Materiality – it's all about deciding what matters

The Bidcorp board recognises that disciplined oversight of material topics, risk appetite and tolerance, responsible social and environmental practices, and financial performance are fundamental to the successful execution of strategy.

Materiality and risk appetite assessment

Material topics and the group risk profile are updated as risks evolve, with the annual integrated report providing stakeholders with the key risks identified, management responses, and outcomes.

Bidcorp's materiality and risk management approach considers:

01. Defining our value chain and material topics

The group maps its value chain, from sourcing and procurement to processing, warehousing, distribution and customer service, to identify where stakeholders influence or are influenced by the group.

02. Identifying material topics

Sustainability topics, risks and opportunities are identified with reference to relevant reporting standards and assessed by magnitude and likelihood.

03. Engaging stakeholders

Tailored questions assess assigned sustainability topics, presenting positive and negative impacts to stakeholders and incorporating their insights.

04. Determining double materiality

Quantitative scoring aligned to the group risk assessment process evaluates impact and financial materiality by magnitude and likelihood across markets and geographies.

The GARC, under delegated board authority, considers financial materiality, informed by IFRS S1 and IFRS S2, and impact materiality, reflecting the group's actual or potential effects on society and the environment. This double materiality approach extends beyond the ISSB financial materiality baseline and is informed by ESRS and GRI guidance, investor expectations, the Integrated Reporting Framework, King Code, and the JSE Sustainability Disclosure Guidance.

Stakeholder feedback, internal risk and strategy discussions, and market-specific insights from major operations refine the assessment, ensuring material topics reflect Bidcorp's diverse geographies and operating environments and support value creation across the six capitals.

Inherent and residual risks are mapped by likelihood and magnitude. Inherent risk reflects exposure before management controls are applied, while residual risk is used to assess whether existing controls reduce exposure to within board-approved risk appetite and tolerance levels.

The assessment confirms Bidcorp's most relevant issues and informs organic and acquisitive growth, capital allocation, digital investment, stakeholder responsiveness, and long-term sustainable value creation.

Quarterly reporting supports timely review of changes in the group's risk profile, reinforcing an active risk governance process that is central to the group's governance approach.

[redacted]

Our materiality determination process

Identify

» Businesses report material topics, mitigation actions and implementation plans to the quarterly DARC, with updates reflected in the group risk profile.
» Identify a broad range of business risks and opportunities, including:
  › issues identified in our prior year
  › issues raised by stakeholders
  › significant matters disclosed by peers
  › global and industry-specific issues.

Impact evaluation

» Determine each issue's inherent risk exposure using historical experience and forecast projections.
» Assess the extent to which management influences outcomes.
» Prioritise matters by likelihood and magnitude of impact.
» Consider stakeholder feedback on positive and negative impacts, risks and opportunities.
» Senior management agree the approach to address material topics.
» Map inherent risk on a heat map to assess the risk exposure as measured against the board-approved risk appetite and tolerance range.

Materiality assessment

» Determine each issue's inherent risk exposure using historical experience and forecast projections.
» Assess whether controls and interventions adequately reduce matters that could disrupt value creation.
» Consider management actions to capitalise on value-creation opportunities.
» Map residual risk to assess whether exposure remains within board-approved risk appetite and tolerance levels.

Approval

» The board and GARC challenge, review and approve material topics, risk rankings and alignment with risk appetite.
» Ensure alignment with, and integration into, strategic priorities.
» The outcome informs the annual integrated, sustainability and financial reporting.

Bidcorp's risks and opportunities, ranked by inherent and residual impact, are set out on pages **48** to **49**.