to ESG as of total investments | SDG: 8, 9, 12, 13, 16 |
| E | Energy | Energy consumption | Total energy consumption per kg produced | SDG: 7, 8, 12, 13 GRI 302 |
| | Energy | Renewable energy | Percentage of energy generated from renewable sources on total energy consumption | SDG: 7, 8, 12, 13 GRI 302 |
| | Air | CO2 emissions | Carbon footprint in kg of CO2 per kg produced | SDG: 11, 12 ISO 14000 6.1 |
| | Waste | Process Waste | Amount (in KG) material waste during production process (mass loss formula) (KG per KG produced) | SDG: 12 ISO 14 000 10.1.1 |
| | Water | Total water consumption (water input) | Annual water consumed in m3 per kg produced | SDG: 6, 8, 12, 14 GRI 303-5 |
| | Water | Fresh water | m3 of wastewater per kg produced | SDG: 6, 12, 14 |
| S | Community | Local sourcing | Percentage of sourced materials from local suppliers ? (-310 km)/Total sourced materials | SDG: 1, 8, 12 Iso 26 000 - 6.4.3.2 |
| | Diversity | Gender equity | Number of women at company level/ total employees | SDG: 5, 8, 10 Iso 26 000 6.3.7.2 |
| | Safety | Injury rate | Percentage of injuries on total hours of work | SDG: 3, 8, 9 |
| | Learning and Development | Learning and development program | Total number of training hours (on any given matter) | SDG: 8, 9 |

AMBITION FOR 2025:

- Defining additional actions in line with our defined SDG goals and follow up of our ESG KPI
- Defining corrective action plans as well as steer strategic decisions to ensure defined KPI goals are achieved

GOVERNANCE

Risk & stakeholder management

Description

An ESG risk matrix and double materiality matrix were built via different workshops and surveys with stakeholders at different levels.

ACTIONS 2024

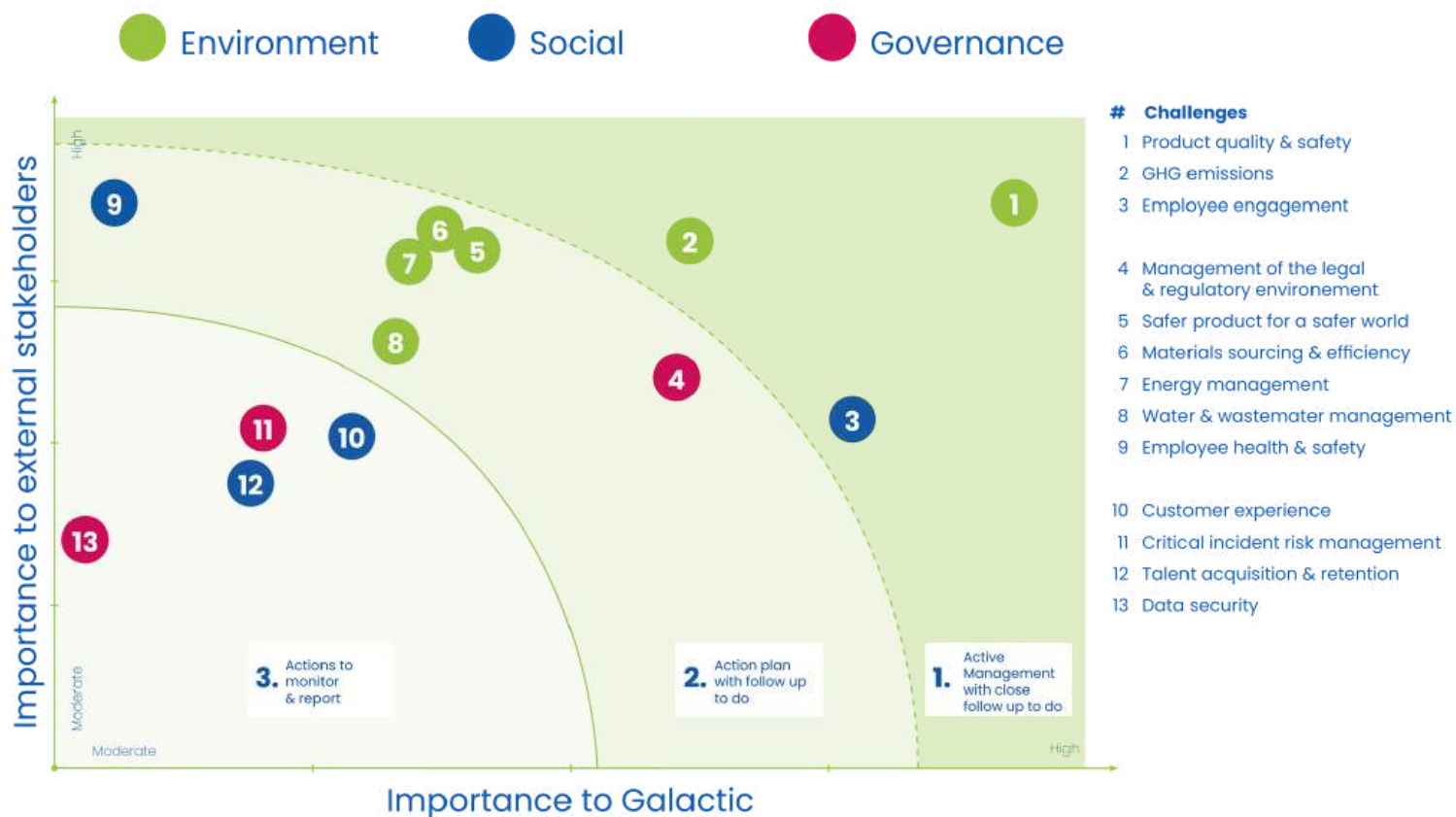
The industry standards for both the risk and double materiality matrix were studied and inspired initial workshops. The Green team and Galactic management team engaged in a series of workshops to shape both matrices, after which, the stakeholders at different levels (suppliers, customers, shareholder, employees) were surveyed to finalize the matrices.

