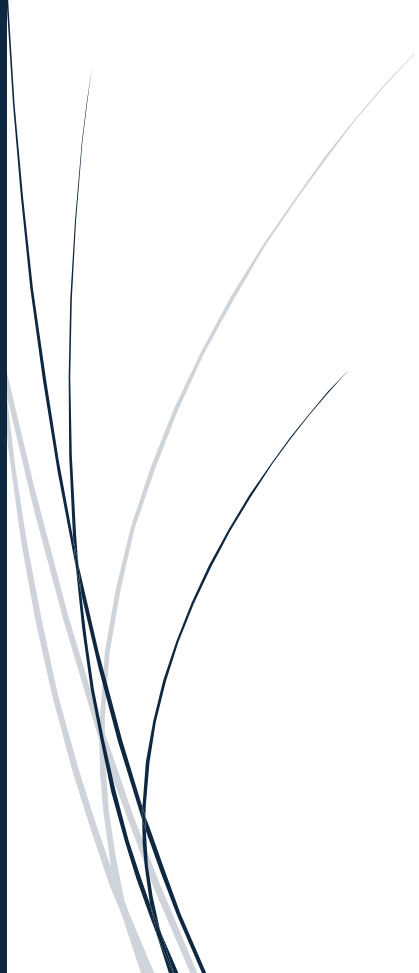




Terradace Holdings Limited

Section 172(1) Statement



Introduction

In accordance with Section 172(1) of the Companies Act 2006, the Terradace Holdings Limited Group (“the Group”), Board (“the Board”) and Company Directors, consistently uphold their duty to act in good faith to promote the long-term success of the business for the benefit of all key stakeholders. This includes our people, customers, suppliers, and the communities in which we operate, alongside consideration of the environmental impact of our activities and the importance of maintaining high standards of business ethics and conduct.

This approach is embedded within our culture and supported by a continued focus on shared values, trust, transparency and constant collaboration within our teams and with our strategic (upstream and downstream) partners.

Stakeholder Considerations & Decision-Making

While we continue to operate successfully within an increasingly complex and evolving geopolitical environment, the Board and Directors acknowledge the importance of remaining agile and attentive to stakeholder perspectives, which continually inform decision-making and shape the Group’s strategic direction. This is particularly relevant in the fresh produce sector, where the need to adapt approaches to maintain supply chain resilience, respond to climate-related impacts, and manage emerging responsible sourcing risks remains critical to long-term success.

Governance & Oversight

The Board is regularly informed of material issues affecting stakeholders through structured governance and reporting processes. Board and leadership meetings incorporate consideration of the likely long-term consequences of decisions and their impact on stakeholders into key decision-making processes.

Through our well-established Group Trading Board Governance framework and company-level leadership meetings, stakeholder considerations are embedded in all important decision-making processes, ensuring that long-term outcomes are balanced with stakeholder interests and aligned with the Group’s strategic priorities.

Developing the Best People

Our focus on developing the best people continues to support sustainable growth, underpinned by a culture of trust, transparency, and integrity across our operations and supply chain.

During the year, this has been strengthened through initiatives such as the Future Leaders programme, bringing together colleagues from across the Group to build leadership capability and address key business challenges. The programme will conclude in 2026, with outcomes reported to the Board and in the next Annual Report.

We also engage employees through a range of formal and informal channels, including annual company conferences, employee-voted values awards, focus groups, line management academies, and a confidential whistleblowing channel. These mechanisms support feedback, recognition, and capability building, while reinforcing our culture and values. Insights from this engagement inform leadership decision-making, people strategy, and continuous improvement across the Group.

Supply Chain Resilience & Diversification Decisions

Given the scale and complexity of the Group's global supply chains, supply chain resilience remains a key consideration in Board and management decision-making. This includes ongoing evaluation of climate-related, geopolitical, and operational risks that may impact the continuity of supply, intrinsic product quality, and the ability to meet consumer expectations for a consistent and enjoyable eating experience, availability, and affordability.

Decisions regarding sourcing and supply chain diversification, expansion of the operational footprint in the UK, and entry into new sourcing regions are informed by a structured risk assessment. This includes technical due diligence, supplier capability reviews, and alignment with customer requirements.

The Group works closely with customers and suppliers when developing new supply chains, ensuring that appropriate controls, technical standards and governance frameworks are established from the outset. This includes early engagement with suppliers, site visits in source countries, and allocating sufficient lead time to support onboarding and effective risk mitigation.

