

HILTON FOODS
TRANSITION
PLAN

FIRST ITERATION

NOVEMBER 2024

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Our Transition Plan provides the business and our partners with a clear, robust roadmap to accelerate progress to our strategic ambition.

Steve Murrells CBE
Group Chief Executive Officer



Our Transition Plan will evolve and grow over time to move with these changes and with the collaboration of our partners.

Lorna Schneider
Group Chief Quality and Sustainability Officer

Introducing our Transition Plan



Steve Murrells CBE
Group Chief Executive Officer

Hilton Foods has grown significantly since our founding 30 years ago into becoming an international protein partner of choice. Evolving from our first site in Huntingdon to now supplying customers globally with high quality meat, seafood, prepared products and supply chain services.

As we look to continue our growth over the next 30 years, we can be sure that the growing physical impacts of climate change throughout our value chain will pose significant challenges for our business. Our Transition Plan serves as a roadmap for how we will reduce our contribution to climate change and improve the business' resilience; reducing our exposure to volatile energy prices, improving animal wellbeing and enhancing the health of ecosystems.

Our continued growth also brings with it responsibilities. Hilton Foods' combined Scope 1, 2 & 3 emissions are comparable with a medium sized country and we understand the unique role that the food sector can play in achieving the Paris Agreement. To this end, we have set ambitious Science-Based Targets to significantly cut our emissions by 2030 on our journey to reaching net zero by 2048.

Our Transition Plan complements the broader progress we have already made with our Sustainable Protein Plan. Since 2020, we've achieved a 42% reduction in food waste, removed 1,971 tonnes of plastic packaging and reduced our emissions by 14%. Our Transition Plan provides the business and our partners with a clear, robust roadmap to accelerate progress to our strategic ambition.

Food production is responsible for approximately 30% of global emissions, with a large portion coming from protein production. Agriculture and fishing are also contributing significantly to the decline of natural ecosystems globally. As a sector, we have a duty to transition to a food system that not only protects but actively enhances our environment.

Hilton Foods' transition journey represents an enormous opportunity to create long-term value, not only for our stakeholders but also for the communities and ecosystems we depend on.

The future will bring challenges and developments in ways we cannot fully predict, science is improving, new interventions are being developed and our business itself is constantly evolving. Our Transition Plan will evolve and grow over time to move with these changes and with the collaboration of our partners. We hope that by being transparent with our plan, it will support our partners in aligning to our strategy as well as delivering their own goals.

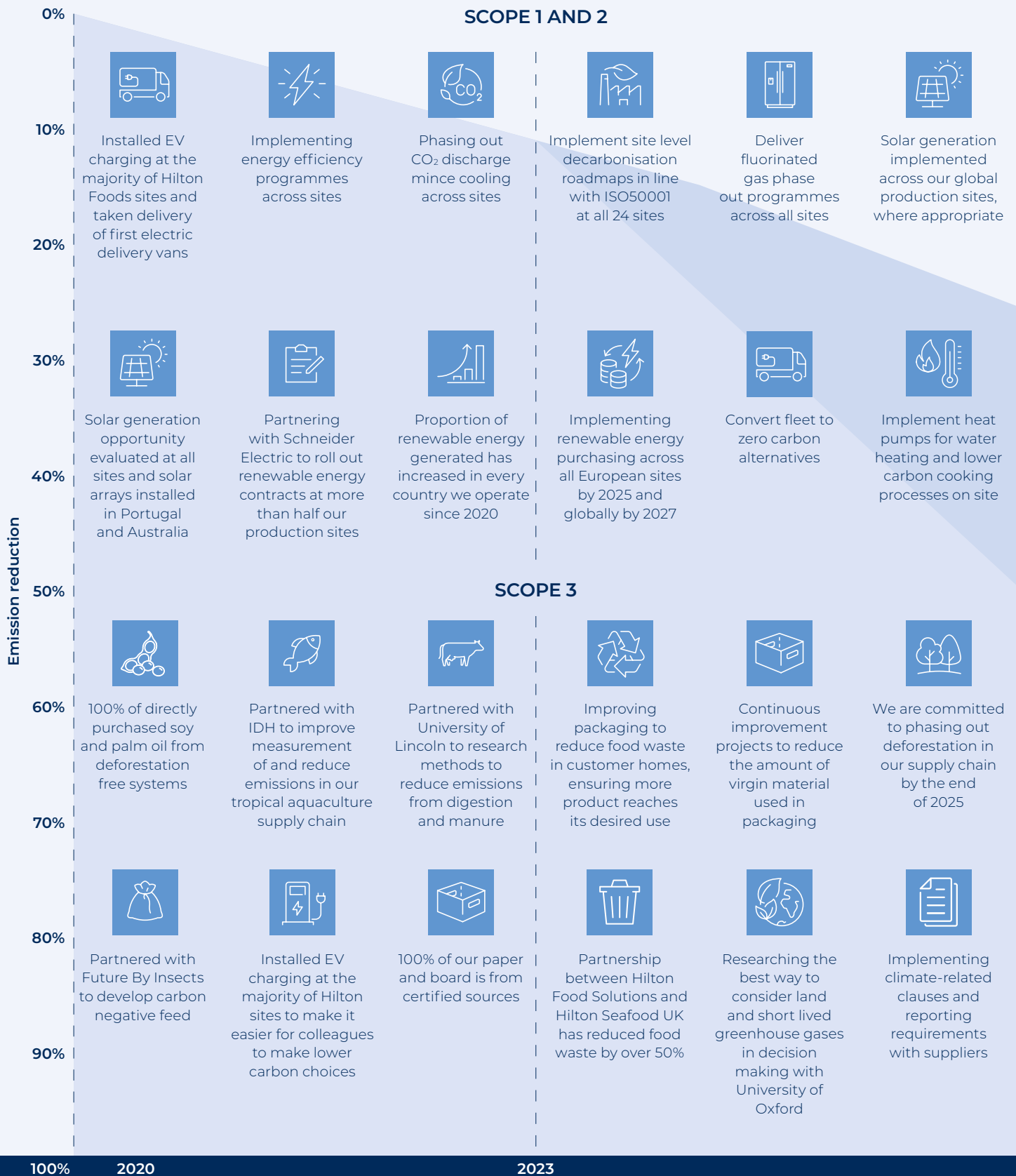
Although the scope of this document is global, we have aligned our Transition Plan with the UK Government's Transition Plan Taskforce (TPT) recommendations, including the supplementary guidance for food and beverage companies, which has now been transferred to the IFRS Foundation. We have also integrated guidance from CDP to ensure alignment with global frameworks.

Lorna Schneider
Group Chief Quality and Sustainability Officer



DELIVERING NET ZERO

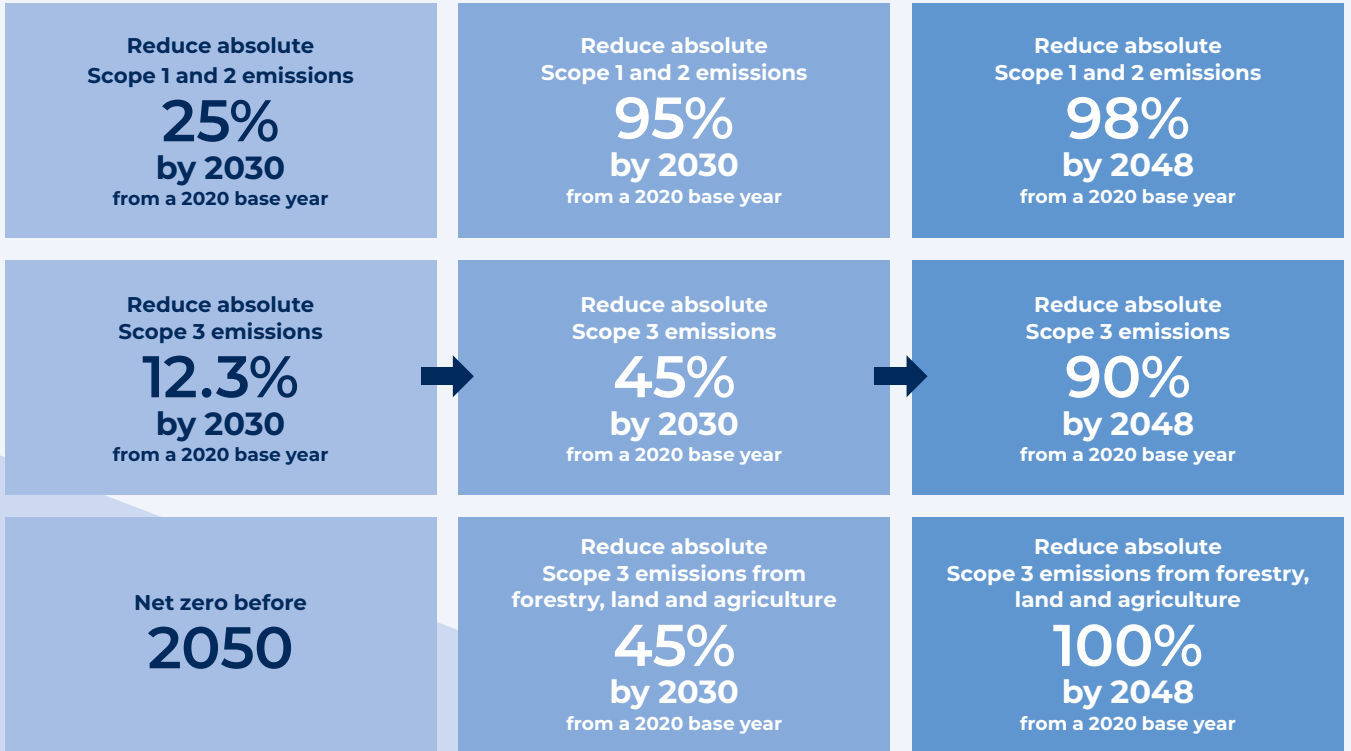
The following pages break down our roadmap to achieving net zero by 2048, looking at the actions we've taken so far and our upcoming projects that ensure we meet this target.



PREVIOUS TARGETS

NEAR-TERM TARGETS

LONG-TERM TARGETS



Development of tools, changes to formulation and implementation of new technologies to deliver lower carbon products



Partnering with supply chain and providing clear guidance to transition to net zero machinery



Support supply chain to shift to low carbon fertiliser production in feed production



Industrial decarbonisation in material production sectors



Implement livestock farming practices which actively enhance carbon sequestration



Partnering with retailers and suppliers to implement renewable energy in their farms and factories



Support farmers to implement best practice genetics and animal health in line with our species level decarbonisation roadmaps



Partnering with hauliers, retailers and government to transition vehicle powertrains to continue installing charging in delivery bays



Work with suppliers to commercialise enteric emissions inhibitors and implement in our supply chain

2030

2048



1. FOUNDATIONS

STRATEGIC AMBITIONS

At the heart of our sustainability strategy is our commitment to reducing emissions. In the long term we aim to go beyond addressing our footprint by achieving net negative emissions across our sites and value chains.

Central to this is our commitment to achieving our revised Science-Based Targets, including a group-level commitment to be net zero by 2048 across Scopes 1, 2 and 3 in line with the Paris Agreement. We have separate targets for fossil and land-based emissions in our value chain, as well as a commitment to have no deforestation across our supply chain by the end of 2025. These are detailed in the Metrics and Targets section.

