

Section 172 Companies Act 2006 Statement and Operating Responsibly Statement

The directors consider that the decisions taken during the financial year comply with the requirements of s172(1) of the Companies Act 2006.

Directors' statement of compliance with duty to promote the

success of the Group Introduction: Strategy & Commitments

The Board and Group company directors acknowledge that the long-term, sustainable success of the business relies on shared values, trust, and collaboration among all our stakeholders – our people, suppliers, customers, and local communities.

As we continue to operate in an increasingly fragmented global landscape, politically, economically, and environmentally, the Board and directors remain mindful of our stakeholders' views and continually use them to shape our decisions and define the strategic direction across all businesses.

Through our Group wide governance structure, the Board is informed of the material issues that affect stakeholders. This includes periodic board and leadership meetings, during which the impacts of our strategies and consequences for stakeholders are assessed.

Our strategy of developing the best people has ensured that our teams create and deliver plans that promote growth while fostering a culture of trust, transparency, and integrity throughout the supply chain.

In the current reporting period, we are pleased to report on our positive actions and progress in meeting our commitments to operate responsibly for the benefit of people and the planet.

Operating Responsibly Commitments

Our Operating Responsibly strategy provides a roadmap across the Group to maximise our positive social, ethical impacts and minimise our environmental footprint. Focused on three impact pillars: Product, Planet, and People, the core commitments are to:

- Halve our operational food waste by 2030
- Remove unnecessary plastic and increase packaging recyclability by 2025
- Reach Net Zero in our direct operations by 2035
- Support the roll-out of global sustainable agriculture certification programmes by 2025
- Ensure people are treated fairly and that health, safety, and well-being are protected.

Community Impacts

Since 2019, our food redistribution programme has supported communities by providing much needed nutritious, quality fresh food to people at risk of food insecurity. The scale of this programme's reach in communities grows annually. Over the last year, our dedicated team, in collaboration with our long-standing redistribution partners (FareShare and City Harvest), has donated 8.5 million 5-a-day fresh produce portions to people all over the UK.

In 2024, seven supplier partners in Peru and South Africa were awarded £102,000 for social impact projects from a customer global community fund. Within the reporting period, two projects were launched in South Africa, with £22,500 allocated to their support. Five projects are expected to commence in 2025, at which point, the remaining funds will be distributed accordingly. A summary of the project impacts will be reported next year.

Social & Ethical Impacts

Our unwavering commitment to uphold the highest ethical trade and human rights standards ensures that the people working in our supply chain are protected, respected, and treated fairly. Our human rights due diligence approach has increased transparency of the most salient human rights risks. This enables us to develop targeted mitigative plans that enhance supply chain best practices. During the previous 12 months, through proactive stakeholder engagement, the Group's ethical team has emboldened multi-agency collective action among our customers, competitors, and a regional non-governmental organisation to deliver an industry-first project that will improve accommodation and living standards for farmworkers in Morocco. The project's impacts will be reported in our following annual report.

We established a gender equality ambition to advocate for at least 30% of leadership positions to be held by women in 2022. In our third year of reporting, we are pleased to have exceeded our goal, with 52% of leadership positions across the Group occupied by women. Within our global supply chain, 80% of our suppliers have reached the 30% target. Aligned with UN Sustainable Development Goal 5 – Gender Equality and the ambitions of our key customers, we will continue to advocate for gender parity and enhanced engagement to tackle gender-sensitive issues throughout the supply chain.

Our Group Modern Slavery statement demonstrates our public commitment to combat the pervasive and endemic issues of forced labour, modern slavery, and human trafficking in fresh produce supply chains. This year, we are proud to have joined the Modern Slavery Intelligence Network and retained our Stronger Together Advanced Business Partner status, whilst continuing to participate in industry collective action initiatives such as the Food Network for Ethical Trade and Seasonal Workers Scheme Taskforce.

Environmental Footprint

Our environmental goals contribute directly to the UN Sustainable Development Goals (SDGs): Responsible Consumption and Production (12), Affordable and Clean Energy (7), Clean Water and Sanitation (6), Climate Action (13), Life on Land (15), and Partnership for the Goals (17).

