

Climate Policy

SUS 11

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1. Purpose

Climate change affects us all, whether through the physical risk it can have due to increased extreme weather events or through the potential impact it can have on the global economy and society at large, exacerbating existing vulnerabilities and inequalities. The global economy could lose 10% of its total economic value by 2050 if temperatures continue to increase at the current trajectory¹. According to the UNHCR, in 2022 the number of displaced people due to climate change increased by 41% from 2008 levels². Climate change both impacts and is impacted by our food system, which contributes to around a third of greenhouse gas (GHG) emissions³, causing rising temperatures which impact agricultural productivity and food security. For these reasons, it is urgent for food companies to take meaningful action to reduce the impact of climate change.

If the diets of the G20 nations today were adopted worldwide by 2050, we would require up to seven planets to support us⁴. As individuals, shifting to healthy and sustainable diets will support global efforts to address climate change.

Our Role:

As a branded food champion delivering the next generation of food, we play a crucial role in addressing climate change by innovating and offering lower impact products across our categories. We also recognise the impact our value chain – including our operations, ingredients, logistics, packaging – has on the climate. We are working towards clear, science-based decarbonisation goals for 2030 and 2050, in line with a 1.5°C world as envisioned by the Paris Agreement.

2. Policy Statement

We are guided by the following principles to drive climate action across our value chain:

Principles:

- 1) **Inspire the shift to healthy and sustainable diets:** Create delicious, natural, nutritious foods that are required to meet the shift to low-carbon, sustainable diets. This shift results in avoided climate impacts known as ‘avoided emissions’ according to the GHG Protocol.
- 2) **Innovate good food:** Innovate the next generation of delicious food and develop new, lower-carbon solutions for packaging and operations. Innovation helps create products that consumers love, supporting the adoption of healthy and sustainable diets.

¹ ‘The economics of climate change: no action not an option’ Swiss Re Institute, April 2021 [swiss-re-institute-expertise-publication-economics-of-climate-change.pdf \(swissre.com\)](https://www.swissre.com/insights/publications/2021/04/the-economics-of-climate-change-no-action-not-an-option)

² <https://www.unhcr.org/uk/news/stories/climate-change-and-displacement-myths-and-facts>

³ [Food and Climate Change: Healthy diets for a healthier planet | United Nations](https://www.un.org/press/en/2021/04/210401-food-climate-change-healthy-diets-for-a-healthier-planet)

⁴ EAT, Dr Brent Loken, (2020)- ‘Diets for a Better Future- Rebooting and Reimagining Healthy and Sustainable Food Systems in the G20’ [Diets-for-a-Better-Future_G20_National-Dietary-Guidelines.pdf \(eatforum.org\)](https://www.eatforum.org/wp-content/uploads/2020/06/Diets-for-a-Better-Future-G20-National-Dietary-Guidelines.pdf)

- 3) **Deliver against science-based targets:** Align our climate goals to the 1.5°C decarbonisation goals enshrined in the Paris Agreement, following the latest science. Deliver our near-term targets by 2030 and long-term targets by 2050 of decarbonisation of our Scope 1, 2, and 3 emissions from our 2020 baseline.
- 4) **Share and promote high quality climate data:** Use product environmental data to influence and inform consumer choices. Claims will be based on ISO compliant, PEF aligned, peer reviewed life cycle assessments (LCAs). Claims we will be substantiated by published methodology documents and, when available, align to internal guidance. We will partner with retailers to support their climate transition through low-carbon products and high-quality data.
- 5) **Be equitable:** Provide more affordable, more sustainable foods, accessible to different socio-economic groups, and ensure our products are accessible to people in the markets in which we operate.
- 6) **Value chain collaboration:** Collaborate with innovators, scientists, creators, chefs, suppliers, retailers, and partners for cross-sector solutions to drive towards a healthy, sustainable food system, supporting decarbonisation across the value chain.
- 7) **Advocate for climate action:** Advocate for effective policy by working with the sector, industry peers, governments and NGOs to enable climate action and sustainable diets across our value chain.
- 8) **Transparent & accountable:** Always be transparent in our communications; clearly reporting progress; including genuine intent, key learnings, and challenges; and aligning to internationally recognised frameworks (e.g. TCFD, CSRD) including our material climate risks and/or opportunities.
- 9) **Inspire and enable collective action for sustainable food systems:** Empower our colleagues to be our greatest advocates for healthy, sustainable foods. Foster our workforce and beyond by creating a community that supports leaders, innovators, and creators within the food sector. Play an active role in convening, inspiring and mobilising key players in our sector, exploring opportunities to accelerate the global dietary shift towards a more sustainable food system.