Our business and supply chain are structured to effectively manage variations in raw material production, and we adopt careful planning to manage this supply. As we do not farm or slaughter animals, our infrastructure can react quickly to emerging market changes. The adaptability of our factories and operations allows us to quickly upscale production of different products as required, and the production of our added-value products further supports this adaptability. Our recent expansions into seafood, vegetarian/vegan, food service and convenience food markets, alongside our investment in automated food processing, logistics technology and software businesses, have reduced our dependence on specific commodities. We integrate climate risk into our enterprise risk management processes, making it a key part of our strategic and business continuity planning.

In response to the risks and opportunities associated with transitioning to a net zero world, we have developed Transition Plans across our own operations and our material value chains. These plans commit us to reduce emissions in line with the Paris Agreement and strengthen our resilience to the impacts of a changing climate. In Scope 1 and 2, we are decoupling business growth from our local energy consumption by implementing efficiency programmes, aligned to ISO 50001, installing local renewable energy generation and supporting the installation of new renewable energy at a grid scale through our purchasing. We are also phasing out refrigeration technology with a high warming effect. We are on target to halve food waste in our factories by 2030, in line with the Courtauld Commitment to achieve UN SDG 12.3.

To further reduce Scope 3 emissions, we are working with partners to reduce waste across the value chain. We are working with our partners to reduce the footprint of our packaging and the amount of packaging we use, ensuring we balance this with the creation of avoidable food waste in our operations or downstream value chain.

We will continue to partner with academia and the wider industry to reduce emissions from beef, lamb, pork and seafood, in particular working to better understand and reduce emissions from livestock digestion and manure in our value chain. We have worked with industry and NGOs to establish best practice in land management, supporting our supply chain to provide transparency on emissions from land use change and unlock the potential of land as a carbon sink. We anticipate the resultant improvements in soil carbon and woodland cover will also enhance the resilience of the food system. The levers and capabilities to reduce our emissions across Scope 1, 2 and 3 are detailed further in section 2 and 3.

Scope 3 emissions account for 99.5% of the total group emissions. By far the most material element of Hilton Foods' footprint is Category 1 Purchased Goods and Services, and within that beef is the most material commodity to our footprint.

The most material component of our Scope 1 footprint is our consumption of natural gas, with fugitive emissions from refrigeration systems also being material across the group. Combustion of LPG is significant at specific sites. The Group has a small diesel vehicle fleet, including site vehicles such as forklifts and delivery vehicles at a small number of sites. The vast majority of our Scope 2 footprint is purchased electricity, with the remainder from district heat used at our sites in Poland, Denmark and Sweden.

As part of the development of our Transition Plan, we conducted a detailed transition risk assessment for Scope 1 & 2 and Scope 3, to understand the impacts of the transition on stakeholders and any dependencies. The most significant dependencies in our supply chain are farmers, fishers and the natural environment, who are also the most likely to be impacted in our transition. We will implement mitigations to minimise this impact. The significant number of self-employed and small-scale producers in our supply chain has been carefully considered, and as we implement our Transition Plan mitigations will be included to ensure they are not unduly impacted.

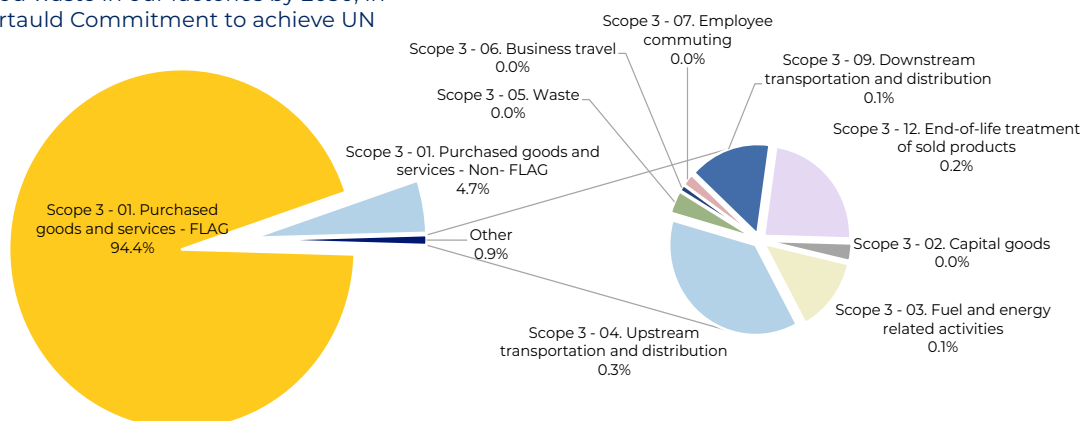


Figure [1]: 2023 Scope 3 Emissions by Category

STRATEGIC AMBITIONS CONTINUED

Our flexible business model means the impact on our workers and communities local to our sites will be limited as there will be minimal change in operational activities.

Updates to our strategic ambition have been conducted in alignment with the Science-Based Targets Initiative (SBTi) Forests, Land and Agriculture Guidance (FLAG), as well as customer ambitions and national ambitions in the relevant jurisdictions. International Energy Agency (IEA) sectoral pathways have been used to inform energy modelling and where relevant recommendations of the Intergovernmental Panel on Climate Change (IPCC) have been applied in the development of carbon budgets.

While there is a great deal of synergy between our climate goals, it is important we do not inadvertently cause food waste by reducing emissions elsewhere in the supply chain. Hilton Foods is dedicated to providing quality accessible nutrition for our consumers. By reducing wasted nutrients and reducing wasted energy, implementation of our Transition Plan is likely to have a positive impact on food security.

Our Transition Plan operates on a short-term (0-5 years), medium-term (5-15 years), and long-term (15+ years) timeline, with full details available in the Metrics & Targets section.

BUSINESS MODEL & VALUE CHAIN

The primary scenario for the Transition Plan modelling was conducted on the basis of limited change in physical product or process mix, however a sensitivity analysis was performed to assess the effect such a change would have on deliverability of targets. The anticipated change in our service offerings was not considered due to its relative immateriality to our footprint compared to our physical product output. The sensitivity analysis included a scenario for a 20% drop in red meat consumption by 2050, in line with the recommendations of the Climate Change Committee (CCC).

The Transition Plan analysis, including the sensitivity analysis, was conducted at a granularity of one year to 2030 and a granularity of 5 years to 2050 in recognition of the relevant uncertainty beyond 2030.



KEY ASSUMPTIONS & EXTERNAL FACTORS

Our Transition Plan modelling was conducted with the following assumptions:

POLICY

Our Transition Plan is aligned to current government policy in relevant markets, in particular those focused on decarbonisation, but includes relevant mitigations if those policies are not implemented. In light of current policy uncertainties around the use of biomass in a number of markets, this does not form a significant part of our decarbonisation roadmap. Hilton Foods actively engages with government on decarbonisation policy, both directly and as part of industry groups.

The geographic focus of our Transition Plan is on Europe, Australia and New Zealand, in line with our current operations, however much of the implementation is relevant to other regions and will be implemented as we expand into new geographies, most immediately Canada.

The plan has been developed to be robust to wider economic factors, including the labour availability challenges that the sector is currently experiencing.

TECHNOLOGY

Costs of low carbon technologies, including solar panels, heat pumps and electric vehicles, have fallen steeply in recent years. Consequently, cost modelling is likely to remain robust even if economic conditions change.

The Transition Plan is fully deliverable to 2030 with existing commercially available technologies across Scopes 1, 2 or 3. Our long-term goals will require some scaling of emerging technologies, however where this is the case multiple technology pathways have been identified.

MODELLING

Modelling has been conducted primarily on the basis of national average data, although supplier level data has been used where available and of sufficient quality. National level energy system operator data has been used for energy related assessments, where this is unavailable IEA data has been used to 2050.

Scenario analysis was conducted under Representative Concentration Pathways: RCP 2.6, RCP 4.5 and RCP 8.5 to identify the impacts of warming on our direct operations and North Atlantic seafood supply chains, which were identified as the most geographically significant, further details can be found in our 2023 and 2022 TCFD report. Shared Socioeconomic Pathways: SSP1, SSP2, SSP3, SSP4 and SSP5 were considered in the modelling of our Transition Plan. Work is ongoing internally to assess the impact of warming in our global beef supply chains.

A further analysis of the impacts of changes in client or consumer demand was conducted in our 2021 TCFD, available in our 2021 Annual Report. The outcomes of this work were included in the development of the Transition Plan to understand the impact on our strategic ambitions.

The development of our Transition Plan was conducted as part of our wider business planning process. Climate change has been identified as a principle risk and is considered in business risk management processes and asset evaluation, this is further outlined in our annual TCFD report. Capital expenditure required for the delivery of our strategic ambition is included in our annual budgets and saving projections, as a result of its implementation, are included in our financial projections.

Our Transition Plan modelling was conducted in line with current anticipated implementation timelines (2030 and 2050), a sensitivity analysis was conducted to identify the impact of anticipated implementation being delayed.

2. IMPLEMENTATION STRATEGY



BUSINESS OPERATIONS

We have developed comprehensive site level plans to reduce emissions at all of our production sites, focusing on Scope 1 & 2 emissions. We are working to decarbonise our non-production sites, although their impact on our overall footprint is minimal.

Our site plans are tailored to each site's specific needs and include measures for reducing emissions from electricity; heat (including cooking and smoking); vehicles and static engines; refrigeration and process emissions. These plans consider local technology availability (particularly with regard to heat solutions), local weather conditions (with regard to cooling and solar insolation), market technology readiness and each site's energy demand. We are now implementing these plans with our site teams. As part of our strategy, Hilton Foods will cease spending that contributes to fossil fuel expansion and will not support revenue generation from such activities.

Energy efficiency is a key element of our Transition Plan. We are committed to reducing our energy demand and continue to improve factory efficiency through the roll out of ISO50001 across our sites. Our site-specific roadmaps include numerous energy efficiency projects that collectively contribute to significant reductions in energy use and emissions. These are often highly locally specific, but cumulatively they contribute to a meaningful reduction in our energy use, and thus emissions, over time. By sharing knowledge across sites, we are able to deliver reductions more rapidly and more efficiently.

Crucial to reducing our carbon emissions is increasing our use of renewable energy. We are committed to deliver 100% renewable electricity across all own operations in Europe by 2025, and globally by 2027. Currently, 10 of our sites already use renewable energy and the remaining sites will achieve this through three methods.

1. Electricity generation is transitioning towards lower carbon technologies in the countries we operate in, this trend is expected to continue in the long term, delivering further significant improvements across our near-term target horizon.
2. Reducing reliance on the electricity grid through power purchase agreements and, where these are unavailable, using certificates. We are working with providers to secure contracts which will reduce our market-based Scope 2 emissions. This year we have secured zero carbon energy at our Zaandam facility, our 10th facility to use fully renewable electricity.
3. Expanding on-site renewable electricity generation, primarily through solar photovoltaics, and exploring wind generation where feasible. This will build on the 6.1MWp already installed at our sites.

We collaborate with district heat providers at our Denmark, Sweden and Poland facilities to continue their transition to renewable sources and are exploring opportunities at other sites where district heat is possible. We anticipate the electrification of most cooking processes and are actively evaluating heat pump installation for cleaning and space heating, utilising waste heat from our refrigeration equipment where available.

