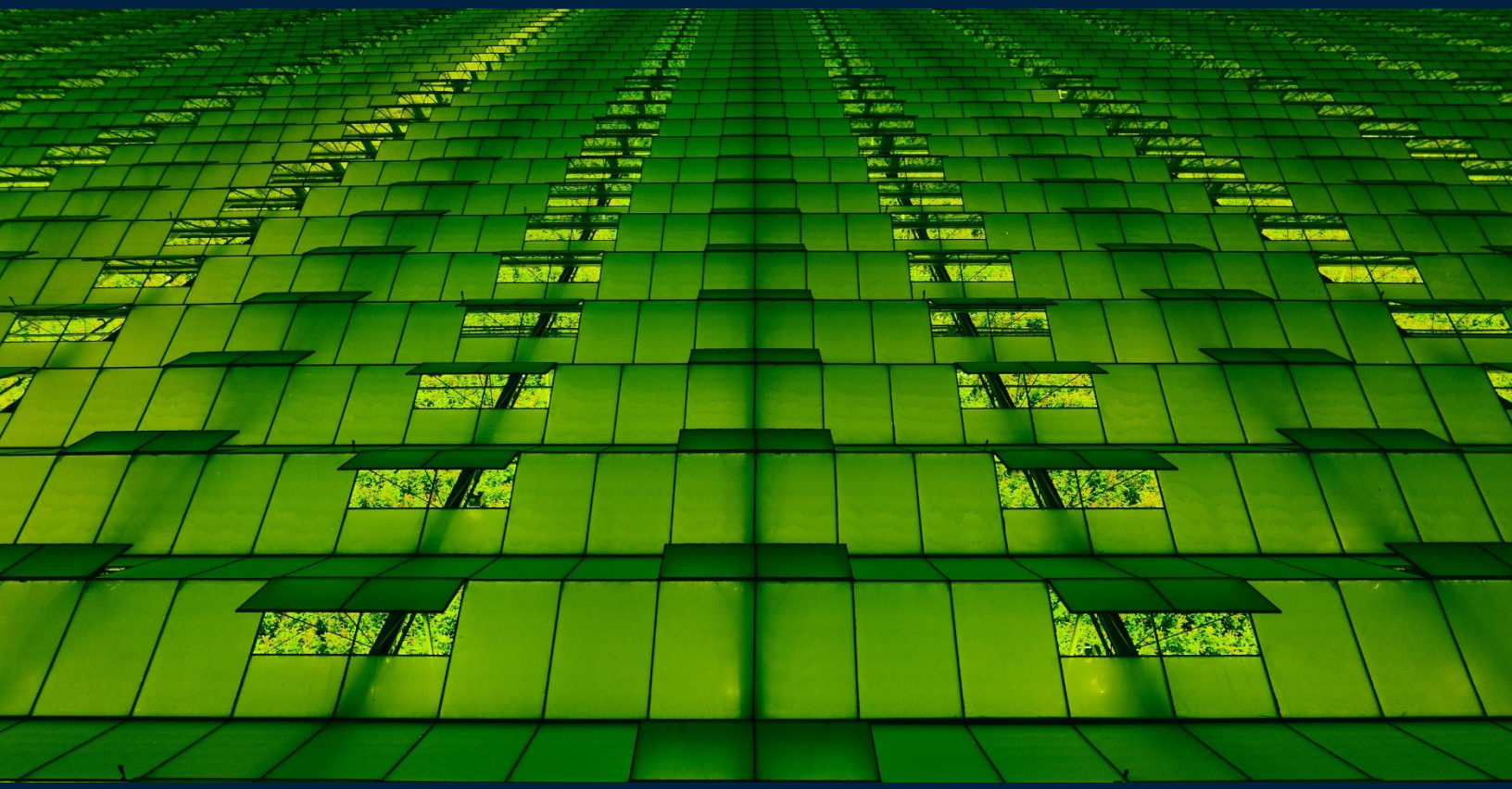
Perfection Fresh Australia
Climate Transition Plan

Version 1 – March 28, 2024



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1. Climate Ambition and Targets

1.1 Climate Ambition

Climate change is a long-term systemic risk, as supported by scientific evidence from the Intergovernmental Panel on Climate Change (IPCC). As a long-term natural capital-based production system and land steward, we acknowledge the potential impacts of climate change across the geographies and markets we operate in, and we understand the importance of integrating material climate change considerations into our operational process. This approach supports our goal of aiming for better operational returns and minimizing possible risks across our activities and markets, while supporting global decarbonization efforts.