Through this approach, the Group balances growth opportunities with robust risk management, supporting continuity of supply, maintaining product integrity, and working with suppliers to build capability and long-term suitability, while operating within UK market and legislative expectations and delivering long-term value for customers as key stakeholders.

Operating Responsibly Commitments & Progress

Our Operating Responsibly strategy provides a clear framework to maximise positive social and ethical impacts while minimising our environmental footprint. Structured across Product, Planet and People, it defines our core commitments and priorities.

During the year, we have progressed delivery while refining targets where required. Our key commitments are to:

- Halve operational food waste by 2030
- Remove plastic and increase packaging recyclability by 2027. (Updated to reflect extended producer responsibility requirements from 2026 to 2029)
- Reach Net Zero in direct operations by 2035
- Advance sustainable agriculture certification programmes by 2026. (Updated to reflect new customer-specific risk-based requirements).
- Ensure fair treatment, and protect health, safety and wellbeing across operations and supply chains

Environmental Footprint

Our environmental approach supports key UN Sustainable Development Goals, including Climate Action, Clean Water, Responsible Consumption, and Life on Land.

Progress during the year includes:

- Diverting 1,448 tonnes of product from waste streams through a partnership with AgriGrub
- Removing 134 million units of plastic from primary packaging since 2017
- Transitioning 85% of operational sites to renewable electricity, with full transition targeted by 2026
- Advancing sustainable agriculture certification, with 66% of global growers, group-wide accredited

While we recognise there is still more to do, these actions, which require sustained and deliberate effort over time, continue to support the Group's commitment to reducing environmental impact while strengthening supply chain resilience and long-term sustainability.

Community Impacts

Our food redistribution programme continues to support communities by providing quality fresh produce to those at risk of food insecurity. Over the past year, 7.7 million fresh produce portions have been donated through partnerships with FareShare, City Harvest, and The Bread-and-Butter Thing.

Social and Ethical Impacts

We remain committed to upholding high ethical trade and human rights standards across our supply chain. During the reporting period, we strengthened our approach to modern slavery, publishing separate statements for Fresh Produce Partners, Direct Produce Supplies, and dps(M&S) for the first time. This enhances transparency and supports alignment with customer expectations and stakeholder priorities. Collective action in the UK remains a focal point of our Group through finalising and formalising our membership to the Modern Slavery Intelligence Network and continuing to retain our Stronger Together Advanced Business Partner status, whilst strengthening participation in industry collective action initiatives such as the Food Network for Ethical Trade (FNET) and Seasonal Workers Scheme Taskforce.

Outside of the UK, we have funded and supported collective action initiatives in Morocco to improve accommodation standards for farmworkers in key regions such as Agadir, as well as funding in-country worker roundtables to strengthen engagement and worker voice. Looking ahead, this work will form the strategic basis for establishing a permanent industry forum to advance labour rights and address emerging human rights risks.

Lastly, during the reporting year, in response to evolving, increasingly interconnected human rights and environmental risks, and the potential to impact on both rightsholders' needs and customer brand reputation, we recognised the need to reinvigorate and enhance our human rights and environmental due diligence approach and action plans under our Operating Responsibly strategy.

We initiated an independent human rights and environmental due diligence risk assessment, incorporating quantitative and qualitative analyses of existing systems, along with engagement with senior leadership through focus groups and surveys across employees at all levels of the Group.

This work was undertaken at an important point in supporting alignment with international frameworks such as the UN Guiding Principles on Business and Human Rights (UNGPs), emerging regulatory requirements, including the Corporate Sustainability Due Diligence Directive (CSDDD), and informing the development of a three-year human rights and environmental due diligence strategy. This strategy is focused on improving community livelihoods and working conditions for rights

holders, while building internal capability and strengthening awareness of human rights risks across the Group.

In the coming year, the insights from the review will be used to increase customer alignment and supplier engagement, and to support long-term responsible sourcing risk management, ensuring the Group remains true to its aim of doing the right thing and operating responsibly to protect people and the planet for generations to come.

This Section 172(1) statement has been prepared in accordance with the Companies Act 2006 and forms part of the Strategic Report of Terradace Holdings Limited for the year ended 30 September 2025. The statement has been approved by the Board and is published on the Company's website in accordance with the statutory reporting requirements.