Through our growing partnership with AgriGrub Ltd, a novel insect-focused animal feed producer, we have reduced the percentage of inedible food wasted across the Group by 38% compared to our 2019 baseline.

Our packaging experts have made significant progress in our efforts to eliminate unnecessary plastic and increase packaging recyclability. In the current reporting period, we removed over 75 million pieces of plastic, equivalent to 112 tonnes, and 94% of all packaging is now recyclable at home or in supermarket front-of-store recycling facilities.

In our fourth year of Streamlined Energy and Carbon Reporting (SECR), we outlined our obligation to establish science-based targets and transition to renewable electricity across all Group operating sites. 78% of all sites now source renewable electricity, and we plan to transition the remaining by the end of 2025.

Since 2016, we have reduced (market-based) carbon emissions in our manufacturing operations by 43%, which has surpassed our target of a 35% reduction by 2025. We have achieved this by implementing energy efficiency initiatives and sourcing 100% renewable electricity tariffs in all manufacturing & packing sites. In line with the growth of all businesses, we have seen a significant increase in energy use and carbon emissions in our manufacturing and agriculture operations in the last year. Decarbonisation continues as a strategic priority in our roadmap to Net Zero by 2035, for both operations, as defined in our Task Force on Climate-Related Financial Disclosures report.

Over the last two years, our consistent advocacy for sustainable agriculture certification has led 40% of growers in our supply chain to achieve accreditation. By continuously engaging with

our suppliers in the coming year, we plan to procure 70% of all products from sources with sustainable agriculture certification by the end of 2025. In the forthcoming year, our leadership and perseverance in delivering this goal are essential for tackling climate change by protecting and restoring ecosystem services while addressing the multifaceted challenge of reaching Net Zero in agricultural systems worldwide.

Engagement with employees

The Group's goal is to evolve an engaged, motivated and empowered group of employees that understand and embrace the Group's values and objectives. The directors believe that people create the point of difference. The role of Head of People is key to the effectiveness of the Executive Team by elevating employee interests, so they are fully integrated into business strategy and decisions.

The directors engage with the business through regular board meetings with the executive management team and site visits. The executive management team engages with employees through team meetings, Group briefings and where appropriate a one to one meeting on matters likely to affect their interests.

The Group seeks feedback from employees as individuals, using an anonymous employee engagement survey and consults with employees in groups using a regular, minuted, employee forum. This forum is made up of employee nominated representatives and includes at least one of the Group's executive team. This enables the directors to gain timely feedback on the impact to employee interests due to decisions taken throughout the year.

Information on matters of concern to employees and workers is communicated through emailed information bulletins, toolbox talks, and posters displayed in multiple languages on noticeboards. These processes seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

Engagement with suppliers,

customers and others Communities

Our food redistribution programme supports people and communities across the UK at the highest risk of food insecurity. Our teams are committed to ensuring that no edible food is wasted across our UK manufacturing operations and during the current reporting year, donated several million portions of fresh produce, working closely with national redistribution partners, such as FareShare, who have now recognised us as a Leading Food Partner and regional charities including City Harvest focused on serving diverse communities in London.

Inclusion & Development

We are committed to ensure that all people are protected, respected, and treated fairly. Our ethical trade and human rights approach ensures trust by implementing the highest standards of ethical compliance and increases transparency through supply chain mapping and our new ethical risk assessment, which enables us to identify hot-spots and enhance supply chain best-practice through stakeholder engagement.

Our commitment to nurture talent at all levels to develop the best people includes a new commitment to advocate for 30% of leadership positions to be occupied by women within our direct operations and upstream supply chain. Our plan is to continue to build our awareness and increase understanding of gender sensitive issues across the global supply chain through a series of internal and stakeholder engagement activities.

Operating Responsibly

Through our value and commitment to operate responsibly, we aim to minimise the potential negative environmental impacts that may arise from our associated activities and to maximise our positive social, ethical impacts throughout our direct operations and wider, global supply-chain.

Social & Ethical Impacts

Our Modern Slavery statements act as our public commitment to recognise the need to progress our approach beyond a sole reliance on audit to reduce endemic forced labour, modern slavery and human trafficking risks that exist within fresh produce supply chains. We have maintained our Stronger Together Advanced Business Partner status for the fourth consecutive year and continue to participate in multiagency collective action groups including the Food Network for Ethical Trade.