Driving climate action by reducing GHG emissions

The ultimate ambition of this first iteration of our CTP is to drive GHG emissions reductions consistent with the 1.5°C temperature goal of the Paris Agreement, and to reach net zero emissions across our value chain by 2050. The focus of our efforts between now and 2030 is to deliver absolute GHG reductions, even as we grow our business.

For our 2030 near-term GHG target we seek out opportunities to reduce emissions and encourage carbon removals on our working lands, where possible. Our CTP currently covers the GHG emissions from our operations (Scope 1 and 2) and will be expanded to cover key GHG emissions categories in our wider value chain (Scope 3) by March 2026.

It is important to note that both the target and the pathway to get there are critical to a credible CTP, and that is why we believe it is necessary to have:

- near-term and medium-term science-based GHG emissions reduction targets; and
- a long-term net zero GHG emissions target.

Additional information on our near-term target and the evaluated actions to 2030 can be found in Sections 1.2 and 3.2 respectively.

Adapting to climate change and building resilience

This first iteration of our CTP sets out our GHG mitigation actions to 2030, but many of these actions also facilitate climate adaptation and improve resilience. The topic of adaptation and resilience is of growing importance to us but also a big focus for our CTP.

Over the next two years, we will be working towards identifying our material climate-related physical and transition risks and opportunities, assessing their potential impacts to our business operations and strategy, and developing mitigation measures to support continued resilience in a changing climate and a net zero economy. By adapting our strategy in response to these risks and opportunities, we can increase the resilience of our operations and value chains, secure the supply of key ingredients, and can anticipate societal and consumer shifts across different geographies to ensure our products continue to meet their needs.

As a first step, we have identified potential climate-related transition risks to our business, including changes in policies, regulations, technological shifts and changes in consumer preferences. This preliminary list is expanded on in Section 2.

In the agriculture sector, we have the opportunity to improve our food systems, increasing access to nourishing food for a growing population, all while reducing our GHG emissions, minimizing our environmental impact and adapting to climate change. We have a responsibility to deliver on these actions in a way that ensures a just transition for our local communities and other stakeholders who may be disproportionally affected by the impacts of climate change. We believe we can only deliver on this ambition by continuing to improve the way we manage our soils, water, energy and other natural resources, and restoring and preserving biodiversity.

1.2 GHG Targets

Our GHG baseline

We selected our fiscal year 2023 (July 1, 2022 to June 30, 2023) as the appropriate base year for our target as this was the most recent year for which we had comprehensive data. Our total FY2023 GHG emissions[1] are 48,993 tonnes of carbon dioxide equivalent (tCO_2e) and include 4,171 tonnes of biogenic CO_2.

Setting our GHG reduction targets

As part of our first CTP, we have defined a near-term target for our Scope 1[2] and 2[3] GHG emissions (including biogenic CO_2) in alignment with the decarbonization pathways set out by the Science Based Targets Initiative (SBTi). Although PFA is aligning with guidance from the SBTi, we do not intend to submit these targets for SBTi validation at this time. As part of our near-term targets, we are committed to reducing our annual emissions from 48,993 tCO_2e in FY2023 to 28,416 tCO_2e by FY2030. We are committed to achieving this target even as we grow our business.

What are biogenic CO_2 emissions?

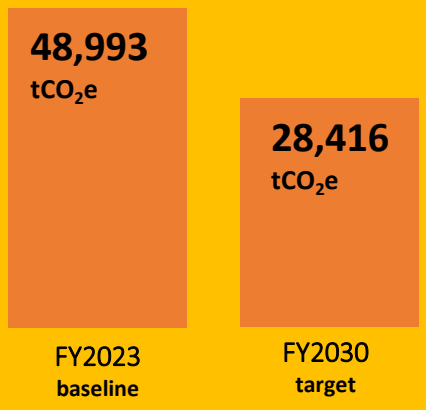
Biogenic CO_2 emissions are defined as CO_2 emissions related to the natural carbon cycle, as well as those that can result from the harvest, combustion, decomposition, or processing of biologically based materials such as plants, trees and soil. The GHG Protocol recommends that biogenic CO_2 emissions are reported separate from but alongside an organization's Scope 1 and 2 GHG inventory. For target setting, the SBTi guidance requires the inclusion of biogenic CO_2 as part of the total target boundary.