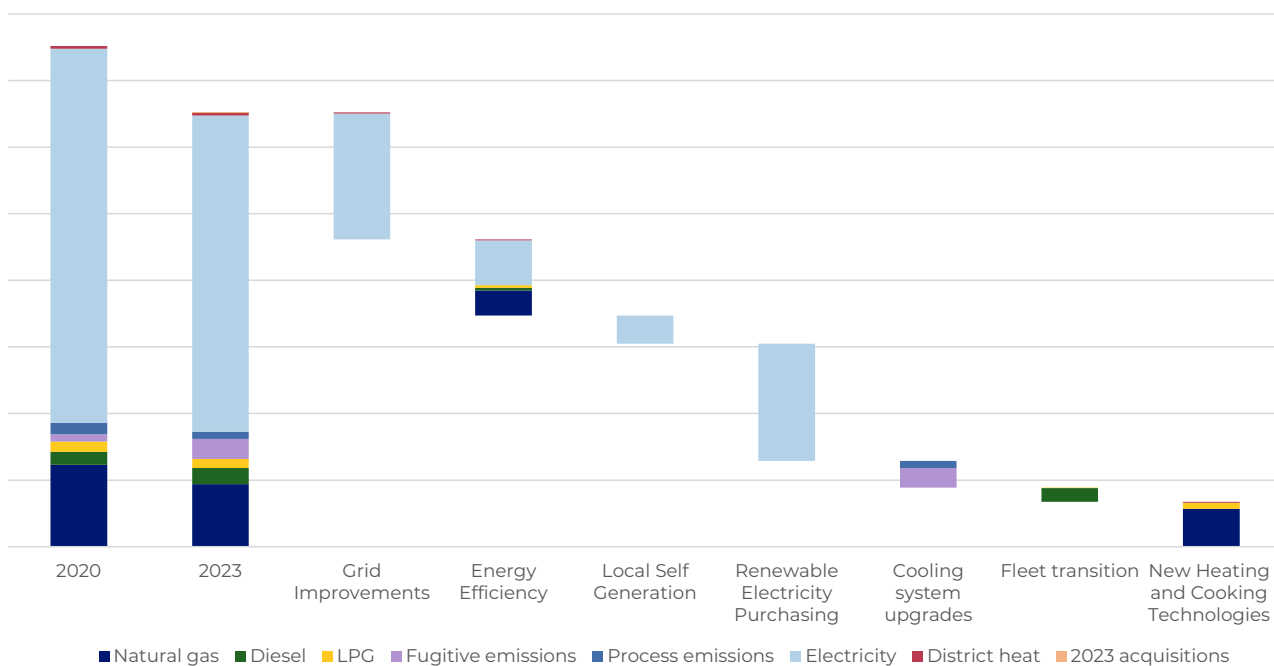


Figure [2]: 2023 Scope 1 & 2 Emissions breakdown

BUSINESS OPERATIONS CONTINUED

We are transitioning our vehicle fleet to electric powertrains, starting with sites where range limitations are less restricting. While long-distance applications still face technological and infrastructural challenges, we anticipate full fleet electrification will be deliverable in the medium term.

We are phasing out the use of CO₂ as a direct cooling gas in mince production, having already removed it from sites in Australia, UK and Poland, and more recently Ireland in 2024. In the short term, we have introduced a programme to improve monitoring of our refrigeration systems and replace fluorinated gases with lower Global Warming Potential (GWP) gases, and eventually eliminate them altogether. Through ongoing projects, we have reduced our fluorinated gas inventory by over 10,000 tCO₂e in 2024.

The plans developed for our operations are agile to changes in operation and any future changes in physical assets. We have programmes in place to phase out long-lived assets that impact our transition, in particular equipment associated with cooling and cooking.



Figure [3]: One of Fairfax Meadow's electric delivery vans out for delivery

USING COOLER WATER TO HELP CLEAN OUR SITES

Nothing matters more than safety and hygiene in our food manufacturing facilities. One of the key processes therefore is the wash-down, which ensures that all areas of food production are maintained to the highest standards of cleanliness and food safety.

Historically, the wash-down has been an energy intense process, heavily reliant on natural gas for heating the water. However, we saw an opportunity to be smarter in the way we use hot water, in order to help reduce our Scope 1 and 2 emissions.

We brought together our Engineering, Hygiene and Quality teams, as well as our chemical suppliers, to look at how we could make the washdown process more energy efficient. Following a successful trial in Ireland, we are now moving from an end-to-end washing process with temperatures between 60°C – 70°C to a hybrid process where we only use extremely hot water for the first phase of the washing and after that we switch to ambient water temperature.

This change allows us to reduce natural gas, site heating and the steam generated during the washdown process, without compromising our stringent health and hygiene standards. We managed to lower our gas consumption during the washing process by up to 70%.

As far as we know, we are the first major food producer to pioneer a new hybrid approach to wash-down processes. We are in the process of implementing the project across all sites that currently use hot water for the whole washing process.

PRODUCTS AND SERVICES

PACKAGING

Packaging plays an essential role in maintaining product quality by extending shelf life, helping to reduce food waste throughout the value chain.

Our circular packaging ambition is built around the waste hierarchy, applying it to our packaging system design to ensure we don't compromise functionality whilst actively reducing food waste. This is particularly important due to the nature of our product and the materiality of packaging to the carbon footprint of our products. This is achieved through a combination of product design and system innovation.

The first focus of our packaging decarbonisation programme is to reduce packaging use. We have implemented a downgauging program across our trays and are rolling out flow wrap mince packaging, not only reducing the amount of plastic used for these products by 70%, but also removing the need for separate paper labels. Flow wrap also reduces emissions from downstream transportation and distribution; reduced pack size allows us to increase the number of packs per pallet, reducing both the number of trucks required and the amount of refrigeration equipment.

The second focus of our circular packaging ambition is to increase reusable packaging in our supply chain. We are working to ensure as much product as possible is shipped directly in reusable crates, avoiding the need for single use secondary packaging, and in the medium term are seeking to develop reusable primary packaging solutions which can deliver the required standards of product quality in line with local policy.

The final focus of our packaging decarbonisation programme is to enhance recyclability and the recycled content of our products. In 2023, over 64% of the plastic in our packaging was from recycled sources and 70% of our products were recyclable. We are engaging across the industry to begin the next phase in this journey: the circularity of flexible plastics through the implementation of chemical recycling.

Where recycling is not currently possible we have improved the recoverability of our products by phasing out PVC in our consumer packaging. In the longer term we expect the carbon intensity of raw materials to improve as decarbonised primary production processes become the norm. We are committed to maintain 100% PEFC or FSC certified paper and board across our product portfolio. We do not currently purchase plastics of biogenic origin.

We are also working to remediate the impact plastic has on the environment through our strategic partnership with Klochner Pentaplast and the charity, Keep Sea Blue, to upcycle discarded plastic collected from Greek Mediterranean islands for use in Tesco fresh fish packaging, removing around 240 metric tonnes of plastic from the environment each year. This is detailed further in our 2022 Annual Report.

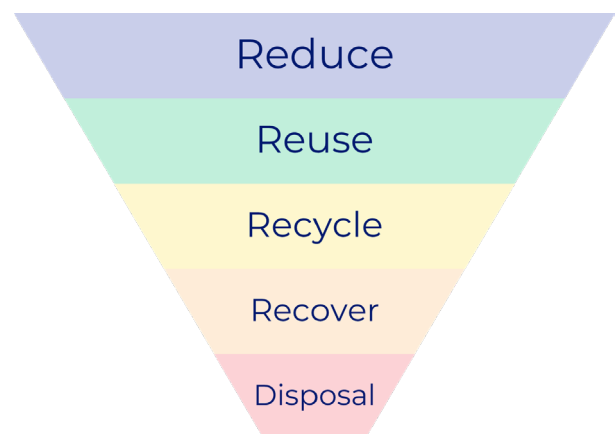
ASSESSING OUR ENVIRONMENTAL IMPACT OF PACKAGING

We developed a tool that allows our Packaging Team to estimate the environmental impact of products during new product development, including food waste impacts. It is a simple software tool where the team can input product data to calculate the carbon footprint of the product, broken down by product element and supply chain stage.

The tool allows the team to understand the impact of each product element and production process, helping us ensure we use the right material in the right place to minimise food waste, whilst ensuring safety and quality is unaffected. It also helps address our circularity targets, making recycled content and recyclability easy to calculate.

As a food business, packaging is a small part of our carbon footprint in isolation but has such a big part to play in reducing food waste and the emissions associated with producing that food waste. This tool provides a simple method to allow us to develop packaging with this in mind, ensuring we balance our packaging targets with our wider product and business ambitions.

Figure [4]: Diagram depicting the Waste Hierarchy



ENERGY & INDUSTRIAL EMISSIONS IN THE SUPPLY CHAIN

We have conducted decarbonisation modelling on downstream transportation, upstream industrial processes and supply chain energy use based on IEA and national projections by government, system operators and relevant expert organisations. We anticipate embedded emissions in machinery, vehicles and vessels in our supply chain will be reduced through wider industrial decarbonisation.

Our team have conducted research with specialists to assess the likely powertrain mix that will be used in logistics, farm operations and wild capture seafood through the supply chain. We anticipate battery electric vehicles will proliferate, with limited use of synthetic fuels and biofuels.

INGREDIENTS

We have developed decarbonisation pathways for our key species (beef, lamb, pork, chicken, salmon, tropical aquaculture and wild capture seafood), as established through a risk assessment of our current portfolio. These form the basis of our Transition Plan for FLAG commodities. Our approach to Scope 3 mitigation has involved a comprehensive review of technologies and interventions, supported by literature and research projects. This has been enhanced in 2023 through research projects conducted with the University of Lincoln on manure management and enteric emissions abatement.

Our modelling indicates that there are multiple scenario options available to reduce emissions in line with the 2030 target, with no change to the species mix in our products, and therefore that there is a pathway for livestock, particularly cattle (outlined further below), to form part of a net zero future. However, there is some uncertainty in how effective each intervention will be, primarily due to the nature of biological and land-based elements in our supply chain, interactions between the interventions and the complexity of measuring various greenhouse gases emitted in agriculture.

To address potential shifts in protein demand, we continue to invest in low-carbon protein sources. This includes our acquisitions of vegetarian protein producer Dalco and smoked salmon specialists Foppen, investment in Cellular Agriculture, the expansion of the food-park model and our Greenchain Solutions technology services platform. The impact of this was explored further in our 2022 TCFD report.

Reducing food waste and increasing the value of by-products are key to delivering our Transition Plan across all species, both in our own operations and our supply chain. We've made significant progress at our own sites, increasing the proportion of waste going to anaerobic digestion, material recovery and consumption, while reducing overall volume of waste. We are now working with partners to implement these practices across our supply chain. We are developing further improvements including greater waste segregation, optimising manufacturing processes, identifying new markets for by-products and introducing innovative valorisation technologies to market.

We are engaging with abattoirs and processing sites in our supply chain to help them reduce emissions in line with our Scope 1 & 2 Transition Plan. This includes delivering renewable electricity, energy efficiency, decarbonising heat, electrifying vehicles, transitioning refrigerant systems away from fluorinated gases and eliminating or abating process emissions.



TERRESTRIAL AGRICULTURE

Cattle are the most material element of our Scope 3 Transition Plan, with other livestock collectively representing the second most significant element. Many measures in our livestock Transition Plan apply to all species, while some are more species specific. The roadmap for beef and lamb are closely aligned as both are ruminants and share overlapping rearing practices. Pig, poultry and salmon also share similarities, as a large proportion of the footprint comes from feed production and energy use.