To monitor and improve conditions for workings within our supply chains; all our high-risk suppliers are third party audited annually. In response to an increase in Critical Non-Conformances we have increased the scope of our bespoke risk assessment process, to identify and respond to the most salient risks within our direct supply chain.

Environmental Impacts

Our environmental commitments aim to contribute directly to the following UN Sustainable Development Goals (UN SDGs): Clean Water and Sanitation, Affordable and Clean Energy, Responsible Consumption and Production, Climate Action, Life on Land, and Partnership for the Goals.

We have updated our environmental sustainability commitments over the last two years, focused on reducing our end-to-end food waste, removing plastic packaging, and improving recyclability, protecting and restoring biodiversity, implementing water stewardship practices, minimising office, manufacturing, and agricultural waste through the principles of circular economy. Creating a roadmap to achieve Net Zero by 2035 across our own operations and a greenhouse gas emission (GHG) reduction target aligned to Science Based Target initiative (SBTi).

We have completed our fifth year of Streamlined Energy and Carbon Reporting (SECR), which outlines our commitment to transiting to renewable energy by site and setting further emissions reductions targets by operation aligned through to the SBTi verification process by the end of 2024.

Our achievements against our commitments over the last years include a reduction in the percentage of food wasted in our manufacturing operations. Through our 4R packaging strategy, (to remove, reduce, replace and reuse unnecessary or hard to recycle packaging) we have been able to remove and/or replace several million pieces of plastic with fully recyclable alternatives. The move to renewable electricity sourced through renewable energy guarantee of origin (REGO) certificates across our manufacturing sites has delivered over a 99.5% reduction in carbon emissions since 2016.

Our global supply chain is directly impacted by the effects of climate change, and we recognise the importance of collective action to protect natural resources. In November 2021 a Group company joined the WRAP Water Road Map as supporting suppliers to increase resilience in water stressed areas by improving water quality and availability, and working in collaboration with other businesses, aim to achieve a shared target of sourcing 50% of the UK's fresh food from areas with sustainable water management.

Our continued focus over the forthcoming year is to support sustainable farming through a commitment to achieving LEAF Marque certification (and equivalent environmental standard) across our global agricultural supply chains by 2025. 100% of our UK supply chain achieved LEAF certification in 2021 – 2022; the next phase in working towards global environmental stewardship through the implementation in practice and certification serves as a crucial step in protecting and

restoring the environment for future generations to come.

Disabled employees

We review our Global Diversity, Equity and Inclusion Policy annually and continue to work with external organisations to ensure inclusive practices and procedures are upheld across the Group, where we exercise fairness and ensure that people with disabilities are equally considered. We make reasonable adjustments for people with disabilities (including any colleagues who have become disabled) throughout their career with the Group and ensure our online materials, career site, policies and processes are inclusive of people with both visible and non-visible disabilities. For example, to support fair and objective performance management, we provide training and guidance for line managers that emphasises evaluating colleagues based on skills, capability and demonstrated performance. We also offer leaders and line managers (including those involved in the recruitment process) training covering unconscious bias awareness and mitigation strategies to ensure all are candidates and colleagues assessed based on their experience, merit and contributions.

Operating Responsibly Introduction

As global temperatures escalate, climate change continues to represent salient risks to our business and upstream supply chain. Climate volatility (the increased frequency and severity of extreme weather events) is a disruptive threat to agricultural productivity and livelihoods, with the potential to impact seasonality, crop yields, operating and commodity costs, supply chain infrastructure, customer service levels, and consumer availability.

Over the past 12 months, we have made significant progress in assessing and identifying material climate-related risks in key product categories and have developed targeted adaptation strategies to increase resilience. Looking ahead, together with our stakeholders – customers, suppliers, and people – we must continue to enhance our resilience through a comprehensive approach to scenario analysis, risk mapping, and diversification to exploit key opportunities where single points of failure exist.

In line with our sustainability strategy and company value of **Operating Responsibly**, we remain committed to minimising our environmental footprint for the benefit of the planet and future generations. We will achieve this by implementing long-term, mitigative actions in our direct operations that facilitate the transition to a low-carbon economy. At a global scale, to achieve net zero, we recognise that systemic challenges exist. In the coming year, we aim to increase the transparency of our upstream, Scope 3 emissions, and identify focal areas for decarbonisation (at both a product and country level), whilst continuing to foster collaborative partnerships to support low-carbon transitions across the supply chain.