Our near-term GHG reduction targets:

We aim to reduce our absolute Scope 1 and 2 GHG emissions[3] by **42% by FY2030**, compared to a **FY2023 baseline**.[4]

Total Scope 1 and 2 (including biogenic CO_2)

- 42% absolute reduction



[1] Total GHG emissions include Scope 1, Scope 2 (location-based) and biogenic CO_2. The SBTi guidance requires the inclusion of biogenic CO_2 as part of the total target boundary.
[2] Scope 1 emissions are direct GHG emissions occurring from sources that are owned or controlled by the reporting entity. This may include fuel consumption in vehicles and machinery, fertilizer application, etc.
[3] Scope 2 emissions account for GHG emissions from the generation of purchased energy consumed by the reporting entity.
[4] Target was developed using the Absolute Contraction Approach per the SBTi Net Zero Standard which follows a 1.5 °C pathway.

Our long-term GHG mitigation ambition

Recognizing the national and international importance of decarbonizing the agriculture sector, **PFA has a long-term goal of achieving net zero GHG emissions by 2050**. PFA defines net zero in alignment with the definition set out by the SBTi. Net zero is the point where emissions are as close to zero as reasonably practical using abatement solutions and any residual emissions are neutralized using removal solutions that counterbalance emissions that remain unabated.

In the long-term, even with the substantial emission reductions expected by 2050 (90% reduction in emissions), there will be residual emissions associated with our operations and activities. To neutralize those emissions, we intend to permanently remove an equivalent amount of carbon from the atmosphere and store it. These emissions removals will be either purchased through carbon removal credits or developed directly through our own projects.

We believe it is important to consider issues of the quality and permanence of carbon removals that are used to support net zero goals. As most carbon removal projects will have a land footprint, we are also cognizant of the potential unintended consequences on local communities, biodiversity and other environmental factors more broadly. These concerns will be part of the evaluation criteria of any carbon removal strategies we develop in the future.

Next steps

Over the next year, we will quantify our Scope 3 GHG emissions for the first time, determining the key material categories to focus our GHG reduction efforts on in the near-term and long-term. We will also define our medium-term GHG reduction targets for our Scope 1 and 2 emissions and an associated action plan. Our long-term target covering Scope 1, 2 and 3 GHG emissions will be developed and reported on by March 2026.

3. Decarbonization Strategy

3.1 Our GHG Baseline Emissions

Our GHG emissions are measured annually and calculated in accordance with the methodology set out by the Greenhouse Gas Protocol (GHG Protocol) Corporate Standard and the draft Land Sector and Removals Guidance (LSRG). Our total FY2023 GHG emissions are 48,993 tCO_2e and include 36,551 Scope 1 emissions, 8,271 Scope 2 emissions and 4,171 tonnes of biogenic CO_2.

Achievement of our GHG reduction targets will require action across a wide variety of emission sources in our GHG inventory. These emission sources are further detailed and explained in Figure 3.1. Section 3.2 and 3.3 of our CTP outline the key actions we have identified to reduce many of these emission sources.