Targets:

Climate targets: We have committed to reach **net-zero GHG emissions across all three scopes by 2050**. Our reduction approach and targets from our 2020 baseline have been set based on the most applicable Science-Based Targets Initiative (SBTi) approach for our sector.

Near-term targets (by 2030):

- 80% reduction in GHG emissions across Scope 1 and 2
- 25% reduction in Scope 3 Non-FLAG GHG emissions from purchased goods and services, fuel and energy related activities, and upstream transportation and distribution
- 30% reduction in Scope 3 FLAG GHG emissions

Long-term Targets (by 2050):

- 95% reduction in Scope 1 and 2 GHG emissions
- 90% reduction in Scope 3 Non-FLAG GHG emissions
- 72% reduction in Scope 3 FLAG GHG emissions

Other commitments supporting our Climate Policy and Sustainability Framework are detailed in our Flora Food Group Annual Report 2024.

Governance:

The Board holds accountability for climate-related matters with the Chief Operating Officer and Product Officer (COPO) as executive sponsor, delegating to the Chief Sustainability Officer (CSO) for strategy and implementation.

For details on governance oversight and information on how remuneration is linked to climate ambition, please see our integrated annual reports which are published on our website.

As a member of our Executive Committee, the COPO is the executive sponsor of the Climate Transition Plan and has approved it along with the relevant Executive Committee members.

The Compliance Committee is accountable for Flora Food Group's policy framework and therefore approved this Climate Policy. The Compliance Committee includes representatives of Flora Food Group's Board and Executive Committee.

3. Scope / Applicability

This policy applies to all our operations and value chain across our operating markets, including Flora Food Group employees, consultants and contractors across the breadth of our business. Where Flora Food Group does not have operating control, we encourage our partners to demonstrate the commitments reflected in this policy through contractual agreements.

4. Definitions

1.5°C (aligned) world: Based on The Intergovernmental Panel on Climate Change (IPCC)'s Special Report on Global Warming of 1.5°C (SR15, 2018), the report was widely accepted as a warning that we must limit global temperature rise to 1.5°C above pre-industrial levels and reach net-zero CO₂ emissions by 2050 for the best chance of avoiding catastrophic climate breakdown. The report includes over 6,000 scientific references and was prepared by 91 authors from 40 countries. (Source: SBTi website)

Climate change: Per the United Nations Framework on Climate Change (UNFCCC), climate change is a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods. (Source: IPCC website)

FLAG GHG Emissions: GHG emissions related from forest, land and agriculture activities. (Source: SBTi website)

Greenhouse gases: Greenhouse gases are those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of terrestrial radiation emitted by the Earth's surface, the atmosphere itself and by clouds. This property causes the greenhouse effect. Water vapour (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄) and ozone (O₃) are the primary GHGs in the Earth's atmosphere. (Source: IPCC website)

Net zero: Setting corporate net-zero targets aligned with meeting societal climate goals means: (a) reducing Scope 1, 2 and 3 emissions to zero or a residual level consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C scenarios or sector pathways and (b) neutralizing any residual emissions at the net zero target date – and any GHG emissions released into the atmosphere thereafter. (Source: SBT Net Zero Standard Guidance)

Scope 1: Direct GHG emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.; emissions from chemical production in owned or controlled process equipment. Direct CO₂ emissions from the combustion of biomass shall not be included in Scope 1 but reported separately. GHG emissions not covered by the Kyoto Protocol, e.g. CFCs, NO_x, etc. shall not be included in Scope 1 but may be reported separately. (Source: GHG Protocol: A Corporate Accounting and Reporting Standard)

Scope 2: Scope 2 accounts for GHG emissions from the generation of purchased electricity, steam, and heating/cooling consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated. (Source: GHG Protocol: A Corporate Accounting and Reporting Standard)

Scope 3: Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company. Some examples of Scope 3 activities are extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services. (Source: GHG Protocol: A Corporate Accounting and Reporting Standard)

5. Related Documents

- a. Code of Conduct
- b. Business Partner Conduct
- c. Annual Report, ESG Addendum & Data Pack
- d. Responsible Sourcing Policy
- e. Better Packaging Policy
- f. Environmental Policy
- g. Portfolio Claim Environmental Methodology
- h. Avoided Pressures Environmental Methodology

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