Most emissions from livestock are not CO₂. Ruminants, like cattle and sheep, emit a large amount of methane through enteric fermentation and manure management, and nitrous oxide produced from manure management and synthetic fertilisers used in animal feed production. While our Transition Plan has been developed using GWPI00, we are actively engaged in research to assess how other metrics can be used to best account for short lived gases in transition related decision making.

Improving animal genetics and health to increase animal productivity is among the most effective approaches to greenhouse gas mitigation. Increasing improvement in animal productivity often occurs with an increase in resource use efficiency leading to lower emission intensities. Precision breeding allows farmers to target specific traits focused on reproductive performance, disease resilience, feed conversion efficiency and growth rate with the aim of reducing the age at slaughter and thereby reducing the emissions per kg of meat. Genetic selection can now also be used to identify animals with reduced enteric methane production. Breeding for reduced methane production is permanent and has a cumulative effect over successive generations.

Improving animal wellbeing is a crucial element in achieving lower emission production systems, reducing mortality and maximising productivity. This is particularly true as a warming climate threatens to increase heat and water stress. This approach often compliments other elements of our Transition Plan. For example, planting trees in grazing land provide shelter in severe weather and diverse pasture can improve disease resilience.

Additionally, we are working with partners to modify livestock specifications and improve genetics to make greater use of beef from the dairy supply chain, where emissions are spread across both meat and milk production. With the increasing use of sexed sorted semen in the dairy industry, there is a corresponding increase in the volume of beef on dairy semen being used. Dairy cross beef cattle are a valuable co-product and, under rearing equivalent conditions, have a lower carbon footprint than animals from the beef suckler herd.

On-farm reductions in emissions from energy will be delivered through a combination of national level energy transition and installation of local renewable self-generation, primarily solar photovoltaics and heat pumps. We have initiated pilot projects to install solar panels at our supplier farms and plan to expand this initiative.

Our analysis suggests that most vehicles on farm can be electrified, but we recognise that biogas produced from manure through an on-farm anaerobic digester is likely to be a good option as a supplementary fuel in larger vehicles, particularly those used in crop production. Technological developments and process improvements will also lead to improvements in energy efficiency.

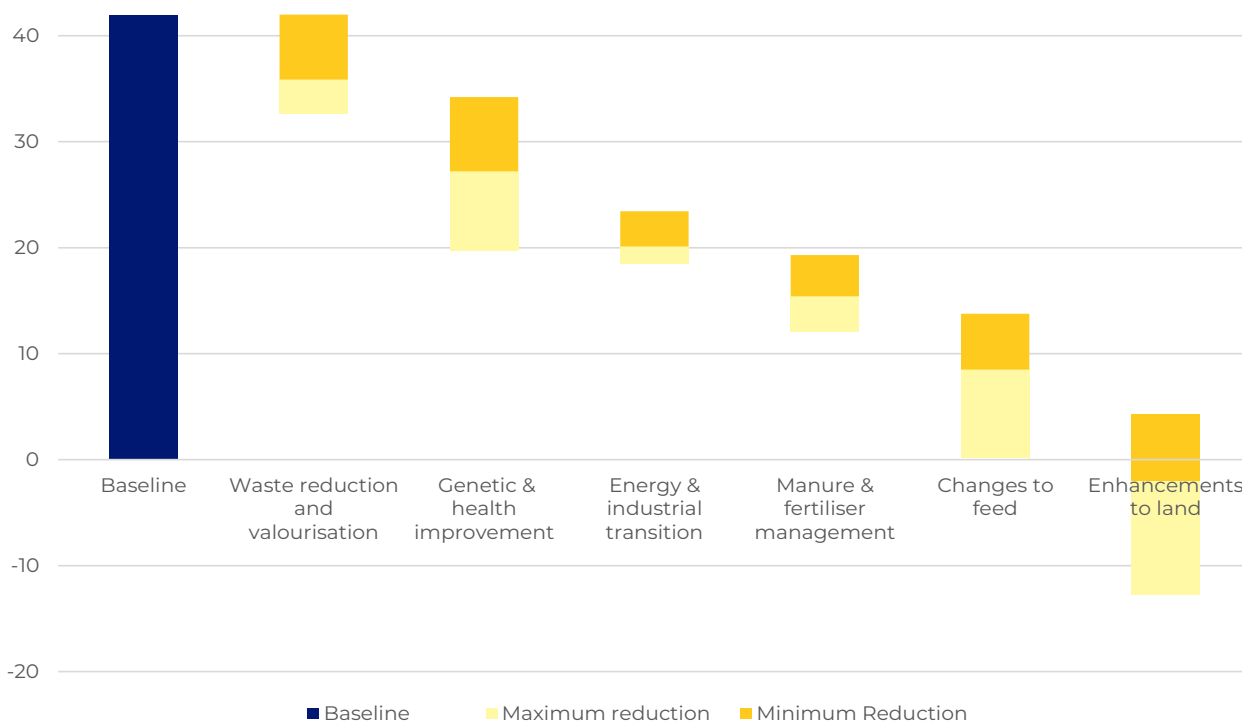


Figure [5]: Beef decarbonisation roadmap

In the long term there is potential for some crop production to transition to hydroponics and vertical farming, particularly in areas of our supply chain which are subject to water stress but able to generate large amounts of low-cost solar energy. This would change the inputs required significantly and is likely to improve system resilience, however due to this technology not yet being fully scaled it is not a core part of our Transition Plan.

Decoupling industrial processes from fossil fuels will allow us to reduce emissions across agricultural production, the most significant to the sector is the production of synthetic nitrogen fertiliser. Currently the vast majority is produced from grey hydrogen, produced by steam reforming of natural gas, but this process could be converted to use green hydrogen, which uses renewable energy to produce hydrogen from water by electrolysis, eliminating emissions. Greater use of legumes in pasture, better manure management technologies, rotational agriculture and improved fertiliser application technologies will allow us to reduce the amount of synthetic fertiliser being used.

We partnered with the University of Lincoln to research interventions that can reduce emissions from manure handling, application and deposition. This research informed our detailed modelling to develop a decarbonisation roadmap for this element of our livestock supply chain. Technologies such as closed containment, forced composting, acidification, electrolysis, and solid separation are being implemented to reduce nitrous oxide and methane emissions during storage and application. These methods also retain more nitrogen for use as fertiliser, decreasing the need for synthetic fertilisers. Conversely, anaerobic digestion systems work by capturing the methane produced in storage for use on farm, avoiding emission of methane to the atmosphere and displacing the use of fossil fuels. The use of predictive modelling to optimise application and improved muck-spreader designs increases nutrient uptake whilst reducing emissions, particularly of nitrous oxide, during deployment. Within our Transition Plan we anticipate dietary changes, genetic progression, improvements in the management of animal health and ecosystem enhancements will improve emissions from deposition in pasture. This is particularly relevant in production systems where livestock spend a much greater proportion of their time on pasture.

Changing both how and what animals are fed will help reduce emissions of both biogenic and fossil CO₂, and methane from ruminants.

The most material step to reduce emissions associated with feed production is to eliminate deforestation and forest degradation in our supply chain. We are mapping soy usage and origin for each of our supply chains to conduct risk assessments and develop an appropriate due diligence system to ensure that the production of animal feedstuffs have not contributed to deforestation.

We're also working collaboratively to ensure our soy supply chains are verified deforestation and conversion free, particularly in our material geographies supplying feed to the countries where we source livestock. Collaboration is essential due to the scale and complexity of these supply chains. Transitioning the feed to crops which use less fertiliser, agrochemicals and irrigation, while minimising soil disturbance, will further reduce emissions from feed production, especially in pigs, chicken and aquaculture. We have conducted research into novel feeds, including those produced from algae and insects, which have the potential to be carbon negative.

For ruminants, dietary shifts must be balanced with the need to reduce enteric methane emissions and this has been further informed by research we have conducted with the University of Lincoln. This will be delivered through changes to feed composition including supplementing diets with lipids or starch, biorefining and enhancing forage quality, and through the use of enteric methane inhibitors like algae, citrus extracts and 3-nitrooxypropanol. Some enteric methane inhibitors face regulatory challenges, but we anticipate these being overcome well in advance of our 2048 net zero goal. Additional technologies like rumen defaunation, vaccination, gas capture and catalysis may also be deployed in certain systems, however additional development is required to deliver these technologies at scale and their use is not essential to deliver our Transition Plan.

As part of a responsible land management system, our modelling suggests cattle can enhance land-based sequestration and improve soil health through direct deposition of nutrient-rich organic matter, inducing ecosystem regeneration and the mechanical action of their hooves cycling organic matter into soils. This can be further enhanced through the deployment of mixed leys, low-till cultivation, implementing agroforestry and silvopasture techniques into existing grazing systems, or through the introduction of cattle to rotational cropping systems, which can additionally reduce emissions from feed production for other species and enhance system resilience.



SEAFOOD

We have developed seafood Transition Plans across our three most material production systems; marine net pen aquaculture (salmon), tropical aquaculture and wild capture. Our roadmap covers five elements: genetic and health improvements, terrestrial feed production, marine feed production, vessels and direct emissions. We have evaluated the physical impact climate change is likely to have on our North Atlantic seafood supply chain in our 2023 TCFD report and this has been included in our Transition Plan development.

Our salmon producers have longstanding breeding programmes with integrated genetic selection to optimise growth and improve disease resilience. Any adaptations can be propagated relatively rapidly through the industry given the relatively short lifecycle of our primary species. Nonetheless predation, disease and parasitism remain a challenge in aquaculture, often linked to warmer sea temperatures and increasing prevalence of extreme weather events due to climate change. Predictive modelling, chemical free treatments and cleaner fish like lumpfish and wrasse are used to reduce the prevalence of sea lice, while new technologies are being deployed to prevent outbreaks.

Alternative farming methods are being explored to improve health outcomes by limiting exposure to marine environments. For example, some Norwegian salmon producers are moving to raise larger smolt (juvenile salmon) of up to 1kg on land, with others moving the entirety of the life cycle onshore or moving sites to offshore locations further north.

Decarbonisation of terrestrially produced feed is discussed in the section on terrestrial agriculture. In addition to our cross-species activity, we helped negotiate with the Soy Protein Concentrate (SPC) traders a collective commitment to only source deforestation and conversion free (DCF) soy, with robust third-party verification and a cut-off date of January 2020.

Many aquaculture species are dependent to some extent on fishmeal and fish oil from wild capture sources and bait is used in some wild capture systems. We are working with the industry to increase marine by-product utilisation in feed. We continue to explore the potential for advanced multi-trophic aquaculture and the use of novel feeds, with some of our salmon suppliers already using algal oil to supplement fish oils and insect derived protein to supplement fish meal. To enhance feed utilisation and maximise feed conversion, fish farmers use advanced optical systems to monitor and optimise feeding, reducing waste and the impact on the surrounding area.