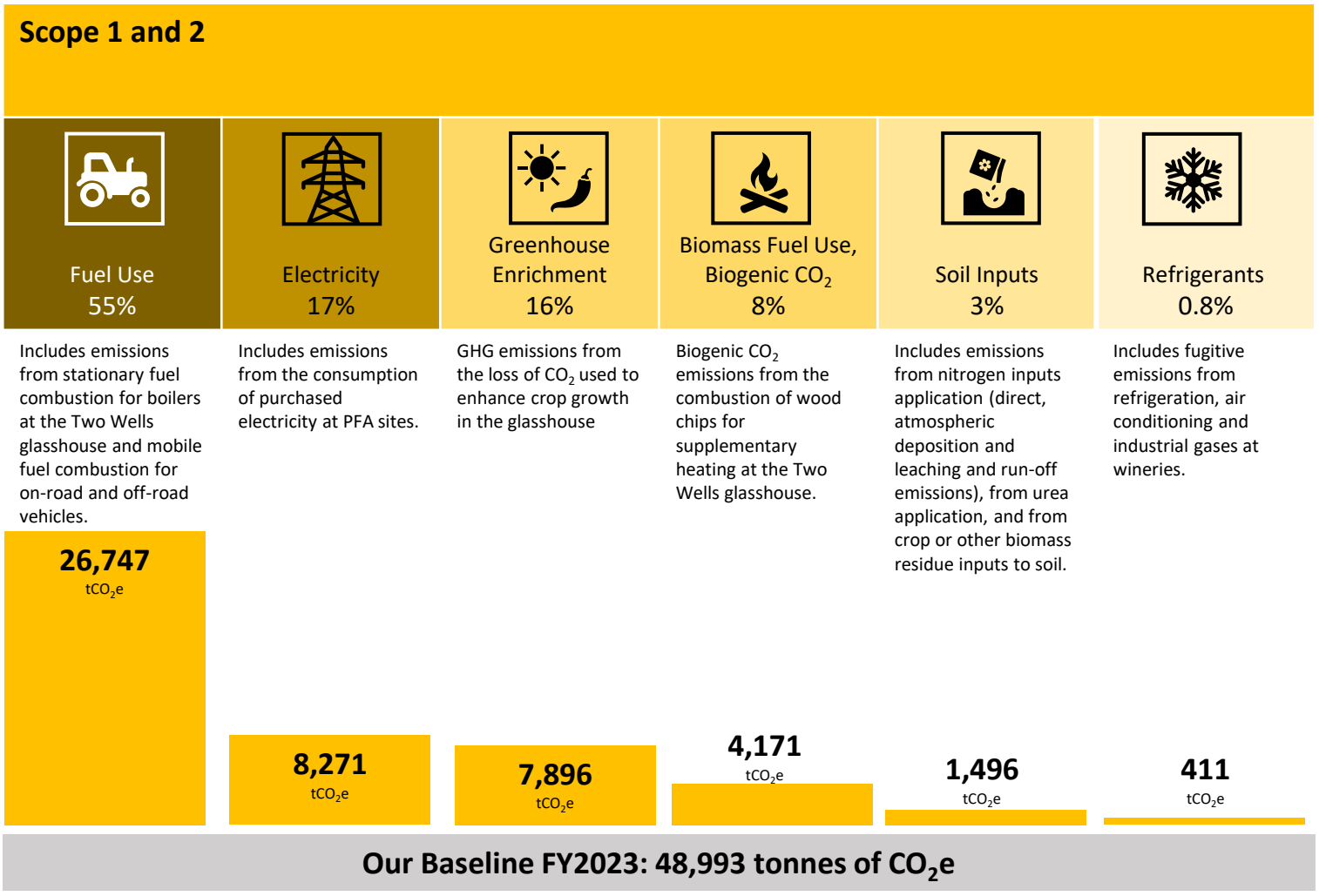


Figure 3.1 – GHG Emission Sources for the FY2023 Baseline

3.2 Our Priority GHG Mitigation Actions

This section articulates some of the planned actions we have identified to reduce our operational GHG emissions (Scope 1 and 2). Ultimately our intention is for our emissions reduction plan to cover all the emissions within the scope of our Net Zero GHG emissions by 2050 ambition. However, given the importance of early action, this first iteration of our CTP presented here focuses on the emissions within the scope of near-term Scope 1 and 2 GHG reduction targets where we have the greatest potential to make an impact and access to better data to track our performance.

How we prioritized actions for our near-term target

To prioritize the list of actions for our near-term target, and identify those that may be more feasible for implementation in the long-term, different representatives across our business worked with an external consultant to narrow down a longlist of potential GHG mitigation levers using the following evaluation criteria:

- **Technology Readiness Level (TRL) :** Readiness of the technology for implementation from early-stage research, to prototyping, to testing in operations, to readily available.
- **Mitigation Potential:** The scale of emissions reduction potential based on the efficiency of the lever and the importance of the associated emissions in our operations.
- **Abatement Cost**: High-level cost of the mitigation lever per tCO_2e reduction i.e., how much will it cost to reduce emissions by 1 tCO_2e, accounting for both costs and savings.
- **Operational feasibility:** Ease of implementation from an operational perspective, and consideration of whether the lever has already been trialed and/or partially or fully adopted by the business.