Governance

Board Oversight of Climate-Related Risks and Opportunities:

The Terradace Holdings Board is accountable for the oversight of business resilience, climate-related risks, and opportunities. In Group-owned primary production, the Group Agriculture Director continually evaluates long-term mitigation strategies and opportunities, including investments in innovative, sustainable agriculture technologies and carbon-reducing initiatives.

The Commercial and Technical Directors across the Group are accountable and responsible for supply chain diversification and resilience plans, which are reviewed periodically at the Board level. The Board approves the Group Operating Responsibly strategy, which is reviewed and updated annually to reflect the material climate-related issues facing our customers, direct

operations, and suppliers. This strategy includes environmental and human rights policies and provides a basis for the Group's long-term, climate-related risk management and mitigation framework.

Management's Role:

The Commercial and Technical leadership teams define supply chain adaptation and risk management strategies for existing and new sources.

The Operating Responsibility commitments are included in the Group performance objectives, and the Board receives periodic updates on progress against climate-related objectives, including greenhouse gas (GHG) emissions, waste reduction, and sustainable agriculture initiatives. The Responsible Sourcing and Senior Technical leadership team review progress against the Operating Responsibility plan monthly; key deliverables and updates are presented biannually in Group wide communications.

In the last year, the Group has extended the scope of climate risk mapping and impact assessment to manage the potential financial impacts of acute and chronic physical climate-related risks. In response to the most salient risks, the Senior Commercial team agrees and implements resilience plans with customers and suppliers. Progress is managed through Governance frameworks, including joint business plans that are reviewed periodically alongside agreed metrics and targets.

Strategy

Climate-Related Risks and Opportunities:

The Group's global supply chain includes over 5,500 production operations (growers and packhouses) in 46 countries. This scale and complexity increases our exposure to potential financial impacts linked to both acute (e.g., extreme weather events) and chronic (e.g., shifting temperature and precipitation patterns) physical climate change hazards, that can disrupt on-farm operations and logistics infrastructure.

Our ability to identify climate-related risks and opportunities over the short, medium, and long term is imperative, and integral to the Group's risk management and resilience strategy.

Climate-related risks and opportunities are identified across multiple climate scenarios and time horizons using the World Wildlife Fund (WWF) water and biodiversity risk filters. The risk filters are applied to producer locations using GPS coordinates to quantify specific physical risks, including water scarcity, flooding, drought, and extreme heat, in addition to transition (regulatory, reputational, and market) risks. Future risk projections are analysed for the years 2030 and 2050, and multiple climate scenarios: 1.5 °C (optimistic), 2°C (current), and >3.5°C (pessimistic) for each sourcing country and site.

This scenario analysis is supplemented by company-level qualitative insights and empirical data from trusted sources such as the World Resources Institute (WRI) and the World Bank Climate Knowledge Portal. The Group Commercial and Technical teams use outputs from these analyses to build climate risk registers and supply diversification strategies.

The key climate (physical and transition) risks linked to the Group's overarching strategic responses are outlined below.

Acute (Time Horizon - short/medium/long): Increased frequency of unpredictable, extreme weather events in the growing cycle/ cropping window (e.g., extreme heat, wildfires, drought, cyclones, flooding, landslides, hail, and sand storms) alters agricultural productivity, including changes in forecasted availability, quality, and/or price:

Potential Risk and Impact:

- **Extreme heat:** The most significant hazard predicted to affect productivity and fixed assets globally. In 2023, extreme heat caused an estimated \$835 billion loss in income globally. Future agricultural production in low and medium human development index (HDI) countries is at the highest risk.
- **Impacts:** Increased labour and production costs due to loss of daylight harvesting/work hours.

Changes in availability, quality, and price due to plant stress (overall yield, fruit size, maturity, sugar levels, sun scorch, internal defects, e.g., stone burn, and internal browning), and increased crop inputs (e.g., irrigation requirements), could increase commodity costs and reduce gross profit margin.