The electrification of fishing vessels is built into our Transition Plan. We anticipate high voltage battery electric powertrains being the most suitable option for near-shore vessels. However, we recognise that there is a greater degree of uncertainty around the most appropriate solution for wild-capture vessels due to the longer distances they are required to travel. Whilst we are confident in the capability of a number of solutions to deliver the required emission reductions, proliferation of multiple powertrains is likely to cause greater challenge than adoption of an aligned solution. We will work with industry, port operators and government to build this consensus internationally, accelerate the development of the necessary skills and deploy the relevant infrastructure. In the medium term, we are recommending our supply chains minimise risk by investing in vessels with efficient hulls, electrified motive systems and the flexibility to upgrade onboard energy generation and storage systems.

Our research suggests that emissions from anaerobic biological processes, trophic modification and particularly benthic disturbance are material but not currently in scope of our measurement. We are working to take pre-emptive measures to limit our transitional exposure to these emissions. We are actively engaged in research to better measure and reduce these emissions. For species at significant risk, we are examining the use of different gear types for certain capture species, transitioning some of our products to use different species and exploring the use of aquaculture to produce species like cod, traditionally caught using bottom trawling.

DELIVERING OUR TRANSITION PLAN

Delivery of our Transition Plan will evolve as we move further into implementation, but the roadmap and targets have been developed to allow flexibility in delivery. We do not anticipate delivery of the plan will lead to a material workforce change within our own facilities or our supply chain.

Our Transition Plan does not require changes to our existing operational locations. We have not yet fully evaluated the potential for the curtailment of manufacturing assets but preliminary assessments suggest it will not be significant.

POLICIES & CONDITIONS

We are committed to increasing our provision of lower carbon proteins across the Group's portfolio.

Hilton Foods is in the process of implementing ISO50001 across all of our manufacturing sites, globally regarded as best practice in energy management. Ten sites have already been certified, with the remaining sites to follow by the end of 2025.

We have developed site level plans for all production sites. These detail the timelines for the phase out of the most greenhouse gas intensive assets in line with optimal risk abatement timelines and existing asset curtailment plans. We are also implementing environmental operations guidance for senior leaders to ensure that capital purchase decisions are aligned to our site decarbonisation plans.

We have started a programme to implement climate related clauses in contracts, requiring suppliers to share information on their emissions, food waste and transition planning activities.

To improve our resilience, we have built into our specifications a primary supply location and a contingency. In addition, in areas of supply with the greatest exposure to physical risk, we have started a programme to increase system and species diversity in our products. This will ensure we remain robust to supply and pricing fluctuations as a result of acute impacts of climate change.

We are committed to increasing our provision of lower carbon proteins across the Group's portfolio. This has been demonstrated through the development of blended meat products, the acquisitions of Foppen and Dalco and the investment in Cellular Agriculture.

We are working towards verified deforestation and conversion free supply chains through collaboration with our supplier partners. 100% of the of timber products and directly purchased palm oil and soy we buy are certified as deforestation free and we are working to ensure the rest of our supply chain is free from deforestation.

Hilton Foods is committed to delivering our Transition Plan while enhancing human rights in our supply chain. We are in the process of rolling out increased ethical due diligence in the supply chain, with the aim of auditing all primary protein suppliers identified as high risk and screening 100% of new primary suppliers using social criteria by end of 2025.

Our Supplier Social Responsibility Code of Conduct sets out the behaviours and standards we expect from our suppliers. We actively assess human rights impacts in our supply chains, take appropriate action, monitor implementation and report annually. This work is built on our Business Code of Conduct and associated Supplier Social Code of Conduct, together with our worldwide system of risk assessments, audits and assurance schemes. We are collaborating with workers groups and the largest ship-visiting network in the world to provide fishing crews with information on rights and how to raise grievances, and to provide employers with information on their responsibilities to combat labour exploitation in the UK fishing fleet.

In 2023, Hilton Foods formed a strategic partnership with Slave-Free Alliance to further hone and focus our efforts to disrupt modern slavery. Slave-Free Alliance, a social enterprise wholly owned by global anti-slavery charity Hope for Justice, acts as a critical friend to us as a business. This year we worked together to address gaps identified collaboratively. They provided an external review of our newly launched Agency Labour Standard and audit framework. The recruitment of workers can be an area of increased risk, as the recruitment journey can be fraught with different agents and potential fees. Our new standard will allow us to have a consistent approach to the competency and resilience of our labour providers, to ensure that all workers on our sites are able to freely enjoy their work. In 2024, Slave-Free Alliance has been supporting us in reviewing our operational controls at a site level and to develop robust escalation plans across the UK and Ireland.

Hilton Foods' Human Rights and Supplier Social Sustainability Policies reflect a comprehensive commitment to respecting the rights of all stakeholders across its operations, encompassing employees, supply chain workers, and local communities. Central to this commitment is delivering our strategic ambitions as part of a 'just transition'; ensuring that any strategic shifts do not unintentionally harm employees, suppliers, or communities. Hilton Foods aims to protect the welfare and rights of all individuals affected by changes in business activities as a result of our transition plan, and our policies include measures to remediate potential impacts, underscoring their proactive stance on safeguarding social and economic wellbeing amid industry transformations.



**SLAVE-FREE
ALLIANCE**

Working Towards a
Slave-free Supply Chain

FINANCIAL PLANNING

Crucial to the delivery of our Transition Plan is its integration into our normal operations. As a result, resourcing of our Transition Plan is being integrated into our ongoing commercial operations.

Funding to implement our Scope 1 & 2 Transition Plan has been integrated into existing site capital budgets. Where the delivery of our Transition Plan requires upgrade of existing systems this will be delivered through the existing asset renewal process. The delivery of our Transition Plan will partially be funded by savings made through our efficiency programme, however the details of this mechanism are still in development.

Our Scope 3 Transition Plan, which primarily relates to purchased goods and services, is being delivered through our commercial and quality teams, working closely with our suppliers to deliver the roadmap we have outlined. Research and innovation are integrated into the relevant budgets of the responsible departments, primarily New Product Development, Sustainability and Packaging.

Delivery of our Transition Plan is not predicated on any significant divestment or acquisitions or expansion into new business areas, but is responsive to growth in new markets.

Hilton Foods has conducted financial modelling of our Scope 1 and 2 Transition Plan to assess the impact of implementation. Whilst some activities require short term capital investment, we expect the delivery of our Transition Plan to provide a significant financial saving in the medium and long term. This was conducted on the basis of initial surveys of our sites and we now have detailed infrastructure surveys in progress for the delivery of each element of our Scope 1 & 2 Transition Plan. For example, all sites have been assessed to understand their potential for the generation of solar electricity and we are now conducting detailed structural surveys which will allow us to implement photovoltaics at all appropriate sites before 2030. Quantitative data on the costs of the activities outlined in our Transition Plan will be published through CDP and in our Annual Report as these detailed surveys are concluded.

Whilst financial modelling of our Scope 3 plan is subject to a much higher degree of uncertainty, we have conducted semi-quantitative assessments which suggest it is likely to be delivered without any additional costs in the long-term. We also anticipate the delivery of our Transition Plan will improve resilience of our supply chain, having the long-term impact of reducing costs arising from the physical impacts of climate change. This is particularly true in our marine supply chains, as outlined on page 80 of our 2023 Annual Report.

MAKING OUR SITES ACROSS THE GLOBE MORE SUSTAINABLE

We are constantly looking at ways to improve the efficiency of our sites to ensure they are as sustainable as possible and in turn reduce our impact on the planet. We have made a number of changes this year to contribute to this.

We continued to install solar panels across our site network to generate clean electricity. Focusing on the sites with the greatest generating capacity, in 2023 we installed a 1.76MW solar array at our Truganina site in Australia. This now means we have solar generation at five of our sites, with plans in place to install them across many of our remaining production sites. Our ambition is to have 100% renewable electricity in our European sites by 2025 and globally by 2027.

We have also rolled out energy efficiency programmes aligned to the ISO 50001:2018 standard across our business. 2023 marks the first year of our multisite certification and we now have 10 sites (nine entities) certified, with zero non-conformances.

In practical terms, this means our teams on each site use the same measurement and control platform with standardised dashboards tracking our consumption live. This allows them to target reduction projects where they will have the greatest impact and identify problems more rapidly. Having this across sites allows us to share knowledge and rapidly implement new innovations across the world.

So far, our new energy management system has led to a 6% reduction in energy consumption compared to a 2020 baseline. We want to continue our ambition and certify all our production sites with ISO 50001:2018 by end of 2025.

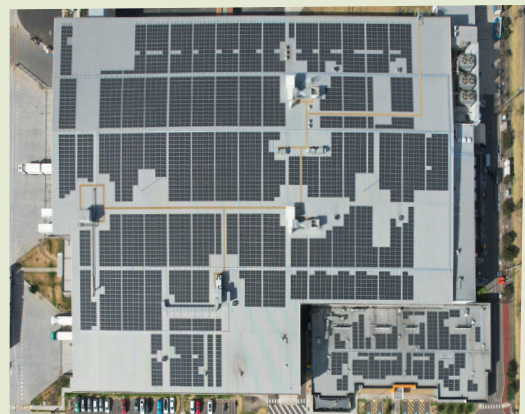


Figure [6]: Our site in Truganina, Australia pictured in 2023 after being fitted with a solar array

3. ENGAGEMENT STRATEGY



ENGAGEMENT WITH VALUE CHAIN

Our Sustainable Protein Plan underpins our strategy to become the international food and supply chain services partner of choice. We build long-term partnerships with our retailers to ensure we achieve the highest level of customer satisfaction through collaborative working.

We communicate with our customers every day to gain an in depth understanding of their needs and expectations. This helps us collaborate effectively to meet our shared transition goals, guided by our Group Quality and Sustainability Policies. By maintaining a high level of transparency through our supply chains, we can provide consumers with clear information about where our products come from, how they are made and their environmental impact.

We are committed to collaborating with our customers to measure and reduce the environmental impact of our products across the value chain. This year, our Sustainability and New Product Development teams created a tool to estimate the carbon footprint of new products. This tool allows us to change product composition to lower the carbon footprint for our customers and consumers.

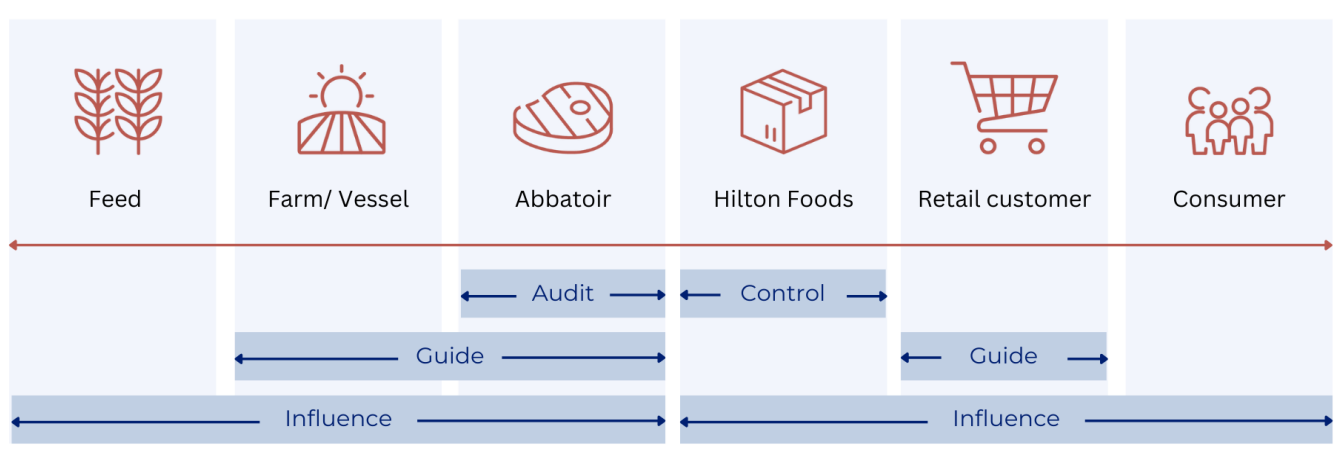
Our suppliers share our commitment to quality, food safety, animal welfare and sustainability, and we work closely to deliver our Transition Plan in our supply chain. In 2023, we partnered with the University of Stirling, the Agri-Tech Centre and the Sustainable Trade Initiative (IDH) to collect primary data from our partner farms on direct methane emissions from pangasius farming. We continue to work closely with key supply chains to implement renewable energy, by-product valorisation projects and lower carbon management practices.