The results of this analysis, including all potential GHG mitigation levers identified, are summarized in Appendix B.

In 2024, we identified the priority action areas towards delivering these targets and have started the integration of these action areas within our long-term financial range plans (See Section 4). Collectively, these actions, presented below and in more detail in Table 3.1, lay out an initial roadmap to achieving our near-term target.

Installation of electric boilers: We will evaluate options to install electric boilers to displace the wood chips and up to 50% of the natural gas currently consumed for heating at the Two Wells glasshouse with electricity.

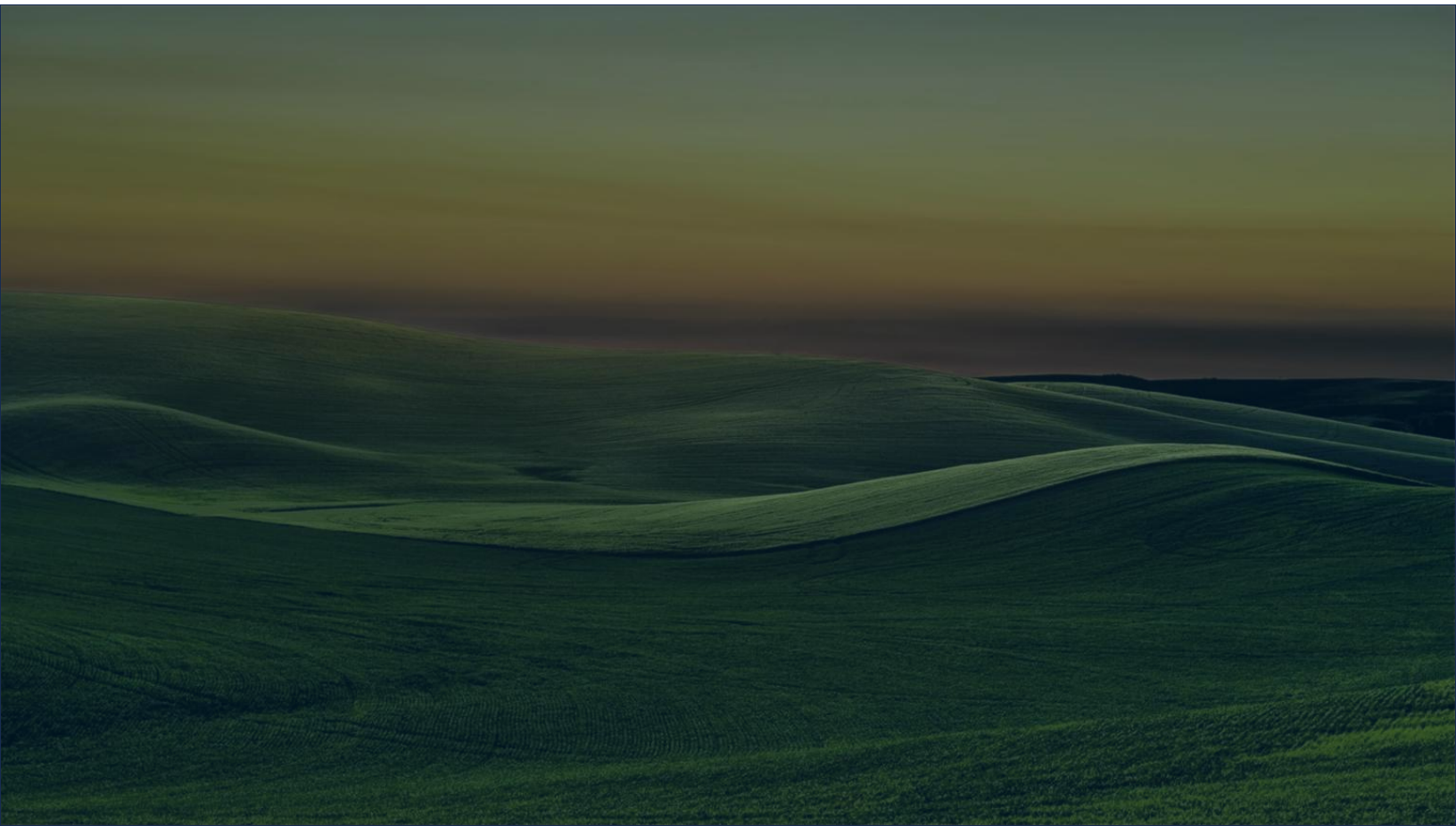
Increase on-site renewable energy: We are aiming to increase on-site solar generation capacity at Two Wells Glasshouse to 8.6 MW based on an assessment of available space at the facility.