Strategic Response:

- **Sourcing resilience – geographic diversification:** Identify key resilience products and regions through extensive supply vulnerability and crop sensitivity analysis by country.

Increase geographical spread and introduce new sources. Governance framework to monitor implementation and KPIs.

- **Climate-resilient agriculture – crop protection & genetics:** Predictive modelling to select drought and temperature adapted varieties.

Evaluation of hybrid varieties to improve quality, yield, and profile performance to facilitate a move from clonal propagation

Potential Risk and Impact:

- **Floods & storms:** A fivefold increase in annual flood losses in Europe and global hurricane frequency could double by 2050.
- **Impacts:** Increased labour and production costs due to lost time; crop losses and superficial quality defects; increased occurrence and virulence of pathogens, pests, and possibly chemicals.

Increased capital costs to improve flood defences (nature-based interventions and/or enhanced land management practices, rainwater capture and reservoir systems), and overheads due to labour to establish and maintain cover crop areas.

Increased shipping and freight disruptions resulting in delayed vessels.

Strategic Response:

- **Climate-resilient agriculture – protected cropping:** Investment and innovation in outdoor crop cover and/or protection.

Map flood risk sites and understand interventions. Source from protected cropping systems that enhance environmental control (where possible).

- **Sourcing resilience – logistics:** Investment and investigation into alternative vessels, shipping routes, and additional sourcing countries.

Chronic Physical Risks (short/medium/long): A long-term shift in weather patterns /recurring seasonal changes (e.g., increased mean air temperature and low precipitation lead

to increased pest and disease, poor pollination, fruit set, and flowering, soil degradation, and reduced sequestration potential).

Potential Risk and Impact:

- Spain, South Africa, Peru, and the UK are at risk of 10% yield losses due to temperature and rainfall changes in the next 10 - 20 years (in the absence of mitigation).
- **Increased Mean Air Temperature: 2024 warmest year on record;** average global temperature exceeded 1.55°C > pre-industrial level. Direct yield impact due to altered crop phenology and production cycles across key product categories. Decreased cold accumulation hours changes the suitability of existing/established varieties due to altered/advanced bud-break, flowering, and fruit set (stone fruit, kiwi, top fruit, and grapes).
- **Impacts:** Increased vulnerability to inconsistent sizing, damage (e.g., frost, hail, season timing, and length), and pest and disease (i.e., Thrips franseria (stone fruit), Parvispinus thrips (peppers) - could lead to crop losses of 30% in southern Spain).

Strategic Response:

- **Climate-resilient agriculture – protected cropping:** South Africa & Spain - physical crop covers to mitigate evaporation and limit transpiration. Infrastructure to maximise water capture, storage, and reuse systems.

Potential Risk and Impact:

- **Low Precipitation & Water Scarcity:** Agriculture accounts for approx. 70% of global water demand. Natural sources meet no more than 50% of the annual water budget globally, resulting in significant hydrological deficiencies and long-term increased reliance on re-use/desalination. Increased capital costs to improve water efficacy practices

Strategic Response:

Climate-resilient agriculture – water security: Optimising storage capacity and investment in systems that support reuse and more efficient usage through precision irrigation, predictive 'smart' fertigation, and drone technology.

Transition Risks (Medium - Long term):

Market Risk:

- **Carbon pricing mechanisms:** The potential introduction of emissions taxes for the agricultural industry could disrupt pricing mechanisms and increase the cost of raw materials and overall operating costs.

Strategic Response:

- Continual review of regulation and policy requirements and any changes that may impact the Group's energy requirements/strategy.
- Energy and GHG reduction plans for manufacturing and agricultural operations as significant energy-consuming sites across the Group.
- Investigate and understand low-carbon technologies for use in manufacturing and agriculture.

Technological Risk:

- **Costs to transition to lower-carbon:** Investment may be required to trial lower carbon technology to achieve net zero.

Strategic Response:

- Increase understanding of availability and access to low-carbon innovation across the supply chain.

Regulatory Risk:

- **Reporting:** Mandatory scope 3 emissions reporting and impending CSRD requirements will increase scrutiny of upstream farming practices.

Strategic Response:

- Streamline and enhance data transparency using automated systems to improve data quality, identify decarbonisation hotspots, and better support supplier engagement.