- Risk matrix: a set of risks related to climate change and important to the company were identified and a mitigation plan was developed. The top five themes identified based on the probability of occurrence and severity in case of occurrence are:
 - Raw material costs and availability linked to the climate change.
 - Utility costs and availability linked to the geopolitical situation.
 - Changes and ambiguities in global food additives regulations and requirements.
 - Balancing local production costs with transportation costs and climate impact.
 - Attracting and retaining the right talents in a competitive market.
- Double materiality matrix: A full analysis according to the 12 European Sustainability Reporting Standards was done for the Galactic Group worldwide where both the impact materiality (with positive and negative impacts) was assessed and the financial materiality (with risks and opportunities). The full double materiality matrix of Galactic Group will be integrated in the double materiality matrix of our majority Shareholder Finasucre SA.
- An extraction of some key topics was made from the risk and double materiality matrices and further submitted for assessment of their importance to a larger group of internal stakeholders, i.e. all employees worldwide as well as external stakeholders (banks, suppliers, customers and shareholders) in order to determine the most crucial axes for improvement. The graph shows that the Greenhouse gas emissions, employee engagement and product safety and quality were identified as the most important topics to center actions around and will receive special attention in the action plan for the next four years.

GOVERNANCE

Risk & stakeholder management

Materiality matrix Galactic



AMBITION FOR 2025:

- Communicate with our different stakeholders on these crucial ESG matrices to raise awareness and improve engagement.

GOVERNANCE

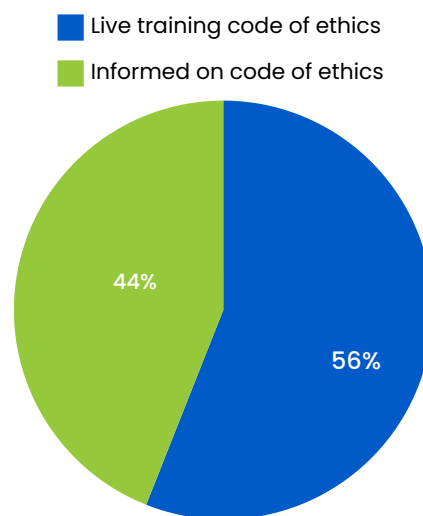
Ethics and corruption

Description

The Code of Ethics presents the fundamental ethical principles that must be implemented in professional practices and behaviors towards all Galactic stakeholders.

ACTIONS 2024

- The existing Code of Ethics was updated and harmonized.
- A whistleblower procedure was established.
- All Galactic employees were informed of the latest version of the code of ethics either by direct participation in information sessions (> 50% of employees worldwide) or via documentation and recordings of information sessions that were made available.
- A deep dive in the principles, risks and correct handling of fraud and corruption-related topics was organized for employees working in purchase, finance and sales as most likely employees could face this topic.



AMBITIONS FOR 2025:

- Integration of the Code of Ethics in the welcome information package for new employees.
- Organization of refresh sessions to ensure internalization of Code of Ethics.



**Let's shape the future
together!**