Table 3.1 – GHG Mitigation Actions for Our Near-Term Target

			Evaluation Criteria		
Action	**Action Detail**	**Potential Challenges**	**GHG Mitigation**	**Implementation Feasibility**	**Co-Benefits/Co-Harms**
Installation of electric boilers	Installation of electric boilers to replace wood chips and 50% of natural gas consumed for heating at the Two Wells with electricity	Commercial availability and cost of electric boilers. As CO_2 from boilers is also used for greenhouse enrichment only partial electrification can be undertaken until alternative sources of CO_2 are determined.	 17,659 tCO_2e **36%**	**Moderate**	- Fuel cost savings - Reduced air pollution by eliminating use of wood chips
Increase on-site renewable energy	Increase on-site solar generation capacity at Two Wells Glasshouse to 8.6 MW	Energy storage may be required with increased solar generation to ensure electricity is available when required for PFA's operations.	 1,133 tCO_2e **2%**	**Moderate**	- Enhanced energy self-sufficiency and resilience by reducing dependency on grid-supplied electricity

Table Guide - The GHG mitigation potential and implementation feasibility for each action are based on order of magnitude assumptions and professional judgement. These are to be taken as an approximate starting point for additional analysis and feasibility studies.

1. **GHG Mitigation Impact:** Projected GHG emissions reduction to 2030 based on our current activities, projected growth and the emissions reduction potential of each lever.
2. **Implementation Feasibility:** The degree of difficulty of implementation is categorized into three categories,
   Easy: Relatively straightforward small-scale projects that can be implemented with modest design and planning requirements;
   Moderate: Intermediate scale projects requiring more engineering design, scientific development, planning and institutional changes;
   Difficult: Major new infrastructure development with significant new design, planning and operational change.
3. **Co-Benefits/Co-Harms:** Co-benefits or co-harm of each mitigation lever, including impact on crop yield, increased self-sufficiency and biodiversity impacts.



Our plan to progress towards our near-term GHG reduction target covers the priority actions discussed in the previous pages. The contribution of each of these actions to the achievement of our near-term target is presented in Figure 3.2. Note that percent reductions presented in Figure 3.2 are with respect to the total projected growth in GHG emissions by 2030.