Reputational Risk:

- **Transparency:** Increasing government and customer demand for transparency and action to meet science-based climate change commitments.

Strategic Response:

The Group has established a Net Zero commitment and aims to review and align to the Science Based Targets Initiative (SBTi) framework in the coming year.

Risk Management

Risk Assessment & Identification:

Our risk assessment and identification methodology has evolved over the last 12 months. The Group has established a climate risk and resilience framework, which provides detailed supplier vulnerability and crop sensitivity analysis by country.

The Group has also formalised a new risk register to capture the direct impacts of climate-related events, linked to seven climate hazards (extreme heat, wildfires, coastal flooding, fluvial flooding, tropical cyclones, drought, and water stress) in our supply chain.

The framework prioritises physical risks linked to water stress, temperature, and biodiversity loss. Additional risk parameters include: quality, pest and disease incidence, chemical hazards, labour availability, geo-political stability, regulatory risks, cyber security, logistics, and packing site stability.

Mitigation Measures & Climate-Related Opportunities:

The Group's risk management strategy focuses on strengthening supply chain resilience. Key opportunity areas and actions include:

1. Sourcing Resilience & Adaptation

- **Geographic diversification:** Expanding strategic supplier relationships and sourcing regions

to reduce concentration risk and improve supply continuity.

2. Climate Resilient Agriculture

- **Protected cropping systems:** Increasing reliance on environmentally controlled production to mitigate the effects of extreme weather events.
- **Water efficiency and security:** Investing in water storage, reuse systems, and improved irrigation efficiency, especially in water-stressed sourcing regions.
- **Genetics & variety development:** Using predictive models and stress testing to select varieties resilient to drought and heat, including trialling hybrid strawberry material to improve yield, quality, and reduce clonal propagation dependency.
- **Biodiversity monitoring:** Collaborating with AI-driven innovators to assess ecosystem health via acoustic monitoring and species recognition in outdoor and protected systems.

3. Energy Efficiency & Decarbonisation

- **Energy transition:** Conducting lifecycle-based energy planning to shift toward lower-carbon systems. This includes transitioning Group-owned agriculture sites to combined heat and power (CHP), though full implementation is now projected for 2025 due to National Grid technical delays.
- **Scope 3 emissions tracking:** Enhancing upstream transparency using automated systems (e.g., M2030 and Mondra) to improve data quality, accelerate reporting efficiency, and supplier engagement.

4. Industry Collaboration & Collective Action

- **Site-level interventions:** Supporting (and investing in, where relevant) on-farm multi-agency collaborations focused on nature-based mitigation measures.

WRAP & WWF partnerships: As a signatory to the WRAP Water Roadmap and the UK Food and Drink Pact (formerly Courtauld Commitment 2030), we have committed to support the industry-wide target to source 50% of UK fresh produce from areas with sustainable water management. The Group actively participates in collective action initiatives, including a multi-stakeholder project launched in 2024 to tackle water stress in Southern Spain.

5. Supplier Engagement

Over the next 12 months, the Group will expand our engagement with strategic suppliers to map site-specific climate mitigation strategies. The insights from this activity will be incorporated into the company's future climate risk assessment and management plans.

Metrics and Targets

Green House Gas (GHG) Emissions

The Group's Net Zero 2035 ambition focuses on GHG emissions in our direct operations; specifically, activities in agriculture, manufacturing, offices, and property services. Our near and long-term supply chain targets align with those of our customers and focus on sustainable agriculture practice and the ubiquitous challenge of decarbonisation in primary production. Key

climate metrics, targets, progress, and next steps are outlined below:

1. Transition to renewable electricity via REGO certificates in our own operations.

Target: 100% renewable electricity via REGO by the end of 2025.

Progress and Next Steps: 78% of all operational sites have transitioned to 100% renewable electricity via REGO. Remaining operational sites (4) to transition by end of 2025.

2. Scope 1 and 2 (market-based) emissions from manufacturing operations.

Target: 35% reduction by the end of 2025 (vs. 2016 baseline).

Progress and Next Steps: 43% reduction in CO₂e vs. 2016/17 (1140 tonnes CO₂e) to 2023/24 (651 tonnes CO₂e).

Due to changes in the scope of manufacturing operations and target setting aligned to SBTi methodology, a new baseline will be set by the end of FY 2025/26.

