

COFRA

COFRA Group Climate Policy

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COFRA
UNITED UNIQUE



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1. Introduction

COFRA Holding AG (“COFRA”) is a sixth-generation family enterprise aspiring to leverage the power of business to do good. COFRA is made up of a diversified and international portfolio of businesses and investments across sectors including asset management, food, private equity, real estate, renewable energy and retail – with the central mission of amazing our customers and being a force for good (“COFRA Group”).

For many generations, the family owners have looked to work toward supporting flourishing businesses, communities and ecosystems through their endeavours, where the planet is respected and the dignity of all is nurtured. COFRA has set out its Vision 2030 to seek a systemic approach to address the root causes of the major crises we face today, in ways that are holistic and sustaining.

The polycrisis of today demands greater imagination, with humanity facing a climate system breakdown, a cost of living crisis and communities in many places experiencing loss and damage. Deeper collaboration and more fearless business leadership in every industry and sector are needed to support the transition to limit global warming to 1.5°C, in a just way.

The purpose of this COFRA Group Climate Policy (the “Policy”) is to provide a common foundation that enables COFRA Holding AG (“COFRA”) and its subsidiaries (“Businesses”) to operationalise its commitment to tackle climate change across the full value chain through a range of internal actions.

2. Commitment to climate

COFRA’s vision for this decade is to contribute to the key systems transitions leading to a liveable planet and an equitable society. These transitions must be pursued in a way that respects human dignity. To that end COFRA has formulated two central goals that demonstrate its human-centred approach to sustainability. The first goal is to bring the natural system into balance. The second goal is to foster human dignity in a society that is more inclusive for all.

COFRA commits to supporting the transition needed to limit global warming to 1.5°C, in a just way as it is our belief that this is the only responsible way forward. COFRA commits to the 1.5°C pathway through science-based targets and looks to do so as responsible business owners, investors, employers and partners. As our climate has already changed significantly (on average 1.1°C¹ warming in the decade since 2010), COFRA aims to understand the associated climate risks (both transition and physical risk) and mitigate these risks in a timely manner where possible.

3. Application

This climate policy applies to all COFRA employees, business partners, Businesses (including assets) and other parties directly linked to COFRA’s operations, products or services. Our

¹ IPCC Sixth assessment report (2021) Summary for policy makers on physical science basis of climate change: “The observed warming to 2010–2019 is 1.06 [0.88 to 1.21] °C”



Businesses are encouraged to uphold the same robust climate ambitions and plans and implement those in a timely manner to limit global warming to 1.5°C.

4. Development & governance of the policy

This policy was developed based on input from the COFRA Chief Executive Officer and Management Team (MT), and the group-wide Impact Leadership Team formed by the Sustainability leaders from the Businesses.

The Policy has been adopted by the COFRA Board of Directors (“COFRA Board”), following the approval and recommendation of the Impact Committee of the COFRA Board.

Implementation of the Policy has been delegated to senior sustainable impact managers at COFRA and the Businesses. The Chief Communications and Sustainable Impact Officer oversees the overall implementation and reports on progress and impact to the COFRA Board on an annual basis.

The Policy is made publicly available, including to all employees and relevant stakeholders via COFRA’s intranet and website. The Policy will be reviewed annually and updated as deemed appropriate (see 5. “Going Forward”).

5. COFRA’s commitments

COFRA actively pursues its climate ambition and goals and uses three levers to deliver on those.

Lever #1: Steering group transitions

- To reduce our group’s GHG emissions in line with the 1.5°C pathway and to aim to reach net zero emissions in 2040 to limit our negative impact.
- To remove remaining (direct controlled) GHG emissions from the atmosphere already now, by using nature-based solutions.
- To reduce our exposure to climate risks, by increasing our ability to adapt to climate change.

Lever #2: Offering climate solutions

To support the limitation of global warming to 1.5°C by offering climate solutions to our clients.

Lever #3: Aligning with broader impact commitments

To understand and manage the impact of climate change as an interconnected part of the broader group sustainability agenda (e.g. Human Rights and Nature/Biodiversity).

These levers are reinforced by embedding the lens of climate in our organisation with a strong focus on 1) Group operations, accountability and transparency, and 2) strengthening of capabilities and culture.

Lever #1: Steering group transitions

Emission reductions



Reducing GHG emissions in line with science is COFRA's priority. COFRA has committed to setting science-based targets. These targets were validated through the Science Based Targets initiative in 2022 and our near-term commitments include:

1. By 2030 COFRA will have halved its GHG emissions generated by its operations, the energy needed to power them and employees' commute and travel²
2. By 2025 COFRA's current and new businesses will have either validated or committed science-based targets

COFRA is also committing to reducing an additional 50% of GHG emissions between 2030 and 2040 to reach net zero by 2040. Based on SBTi additional guidance on a net zero strategy, which includes a minimum 90% reduction compared to the base year³, COFRA and its Businesses are currently assessing the feasibility for each business in the group. If applicable, Businesses are asked to set Forest, Land, Agriculture (FLAG) targets as well.