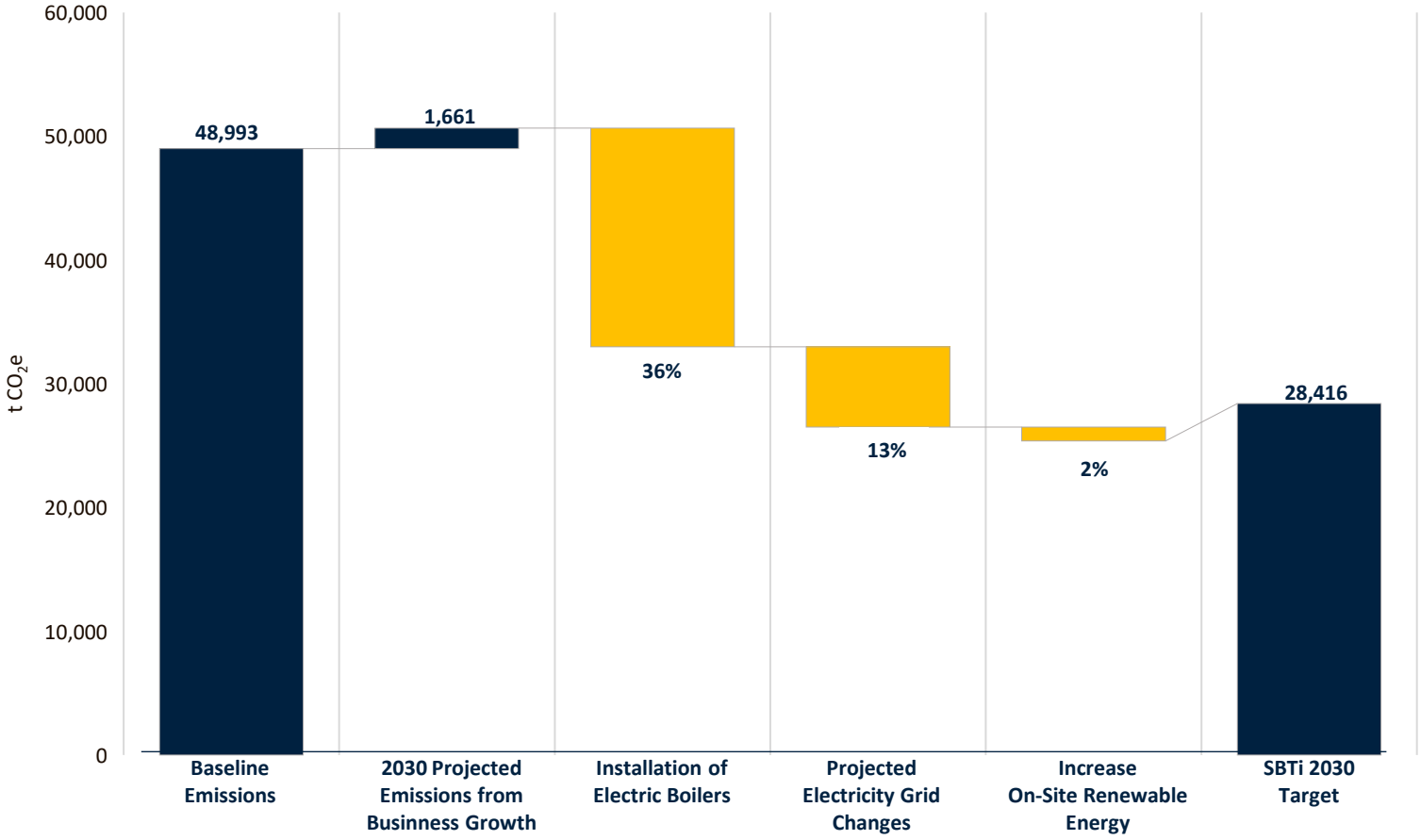


Figure 3.2 –GHG Emissions Reduction Plan in the Near-Term

We projected our GHG emissions to 2030 based on projected growth plans as defined in our long-range financial planning. To estimate the projected growth in GHG emissions under a scenario where no GHG mitigation actions are taken, we made the following assumptions:

- For farms where crops are grown, GHG emissions are directly correlated with the cultivated area,
- For manufacturing facilities, GHG emissions are directly correlated with the quantity produced, and
- For distribution centres, sales offices, and offices, GHG emissions were assumed to stay constant as no growth is planned for these sites by PFA.

As part of our GHG emission reductions plan, we have also estimated the potential impact that changes to the Australian electricity grid may have on our GHG emissions. We selected the "Baseline" scenario presented by the Australian government in Australia's emissions projection 2023 report[5] issued by the Department of Climate Change, Energy, the Environment and Water (DCCEW). This scenario includes federal policy announcements, known generation facility closures and new generation facilities. As presented in Figure 3.2, the projected changes in the electricity grid could reduce our overall GHG emissions by 13%. We will continue to monitor policy changes at the federal level on an annual basis for the implementation of these proposed changes to the electricity grid so as to inform where it may be most beneficial for us to invest in on-site renewable energy generation instead of relying on purchased electricity.

The projected GHG emissions for 2030, while theoretical, showcase the evolution of the trajectory of our GHG emissions and the impact of the integration of our priority GHG mitigation actions within our operational model.

[5] DCCEW (2023), Australia's emissions projections 2023. Accessed from: https://www.dcceew.gov.au/sites/default/files/documents/australias-emissions-projections-2023.pdf

As we look forward to our 2050 net zero ambition, we will continue to monitor the success of the implementation of our proposed actions as well as other levers that may become available to us in the medium-term. At this time, we have identified the following action as a lever to continue to engage with our suppliers on and to consider in our medium to long-term GHG reduction action plan:

- Identifying alternative options to fossil fuels for the CO_2 used in greenhouse enrichment

Next steps

As we expand our decarbonization strategy to align with our long-term net zero ambition, we will be working on identifying additional opportunities to reduce emissions even as we grow our business. In addition to the levers that we have identified as material to monitor over time for commercial availability, we will also further explore whether there is a role for carbon removal opportunities on our working lands.