3. Total Scope 1 - 3 GHG emissions across our own operations.

Target: Reduce emissions to net zero by the end 2035.

Progress and Next Steps: Group carbon footprint 10,105 tonnes kgCo₂e

(direct operations only). Location-based emissions increased YoY (207%) due to agriculture and manufacturing.

Total emissions: Establish new SBTi FLAG and non-FLAG baseline and target, including near-term and long-term reduction targets, by the end of FY 2025/26.

Agriculture emissions: Identify opportunities and the financial viability of alternative energy sources to replace fossil fuels.

Agriculture & manufacturing emissions: Investigate refrigerant system efficiency, including opportunities to switch to refrigerant gases with a lower global warming potential.

Long term: Develop plans to tackle unavoidable emissions, through increased understanding of credible Gold Standard/Kyoto-compliant offset initiatives and nature based insetting methodologies, as members of the BRC Mondra coalition.

4. Growers with sustainable agriculture/ on-farm environmental certification.

Target: 75% of Group growers certified by April 2026.

Progress and Next Steps: 40% growers certified 2023/24.

Change in reporting to incorporate two targets - LEAF certification by end 2025 and on farm environmental certification (SIZA, SPRING, Alliance for Water Stewardship) by April 2026.

5. Total Scope 3 emissions across value chain.

Target: Reduce emissions to net zero by end of 2050

Progress and Next Steps: Total product carbon footprint mapped for 70% Group turnover using Mondra software.

Establish new SBTi FLAG and non-FLAG targets, including near-term and long-term reduction targets, by the end of the reporting year 2025/26.

Expand Scope 3 emissions to identify key areas for long-term plans to tackle unavoidable emissions from 2025
- 2027.

Group scope 1 – 3 emissions have increased 207% compared to the previous year due to the scale of growth across manufacturing and agricultural activities. Operational activities within Agriculture Investments and Integrated Service Solutions contribute to the most significant energy consumption and greenhouse gas emissions across the Group (> 90% of all energy consumed). Agriculture and manufacturing operations are also the principal consumers of fossil fuels, so decarbonising both operations through innovation and investment continues as a priority in the medium and long term.

As a priority for the year ahead, Group net zero and emissions reduction targets will be reviewed in line with the company emissions baseline year recalculation policy (outlined in the Terradace Holdings Limited Streamlined Energy and Carbon report 2023/24), The new targets will take into account incremental manufacturing capacity in our direct operations and target setting aligned to Science Based Targets Initiative (SBTi) methodology to include FLAG (Forests, land and Agriculture) and Non-FLAG emissions targets in our direct operations, and both upstream (supplier primary production) and downstream (waste and transport) supply chains.

Conclusions & Next Steps

We are optimistic about our progress over the last 12 months to increase the transparency of our climate-related risks, which, through a robust risk management response has increased resilience for our business and stakeholders.

Our adaptation and mitigation priorities for the year ahead are as follows:

1. Risk assessment: Continue to update climate-related horizon scanning, scenario analysis, and risk registers to inform medium to long-term sourcing resilience plans.
2. Risk management: Continue to implement sourcing resilience and diversification plans. Develop Group-wide, strategic supplier relationships that ensure the continuity of supply and positively impact customer service levels and consumer availability.
3. Risk management: Increase the use of renewable electricity across our direct operations to 100%. Investigate and implement lower-carbon energy initiatives.
4. Risk management: Expand the extent of our upstream, supply chain GHG emissions measurement. Identify priorities for collaborative action with suppliers and multi-agency stakeholders to tackle emissions hotspots.
5. Climate-related metrics & targets: Establish a new baseline for greenhouse gas emissions targets in our direct operations aligned with SBTi methodology.

Sources:

- 2024: record-breaking watershed year for global climate - Met Office
- Climate Analytics | Climate Action Tracker: 2024 warming projection
- Extreme sea levels and coastal flooding in Europe | European Environment Agency's home page
- WEF_The_Global_Risks_Report_2024
- Impacts of Climate Change and Heat Stress on Farmworkers' Health: A Scoping Review - PMC
- WMO confirms 2024 as warmest year on record at about 1.55°C above pre-industrial level

- Living Planet Report 2024