We engage with our suppliers through the Foods Connected platform to track specific sustainability measures within our supply chain and to manage the buying, planning and supplying of our raw materials. This forms part of our supplier approval process which gives us full transparency of the provenance of the raw materials we use according to the Hilton Foods Supplier standards. We audit suppliers at a frequency determined by our risk assessment, this includes food safety, human rights, animal welfare and environmental compliance.

Hilton Foods has collaborated with Seafish, the UK seafood sector levy board, to develop their Seafood Carbon Emissions Profiling Tool (SCEPT) and are now working to implement the tool in our seafood supply chains. The SCEPT tool will help measure the carbon footprint of our supply chain in line with industry standards, without overburdening the supply chain. Our seafood sourcing standards are aligned to the Sustainable Seafood Coalition code and BSI PAS 1550. We disclose all of the fisheries and fish farming areas that we buy from on the Ocean Disclosure Project website.

We recognise the impact of climate change on animals in our value chain and are continually striving to adopt innovations to improve their welfare. We engage in industry initiatives and conduct dedicated animal welfare audits at abattoir level. We have developed a beef and lamb farming standard as an option for additional assurances to our customers. We work together with suppliers to resolve any non-conformances and support them in continuous improvements. Where engagement is unsuccessful we may seek to identify alternative suppliers that more closely align with our decarbonisation goals.

HOW WE WORK THROUGH THE VALUE CHAIN



ENGAGEMENT WITH INDUSTRY

The partnerships we forge across the industry are vital to achieve our targets. Collaboration across the industry is a necessity, pushing us to strive for best practice and work towards a sustainable food system for all.

Due to their materiality within our value chain, our engagement activities are focused on packaging, food waste, seafood and terrestrial livestock.

Hilton Foods is a member of Plastic Pacts in Europe, Canada, UK and Australia. As part of this we are working to promote improved waste practices and the development of improved recycling infrastructure, including chemical recycling. We are also members of the Circular Economy for Flexible Packaging (CEFLEX) initiative, a collaboration of over 180 organisations representing the entire flexible packaging value chain to expedite the implementation of chemical recycling.

We are a member of WRAP and have signed up to the Champions 12.3 ambition to halve food waste by 2030 and the 2030 Courtauld Commitment. This allows us to take a sector level approach on food waste and measurement of the climate impact of the food system.

The terrestrial livestock supply chain is incredibly complex and highly diverse, so collaboration across the entire supply chain is essential. We are board members of the European Roundtable on Beef Sustainability and members of both the UK Agri-Tech Centre and the British Meat Processors Association. Recognising that our supply chain emissions are dominated by methane and nitrous oxide, we are working with academia to improve the industry's understanding of how we measure and reduce these emissions. We support a DPhil at the University of Oxford looking at how the metrics we use to measure emissions from livestock production and land use influence decision making. We have also conducted research with the University of Lincoln to evaluate emissions abatement technologies for manure management and technologies for reducing enteric methane emissions. We are committed to share the research we conduct with academia and industry, and with government to ensure policymakers are best informed.

Hilton Foods is working actively to eliminate deforestation in our supply chain. We are founding members of the UK Soy Manifesto and now sit on their governance board. This Manifesto is a collective industry commitment to work together to ensure all physical shipments of soy to the UK are deforestation and conversion free (cut-off date of January 2020 at the latest), fully implemented immediately where possible and no later than 2025.



Figure [7]: Our Group Sustainability Senior Manager for Seafood and Crops speaking at AquaVision

Each signatory commits their business to five commitments bringing the industry together in a common ask. We are also founding members of the Soy Transparency Coalition and through this forum we co-fund the soy trader benchmarking surveys and reports. We joined the UK Roundtable on Sustainable Soya at its launch in July 2018 alongside our retail partners, where we have made a joint commitment to help protect the forests in South America from further deforestation. As members of the physical supply chain working group we are working to define the requirements for deforestation and conversion free soy in purchase specifications and feed/farm assurance schemes, including certification schemes benchmarked against the European Feed Manufacturers' Federation (FEFAC) 2021 Soy Sourcing Guidelines. We are signatories to the Business Statement of Support for the Cerrado Manifesto (Cerrado SoS) which calls for industry, civil society and government to work together to balance sustainable agricultural development and protection of the invaluable Cerrado ecosystem in Brazil, the world's most biodiverse savannah.

We are active members of the WRAP Courtaulds Meat in a Net Zero World commitment, that includes sourcing raw materials for animal feed in such a way that protects against conversion of forests and valuable native vegetation. We have also worked as part of an industry collaborative project to develop a new and potentially carbon negative form of animal feed derived from insects fed on algae.

In the seafood sector, we are collaborating with peers through the Seafood Grimsby Humber Alliance and the Sustainable Trade Initiative (IDH) to align on measurement and deliver decarbonisation through our shared seafood supply chain. We are engaged in research to understand the emissions from bottom trawling and from trophic and lithospheric interactions. We are also working with seafood certification bodies, including ASC, MSC, Global Gap, Best Seafood Practices and Sustainable Seafood Coalition, to implement a low carbon transition through our supply chain and standardise due diligence.

Our membership of trade organisations and industry bodies is documented annually in our Annual Report. Hilton Foods continuously monitors the organisations we engage with to ensure their goals are aligned with our strategic ambitions.

ENGAGEMENT WITH GOVERNMENT, PUBLIC SECTOR, COMMUNITIES AND CIVIL SOCIETY

The primary focus of our collaborative work with government is to improve and harmonise how we measure the warming impact of our products. Our ambition is to support the implementation of policy to expedite the roll out of decarbonisation in the supply chain while ensuring access to safe nutritious food.

We support government efforts to harmonise measurement across the food sector. We participate in the Department for Environment Food and Rural Affairs' (DEFRA) Food Data Transparency Partnership Eco Working Group, support Seafish (the UK seafood sector levy board) to develop their Seafood Carbon Emissions Profiling Tool (SCEPT), and one of our team members is currently serving on the review panel for the development of Marine Fish Product Environmental Footprinting Category Rules (PEFCR).

We actively engage with relevant government departments and agencies in material geographies on policy that affects the food and livestock sector on an ad hoc basis, through both formal and informal consultations. In Ireland, Hilton Foods are members of Bord Bia's Origin Green programme.

We also support DEFRA in developing secondary regulation under the Environment Act to require due diligence against illegal deforestation, working directly and through affiliated organisations. By harmonising emissions reporting, we can reduce the wasted labour in the supply chain from duplicate reporting, enabling suppliers to devote greater time to delivering decarbonisation.

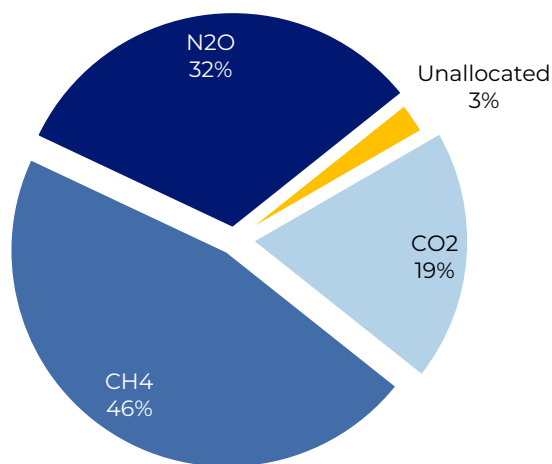


Figure [8]: 2023 Scope 3 emissions by greenhouse gas (GHG)

ADVOCATING A DEFORESTATION-FREE SUPPLY CHAIN

In our collective journey toward advocating for deforestation free supply chains, we have achieved significant milestones. Originating from our UK Soy statement, our commitment has expanded to encompass a broader European deforestation pledge. As steering group members of the UK Soy Manifesto Governance Board and founders of The Soy Transparency Coalition, we have been at the forefront of collaborative initiatives.

With over four years of collaboration with South American strategic suppliers through our work with the UK Roundtable on Sustainable Soy, we are determined that all soy, in both our products and in feed, does not contribute to deforestation. Our dedication extends to aligning with the 2025 European Deforestation regulation, working with suppliers to ensure accurate due diligence statements.

So far, we have achieved 100% certified soy protein in salmon feed as well as 100% certified palm oil, complying with our stringent deforestation commitment. Collaborative efforts with soy protein concentrate traders resulted in a collective commitment to source only deforestation free and conversion free soy, bolstered by robust third party verification.

Engagement extends to key retail partners such as Woolworths, Tesco, Waitrose, Ahold Delhaize and Sonae as we unite to address deforestation with a singular, impactful ask. Together, we are actively shaping a sustainable and responsible future for our supply chains.



4. METRICS & TARGETS



METRICS & TARGETS

GOVERNANCE, ENGAGEMENT, BUSINESS AND OPERATIONAL METRICS & TARGETS

Our 2025 Sustainable Protein Plan is the heart of our strategic ambitions and includes a series of challenging targets. Core to our strategic ambition is our commitment to achieving net zero greenhouse gas emissions across the value chain by 2048.

To reach this target, Hilton Foods has a number of specific targets relevant to our Transition Plan;

- Hilton Foods commits to no deforestation across its primary deforestation-linked commodities, with a target date of December 31, 2025. Both this, and our overall net zero target, have been validated by the Science Based Target Initiative aligned to a 1.5°C trajectory as outlined in the Paris Agreement.
- Intensity reduction of 15% in emissions of cattle in Europe by 2025 compared to a 2020 baseline (aligned to the ERBS Sustainability objectives).
- Maintain 100% of paper and board from certified sources.
- 100% directly purchased palm oil and soy is certified and working towards meeting EU Deforestation Regulation.
- Halve Hilton Foods' factory generated food waste by 2030 compared to 2019 (in line with the Champions 12.3 commitment to deliver UN SDG 12.3).
- Use 100% renewable electricity across all own operations in Europe by end of 2025 and globally by 2027.
- Achieve minimum of 50% average recycled content across all plastic packaging by 2025.
- Improve energy efficiency in Hilton Foods facilities by at least 10% by 2025 compared to 2020 baseline.

These targets are crucial to achieving our strategic ambition in material areas of our supply chain. Their delivery is fully aligned to the implementation strategy and engagement strategy outlined in sections 2 and 3 respectively.

Progress against our targets is detailed in our Annual Report.

GHG METRICS & TARGETS

In the near-term, Hilton Foods commits to reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 95% by 2030 from a 2020 base year. We also

commit to reduce absolute Scope 1 and 2 GHG emissions by 98% by 2048 from a 2020 base year.