Emission compensations

To compensate for the (direct controlled) emissions that COFRA and its Businesses have not yet been able to reduce, COFRA makes use of high-quality carbon offsets that come from nature-based solutions (NBS) projects. These projects can provide wider benefits for planet and people, such as improving air quality, increasing biodiversity, supporting water and soil protection, and delivering positive social and economic benefits for local communities. The compensation of emissions is executed centrally by COFRA, and the offsets are made available to the respective Businesses.

Through its compensation strategy, COFRA looks to achieve its group reduction targets as the costs of compensation charged to our Businesses result in an actual price on emitting greenhouse gasses.

Climate risk

As part of its broader risk framework, COFRA considers its climate risk on a group level, working with the Businesses to understand their exposure to climate risk, identify mitigating measures and implementing these.

Lever #2: Offering climate solutions

COFRA seeks to leverage its business activities (operating businesses and investments) to offer climate solutions, with the goal to limit global warming to 1.5°C and contribute to the systemic transitions part of its Vision 2030. Climate solutions are defined as products or services that help our customers reduce GHG emissions, remove emissions from the atmosphere or adapt to a changing climate.

COFRA Group aims to steer away from offering products and services with a high negative climate impact. COFRA is developing a group sustainable investment policy to further specify our investment positions, including for topics connected to climate (like fossil fuels supply).

² 50% reduction of absolute Scope 1 and 2 emissions to be achieved by 2030 from a 2019 baseline and 50% reduction of absolute direct controlled Scope 3 emissions (business travel) by 2030 from a 2019 baseline

³ SBTi Corporate Net Zero guidance



Lever #3: Aligning with broader impact commitments

In its pursuit of a just transition, COFRA's first goal of restoring the natural system is complemented by its second goal, which is to foster human dignity in a society that is more inclusive for all. Historically COFRA has always understood that it needs to work at the intersection of both. Hence this climate policy is naturally connected to the COFRA Group Human Rights Policy and other related sustainability policies to follow (such as the Nature/Biodiversity Policy).

6. Embedding climate across COFRA Group

Lever #1: Steering transition

COFRA asks that by 2025 its current and new Businesses have either validated or committed to science-based targets. Businesses need to have a decarbonisation plan and programme in place to ensure timely delivery on the targets in a financially smart way.⁴ The nature of these plans differs according to the respective business models and industries. Compensation of direct controlled emissions will be done centrally by COFRA according to the interim net zero target agreed on by the business with COFRA. COFRA works alongside its Businesses to understand climate risks and where possible ensure mitigation measures. Businesses annually provide COFRA with a progress report and a projection of GHG emissions toward the target year.

Lever #2: Offering climate solutions

In order to stay on the 1.5 degree reduction pathway, Businesses need to align their strategic business plan and operational plans and efforts with the group climate strategy and approach and have their own climate policy in place. Where applicable, COFRA encourages its Businesses to develop, grow and innovate products and services that may answer the challenge of climate change.

Lever #3: Aligning with broader impact commitments

COFRA and its Businesses must understand and manage the impact of climate change as an interconnected part of the broader business sustainability agenda, including human rights and Nature/Biodiversity commitments.

7. Group operations, accountability and transparency

COFRA uses various mechanisms to increase understanding of non-financial KPIs in relation to financial KPIs in decision making, as well as to put in place or safeguard appropriate accountability. Examples are:

⁴ Implement decarbonisation levers starting from the left side of the abatement curve, where a cost decrease could actually be realised.



Integration in annual cycles

COFRA has integrated non-financial topics in the respective business plans via the strategic planning (long-term business planning) and yearly budget cycles, with agreed KPIs for each of the group materiality topics. Also, Sustainable Impact is a fixed agenda item during the quarterly business reviews with the Businesses (“QBRs”).

Internal carbon fee

COFRA uses an internal carbon fee for (the compensated) direct controlled GHG emissions. This fee needs to be taken into account in decarbonisation business cases connected to these emissions. COFRA is exploring the benefits of using a shadow carbon price to understand climate risk (e.g. potential impact of future external carbon taxation, or potential future decarbonisation costs).

Remuneration

Our climate ambition is embedded in the COFRA CEO’s remuneration. COFRA is embedding climate ambitions into the business CEO targets too.

Transparency

COFRA is committed to transparently communicating about its progress externally on an annual basis.

8. Going forward

COFRA commits to continuous learning and adaptation, recognising that the landscape of climate action and just transition is ever-evolving. This includes staying informed about emerging issues and best practices, adjusting policies and practices accordingly to set industry-leading standards of quality while striving to have a lasting positive and sustainable impact on society and the environment.



Appendices

Appendix 1: Other relevant COFRA policies and documents

- Impact DDO: outlines Sustainable Impact Governance within COFRA
- Sustainable Investment Policy and exclusion list *[in development]*
- Non-financial Reporting Manual *[in development]*, specifically the *Group Carbon Accounting Manual*
- COFRA Group Human Rights Policy
- COFRA's policy on Biodiversity and Nature *[in development]*

Appendix 2: Glossary

- Please refer to our 2022 Climate Report.