Hilton Foods has committed to reduce absolute Scope 3 GHG emissions from energy & industrial sources from purchased goods and services, waste generated in operations and downstream transportation & distribution by 45% by 2030 from a 2020 base year. We commit to reduce absolute Scope 3 FLAG GHG emissions 45% by 2030 from a 2020 base year.*

In the long-term we commit to reduce Scope 3 emissions from energy & industrial sources by 90% by 2048 from a 2020 base year. Hilton Foods commits to reduce absolute scope 3 FLAG GHG emissions by 100% by 2048 from a 2020 base year.*

*The target includes FLAG emissions and removals.

These targets are the core of our strategic ambition. Their delivery is fully aligned to the implementation strategy and engagement strategy outlined in sections 2 and 3 respectively.

Our Scope 3 targets include emissions from 01. Purchased goods and services, 05. Waste generated in operations and 09. Downstream transportation & distribution, as defined in the Greenhouse Gas Protocol. We calculate all categories of Scope 3 on an annual basis and report accordingly. Indirect elements of the Scope 3 categories which we calculate, as defined in the Greenhouse Gas Protocol, are reported separately.

All targets are based on carbon dioxide equivalent (CO₂e) emissions across a 100-year timescale (GWPI00) aligned to the IPCC's Sixth Assessment Report. Targets apply across all entities in which Hilton Foods holds shares.

The targets were validated by the Science Based Targets Initiative (SBTi) in 2024. All sustainability targets are reviewed every five years or upon material expansion of the business. The SBTi Forest, Land and Agriculture Science Based Target-Setting Guidance (FLAG), WWF's Setting Science-Based Targets in the Seafood Sector: Best Practices to Date and WRAP's Scope 3 GHG Measurement and Reporting Protocols for Food and Drink Businesses were used to develop our targets. Since 2020, our emissions data has been independently verified by GEP

Environmental across all three scopes to a 'limited level of assurance', in line with ISO 14064:3.

Our emissions are reported in our Annual Report, alongside a commentary on our relative performance. When calculating our Scope 1, 2 and 3 emissions we use the most appropriate public data for our supply chains combined with supplier specific emission factors where available.

These emissions are reported on an absolute basis, in line with the Greenhouse Gas Protocol. We take an equity share approach. In addition, we report on GHG emissions intensity and total consumption of electricity, renewable electricity, gas and water. Fluorinated gas emissions are reported separately for Scope 1 and Scope 3 emissions and are reported at a greenhouse gas level.

Removals are not currently included in emissions reporting due to uncertainty in measurement and a limited understanding of the permanence of certain land-based and marine techniques. We are actively working to improve this and aim to include it in the future.

FINANCIAL METRICS & TARGETS

Hilton Foods does not have any direct financial targets linked to our Transition Plan, however we have linked our investment to our site level Transition Plans and have started integrating climate-related considerations in our purchasing requirements.

We are currently piloting the use of carbon pricing in specific applications. The value used to price carbon is still under review and may vary by application.

CARBON CREDITS

Hilton Foods does not anticipate using offset carbon credits to achieve its strategic ambitions. Inset carbon credits are likely to be used to achieve our long-term ambitions. The exact substance of these credits is not yet clearly defined but we anticipate they will be substantiated by some form of direct removal.

Hilton Foods does not currently buy or sell carbon credits, we will report this on an annual basis through our Annual Report.

5. GOVERNANCE



BOARD OVERSIGHT AND REPORTING

Sustainability is embedded throughout our governance structure, it is essential for driving accountability and innovation and enabling us to deliver our sustainability targets by aligning policies, resources, and long-term goals.

The Board is responsible for the long-term success of the group and has ultimate responsibility for approval of our Transition Plan and our strategic ambition, as well as the ongoing review of our progress. The Board meets at least eight times a year.

The Board assigns certain sustainability matters to principal committees: the Sustainability Committee has oversight of climate-related strategy, including the Transition Plan. From a strategic perspective, climate-related issues are discussed within the Sustainability Committee, chaired by Non-Executive Director, Rebecca Shelley. With extensive experience in sustainability, including leading Tesco's sustainability strategy and establishing programmes internationally for four years for financial services companies like Prudential, Rebecca brings valuable insights to inform Board and Committee discussions.

Our board members collectively bring experience relevant to climate transition, including financial, supply chain, sustainability, and general governance roles across a range of industry sectors including global retailers and their suppliers. More details on their backgrounds can be found in our Annual Report.

The Sustainability Committee meets at least four times per year to monitor the progress and performance of the Group's Transition Plan, including key initiatives aimed at reducing Hilton Foods' climate footprint. The Committee also reviews our reported KPIs as outlined in the Metrics and Targets section of this report, through our KPI monitoring system, which tracks Group-level metrics such as emissions, energy and water use. The Committee Chair informs the Board of our strategy and progress after each Sustainability Committee meeting.

The Board also ensures the Group maintains an effective risk management and internal control system, including over climate-related risks and opportunities. The Board, via the Audit Committee has an ongoing review process for principal risks, including climate change.

The Board has approved our Science-Based Targets, developed in line with a strategic ambition set at a management level. This is supported by an in depth annual assessment of our performance against climate-related metrics which is reported to the Board.

MANAGEMENT ROLES, RESPONSIBILITIES AND ACCOUNTABILITY

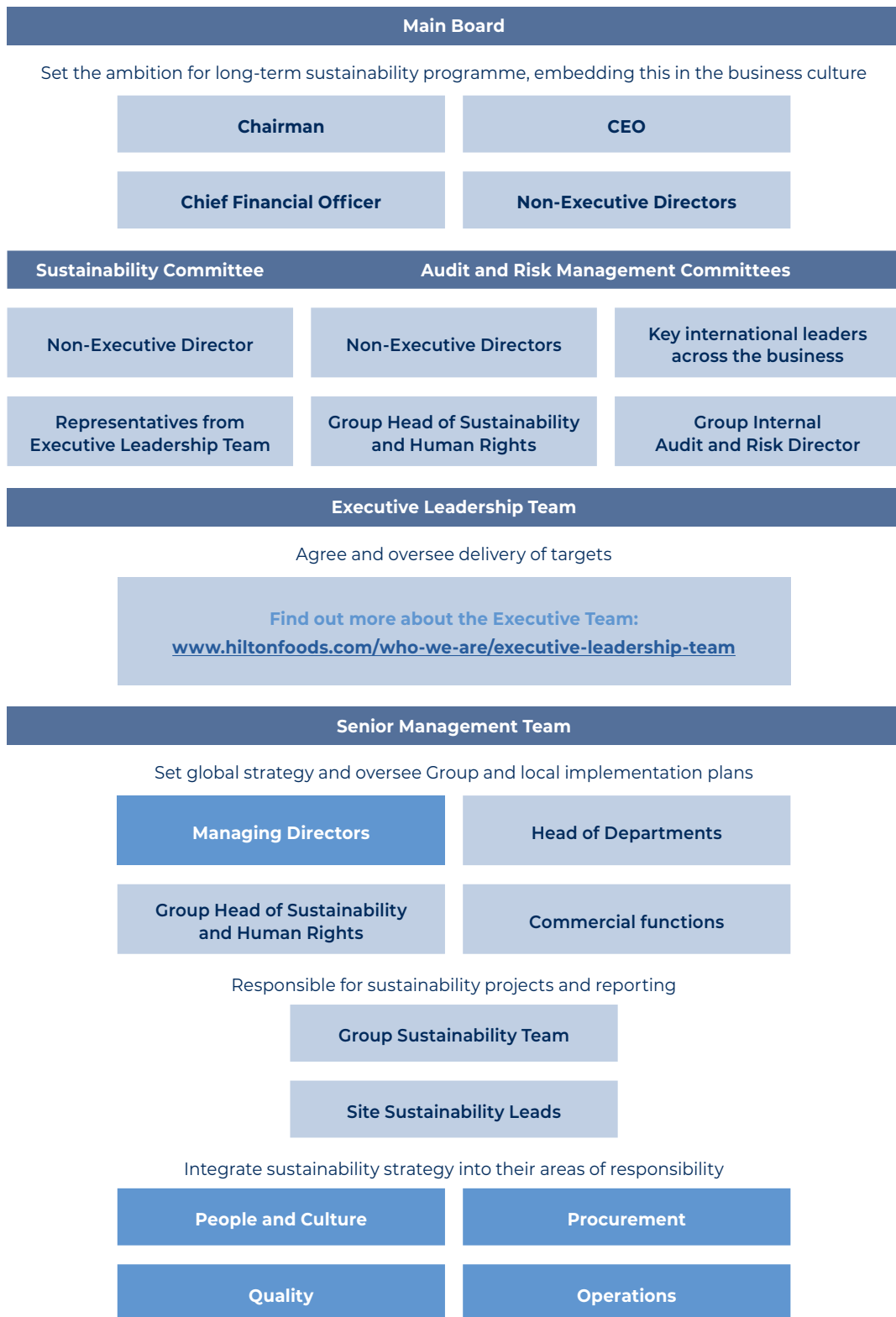
Our Chief Executive, Steve Murrells, has management responsibility for climate-change and environmental issues. Day-to-day governance of climate-related issues are delegated to the Executive Leadership Team, which oversees the delivery of our Transition Plan, monitors the progress against it and manages major delivery projects.

Regional CEOs are responsible for delivery of the Transition Plan at the site level across Scope 1, 2 and 3. The Group Sustainability team, led by the Chief Quality and Sustainability Officer, is responsible for management of projects across geographies, management of Group strategy and climate risk management. The Group Sustainability & Human Rights Director has operational responsibility for the delivery of the Transition Plan. These teams oversee carbon reduction projects in partnership with customers and suppliers, and members of the team hold governance roles within industry collaborative forums.

Strategic ambition for the Transition Plan and our Science-Based Targets was set by the Executive Leadership Team led by our CEO. Our Science-Based Targets, Transition Plan and mitigation strategies were developed by the Group Sustainability Team for approval by the Executive Leadership Team and the Sustainability Committee within the parameters of this strategic ambition.

The Executive Leadership Team, alongside the CEO, receives monthly updates on the progress of our 2025 Sustainable Protein Plan, including the Transition Plan, under the stewardship of the Chief Quality and Sustainability Officer. These sessions delve into relevant collaborative projects and customer requirements, underscoring the commitment to keeping sustainability at the forefront of strategic decision-making.

GOVERNANCE OF SUSTAINABILITY



- Direct responsibility for sustainability, including climate
- Shared responsibility

CULTURE

Our mission is to enhance efficiency and flexibility in the food supply chain without compromising quality, using innovative and sustainable food manufacturing and supply chain solutions. We strive to be the partner of choice for food retailers and food service seeking excellence, insight and growth.

Through our 'growth through total partnership' model, we create value for our stakeholders and contribute positively to society. Our core values guide us in delivering a sustainable future for all our stakeholders. These values are integral to our strategic compass, which navigates us. Our strong values-based culture supports us in achieving good governance. Delivering our Transition Plan will require engagement throughout the business to embed climate action at the core of our company culture. We're currently developing the tools and infrastructure to communicate the Transition Plan within our organisation, including appropriate training of colleagues, integration into operating procedures and ongoing internal communications.

In Hilton Foods UK we have introduced a salary sacrifice new electric or plug-in hybrid car scheme to reduce the cost for employees of purchasing a lower emissions vehicle, helping to reduce the business' emissions from employee commuting.

Over the past two years, we have invested in a range of new training programmes, projects and management initiatives to support all our colleagues and are rolling out Learning Management Systems across our operations to facilitate this.

The "work conversations" initiative we launched in 2022 continues to be impactful, providing everyone the chance to discuss their work with their manager, or someone else who can support them. Our Industry Recognised Qualifications programme in APAC gives colleagues the opportunity to develop their careers by gaining industry recognised qualifications, including qualifications in energy management and procurement which contribute to the delivery of our strategic ambition. This sits alongside study assistance, a buddy programme for new joiners and leadership skills training for team leaders.

Our Manufacturing Excellence Programme builds the skills needed to run large and complex manufacturing businesses. We introduced the Emerging Leaders Programme to our UK business in 2023, to support key talent in progressing to the next level and to become inclusive leaders. Sustainability has been incorporated into both programmes with content aligned to our Transition Plan. This is also integrated into the Seafood Leaders programme delivered by the University of Lincoln on behalf of the Seafood Grimsby Humber Alliance (SGHA), in which many of our colleagues participate.

We value our employees' experience at work, which is why we conduct annual surveys and use employee representative groups such as "Your Voice Committees" to engage our colleagues in our business operations. In 2023, 91% of our employees contributed to the annual survey. Our whistleblowing mechanism enables our employees and others to raise concerns anonymously.



Figure [9]: Hilton Foods' Strategic Compass

INCENTIVES & REMUNERATION

Our Transition Plan will enable us to create value for all our stakeholders. In 2022, we announced the inclusion of sustainability metrics in Hilton Foods Long-Term Incentive Plan (LTIP), enabling us to embed our Transition Planning within our business strategy and incentivise management to deliver it. This was the first time the LTIP contained a sustainability element. Vesting of these targets is aligned to reductions consistent with our strategic ambition. More detail can be found in our Annual Report.

The weighting of climate related metrics was reduced in 2023 from 15% to 12% to align the metrics used more directly with our strategic ambition and facilitate the inclusion of people related metrics.

Outside of the LTIP, a differentiated approach is taken to align remuneration with the Transition Plan, as is appropriate to specific teams and roles.

SKILLS COMPETENCIES & TRAINING

The board receive training on the Group's climate challenge, key and upcoming legislation, regulatory trends and how we are responding as a business.

Our Chief Executive, Steve Murrells, is a permanent member of the Sustainability Committee and has management responsibility for climate-change and environmental issues. Steve has extensive sustainability experience having been responsible for sustainability strategy in his previous roles as CEO of Co-op Group and Co-op Retail. At the Co-op Group, he campaigned on climate change issues including serving as a panel member at COP26 and as Chair of the BRC's Climate Action Roadmap steering group. As part of our commitment to sustainability, he leads our positive response to addressing climate risk and opportunities.

We have ongoing processes to identify gaps in the skills required to deliver our transition plan. Where such skills gaps are identified we have processes in place to upskill the existing team and recruit appropriately or seek external support where appropriate.

Any updates to our governance structures will be detailed in our Annual Report.

The performance conditions covering the three financial years 2022-2024 are as follows:

Metric	Weighting	Threshold 10% vesting	Maximum 100% vesting
EPS	60%	5% growth per annum	12% growth per annum
Relative TSR compared with the constituents of the FTSE 250 (excluding investment trusts)	25%	Median	Upper quartile
Sustainability			
i. Scope 1 and 2 energy efficiency	5%	6.5% reduction over 3 years	43.9% reduction over 3 years
ii. Packaging recycled content	5%	11.7% increase over 3 years	28.3% increase over 3 years
iii. Food waste	5%	15.0% reduction over 3 years	30.0% reduction over 3 years

The performance conditions covering the three financial years 2023-2025 are as follows:

Metric	Weighting	Threshold 10% vesting	Maximum 100% vesting
EPS	60%	5% growth per annum	12% growth per annum
Relative TSR compared with the constituents of the FTSE 250 (excluding investment trusts)	25%	Median	Upper quartile
Sustainability			
i. Scope 1 and 2 energy efficiency	5%	35% reduction over 3 years	52% reduction over 3 years
ii. Scope 3	5%	21% reduction over 3 years	33% reduction over 3 years
iii. Women in leadership roles	1.5%	0% increase over 3 years	5% increase over 3 years
iv. Employees who 'feel included'	1.5%	2% increase over 3 years	5% increase over 3 years
v. 100% of high risk suppliers with SMETA audit	2%	80% of higher risk suppliers with valid SMETA audits	100% of higher risk suppliers with valid SMETA audit

The performance conditions covering the three financial years 2024-2026 are as follows:

Metric	Weighting	Threshold 10% vesting	Maximum 100% vesting
EPS	60%	7% growth per annum	14% growth per annum
Relative TSR compared with the constituents of the FTSE 250 (excluding investment trusts)	25%	Median	Upper quartile
Sustainability			
i. Scope 1 and 2 energy efficiency	5%	35% reduction over 3 years	52% reduction over 3 years
ii. Scope 3 energy efficiency	5%	21% reduction over 3 years	33% reduction over 3 years
iii. Women in leadership roles	1.5%	6% increase over 3 years	11% increase over 3 years
iv. Employees who 'feel included'	1.5%	2% increase over 3 years	11% increase over 3 years
v. 100% of high risk suppliers with SMETA audit	2%	80% of higher risk suppliers with valid SMETA audits	100% of higher risk suppliers with valid SMETA audit

GLOSSARY

Benthic disturbance: is the disruption of the seabed and its ecosystems, often caused by human activities such as bottom trawling.

Bioenergy with carbon capture and storage (BECCS): is a carbon removal technique that captures and stores carbon dioxide (CO₂) from biomass to reduce greenhouse gas emissions.

Bottom trawling: Bottom - or demersal - trawling is a fishing method that uses towed nets to catch fish and other marine species living on or close to the seabed.

Carbon credits: A carbon credit represents the reduction, removal or prevented release of greenhouse gases by natural or technological processes. Businesses and individuals can purchase credits on the voluntary carbon market and may use them to offset their own emissions.

CDP: CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Circular Economy for Flexible Packaging (CEFLEX): is a collaboration of European companies, organizations, and associations that aim to make all flexible packaging in Europe circular by 2025.

Climate Change Committee (CCC): is an independent body that advises the UK government on climate change.

Courtauld Commitment: The Courtauld Commitment 2030 is a UK success story - a voluntary agreement that enables collaborative action across the entire UK food chain to deliver farm-to-fork reductions in food waste, greenhouse gas (GHG) emissions and water stress that will help the UK food and drink sector achieve global environmental goals.

Deforestation and conversion free (DCF): Deforestation-and conversion-free (or DCF) commitments are made to avoid producing goods on land that has been converted from natural habitat—including forests, grasslands, wetlands, and savannahs.

Forests, Land and Agriculture Guidance (FLAG): the world's first standard for companies in land- intensive sectors to set science-based targets (SBTs) that include land-based emissions reductions and removals.

GEP Environmental: GEP Environmental are leading providers of energy and environmental consultancy.

Global warming potential (GWP): Global warming potential is an index to measure how much infrared thermal radiation a greenhouse gas would absorb over a given time frame after it has been added to the atmosphere. For example, GWP100 is the average warming potential over 100 years.

Greenhouse Gas Protocol: is a global framework that provides standards, tools, and guidance for measuring and reporting greenhouse gas emissions.

Hydroponics: Hydroponics is a method of growing plants in a nutrient-rich water solution instead of soil.

IFRS: The IFRS Foundation is a not-for-profit, public interest organisation established to develop high-quality, understandable, enforceable and globally accepted accounting and sustainability disclosure standards.

Intergovernmental Panel on Climate Change (IPCC): The Intergovernmental Panel on Climate Change is an intergovernmental body of the United Nations.

ISO50001: ISO 50001 is a voluntary international standard for energy management systems (EnMS) that helps organizations reduce their energy consumption and improve their energy efficiency.

ISO 14064:3: SO 14064-3 is a standard that provides guidelines for verifying and validating greenhouse gas (GHG) statements for organizations, projects, and products.

Multi-trophic aquaculture: is a method of farming aquatic species where the byproducts, including waste, from one aquatic species are used as fertiliser and food for another. This method is known to reduce waste, improve ecosystem health and increase production.

Net Zero: Net zero refers to a state in which the greenhouse gases going into the atmosphere are balanced by removal out of the atmosphere.

Paris Agreement: The Paris Agreement is a legally binding international treaty on climate change. Its overarching goal is to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels."

Photovoltaics: Photovoltaics is the conversion of light into electricity i.e. solar panels.

Representative Concentration Pathways (RCPs): are a set of climate change scenarios to project future greenhouse gas concentrations, labelled after a possible range of radiative forcing values in the year 2100.

Ruminants: are mammals that are herbivorous grazers i.e cows, sheep.

Science Based Targets: Science-based targets give companies a clearly-defined path to reduce greenhouse gas emissions in line with limiting global warming to 1.5°C. They define how much and how quickly a business must reduce its emissions to be in line with the Paris Agreement goals.

Science Based Targets initiative (SBTi): SBTi is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

Scope 1: Scope 1 emissions are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion and vehicles).

Scope 2: Scope 2 emissions are indirect greenhouse gas (GHG) emissions that occur when a company purchases and uses energy, such as electricity, steam, heat, or cooling.

Scope 3: Scope 3 emissions are emissions that are not produced by the company itself and are not the result of activities from assets owned or controlled by them, but by those that it's indirectly responsible for up and down its value chain. For example, how a consumer cooks and disposes of a Hilton Foods product.

Shared Socioeconomic Pathways (SSPs): SSPs are a set of five climate change scenarios of projected socioeconomic global changes up to 2100 as defined in the IPCC Sixth Assessment Report on climate change.

Soy Protein Concentrate (SPC): is a food ingredient made from defatted soybeans that's high in plant-based protein.

Sedex Members Ethical Trade Audit (SMETA): is an ethical audit methodology that encompasses all aspects of responsible business practice.


Task Force on Climate-related Financial Disclosures (TCFD): TCFD is a framework that provides guidance on how businesses should report on climate change risks and opportunities.

Transition Plan: Climate transition plans are a vital tool to demonstrate to investors, suppliers, customers and other key stakeholders that an organization is committed to achieving a climate transition aligned to a 1.5°C pathway, and that its business model will remain relevant in a net-zero carbon economy.

Transition Plan Taskforce (TPT): The Transition Plan Taskforce was launched in April 2022 to develop the gold standard for private sector climate transition plans. Its materials were informed by global engagement with financial institutions, real economy corporates, policymakers, regulators and civil society. Responsibility for this guidance has now been transferred to the IFRS Foundation.

WRAP: WRAP is a global environmental action NGO, that brings businesses, NGOs and governments together across the food sector to advocate for Circular Living, working towards reducing plastics and food waste and increasing recycling.

3- nitrooxypropanol: is an organic compound that reduces methane production in ruminants like dairy and beef cattle.

A scenic landscape photograph of rolling green hills at sunrise or sunset. The sky is a warm, golden yellow, and a layer of mist or fog fills the valleys between the hills. The foreground shows a steep, grassy slope with a dense line of trees. The overall mood is peaceful and natural.

Hilton Food Group
The Interchange, 2-8 Latham Rd,
Huntingdon,
PE29 6YE