

Task Force on Climate-related Financial Disclosures

Integrating TCFD across the Annual Report

To avoid repetition, we have cross-referenced to relevant information elsewhere, as follows:

- **Governance** – see Environment section, page 54
- **Risk management** – see Risk report, pages 63 to 72
- **Strategy** – see Environment section, pages 52 to 62 and disclosures below
- **Metrics and targets** – see Environment section, pages 52 to 62.

We have summarised our compliance with the Task Force on Climate-related Financial Disclosures (TCFD) in the table on page 77 with cross-references for every disclosure.

We consider this statement to be consistent with the TCFD Recommendations and Recommended Disclosures, and, therefore, compliant with the requirements of Listing Rule 9.8.6(8).

Taskforce on Nature-related Financial Disclosures

The Taskforce on Nature-related Financial Disclosures (TNFD) finalised its recommendations in September 2023. As a result, this year we are starting to report more specifically on nature as we move towards reporting in line with TNFD.

Introduction

The climate and nature crises are two of the most urgent challenges facing the world today. And while we have a responsibility to reduce our own impact on the natural environment, we must also understand, and prepare for, the climate- and nature-related risks and opportunities that could affect our business, so that we are resilient enough to withstand future challenges, while flexible enough to adapt to new opportunities as they arise.

Nature provides the water, air and food – part of what's known as ecosystem services – to sustain life, as well as many of the raw materials that support human prosperity and long-term health. But human activity is having a detrimental impact: our natural habitats are deteriorating and biodiversity is declining faster than at any time in human history.

Since our business and supply chain are both reliant on, and part of, those ecosystem services, we understand how important it is that we make our products in ways that lower our impact on the natural world. In doing so we can also minimise the risk nature-related issues pose to our business.

We are working to adapt to changes brought by climate- and nature-related issues by understanding the material issues that matter to our stakeholders and where we can have most impact (see page 52 for details). We are also incorporating climate-related risks into our enterprise risk management (ERM) system. In 2022, the Board implemented a new principal risk, 'climate change and sustainability', which includes nature-related risks.

As discussed in the Environment section on pages 52 to 62, we have a robust governance structure in place to embed climate change risks and opportunities into our day-to-day thinking and at all levels of the business. It includes considering the:

- Potential climate- and nature-related issues as part of our five-year strategic planning process
- Environmental impact or benefits of capital investments as part of our capital approval process
- Carbon footprint of potential acquisitions and of new products being developed in our innovation pipeline.

Additional strategy disclosures

Our operations are exposed to a wide variety of physical climate risks, as well as the opportunities and risks associated with the transition to a low-carbon economy.

Working with sustainability experts, AECOM, in 2021, we carried out a physical and transition climate change risk assessment (CCRA) of our production facilities and the key raw materials in

our supply chain. The assessment also considered the results of AECOM's 2019 water risk review at our major production facilities, which we updated in 2023 to include risks within our supply chain for corn and stevia. What we learnt from both these assessments has helped us strengthen our ERM system, with better integration of climate- and nature-related risks and opportunities, and closer alignment of our disclosures with TCFD and TNFD.

We conducted the CCRA before we separated from Primient in April 2022. Therefore, in 2023 AECOM helped us update the CCRA to specifically consider the sites, countries and regions within Tate & Lyle's new operational footprint and supply chain. This assessment included our more recently acquired businesses – Chaodee Modified Starch in Thailand, and Quantum Hi-Tech and Sweet Green Fields in China.

Our business and supply chain depend on natural resources such as freshwater for our operations. We also have an impact on nature, for example, through our GHG emissions and wastewater discharge, and have a responsibility to help restore nature, such as through our sustainable agriculture programmes which support regenerative farming practices. In 2023, we carried out a gap analysis and a LEAP (Locate, Evaluate, Assess and Prepare) scoping exercise to better understand where we align with the TNFD, and where we have more work to do. In the coming year, we aim to build on this work and carry out an initial assessment of nature-related issues aligned to the LEAP process. This will help us disclose better against the TNFD in future.

Assessing climate- and nature-related risks and opportunities

The CCRA analysed physical and transition risks and opportunities over three different timeframes. Transition risks were considered over a shorter timeframe (to 2035 and beyond), since changes in legislation, policy and technology related to the transition to a low-carbon economy are constantly evolving. By contrast, the physical impact of climate change and extreme weather events is likely to be felt over much longer periods, with projection data typically available up to the end of this century. Therefore, physical risks were considered to 2039, 2059 and beyond.

For each risk and opportunity, we considered the likelihood of it occurring, alongside the nature and magnitude of its impact, to determine its overall potential impact and financial implications, in line with our ERM system. We then assigned each potential risk an overall risk rating. The tables on pages 75 to 77 set out the parameters of our analysis as well as the key risks and opportunities most likely to affect us. In future, we will define these better in terms of nature as well as climate.

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Water availability, for example, is a risk to our operations and supply chain. We're already experiencing the impacts of some of these risks, so it's important we mitigate them to make both our operations and supply chain more resilient.

Building resilience across our operations and supply chain

Having analysed the overall findings of the CCRA, we looked at two specific risks to assess their impact:

- **Physical risk** – drought in Europe affecting waxy corn: a risk identified in the CCRA is more frequent and severe heatwaves and drought affecting the regions where we source corn. That risk became a reality in the summers of both 2022 and 2023 when drought in Europe, particularly northern France, reduced the availability of the less widely grown waxy corn variant. As a result, we analysed the impact on the availability and price of waxy corn if Europe experienced a significant drought over a consecutive three-year period that affected yields by 20%. The analysis found that alternative supplies from other regions would be needed to meet customer demand. As a result, alternative sourcing regions have been identified.

- **Transition risk** – emissions trading schemes: we analysed the financial impact on carbon pricing if the US and China were to introduce emissions trading schemes equivalent to the existing EU Emissions Trading System (EU ETS). We found that the total cost for ETS schemes across Europe, China and the US would be around US\$13 million. Of this, US\$7 million would be additional cost, since we are already covered by the EU ETS.

This year, supported by the Board, we built on the CCRA by carrying out a review of the impact of climate change on our manufacturing, logistics and agricultural supply chains over the past five years, the measures we had put in place to mitigate its effects, and their effectiveness.

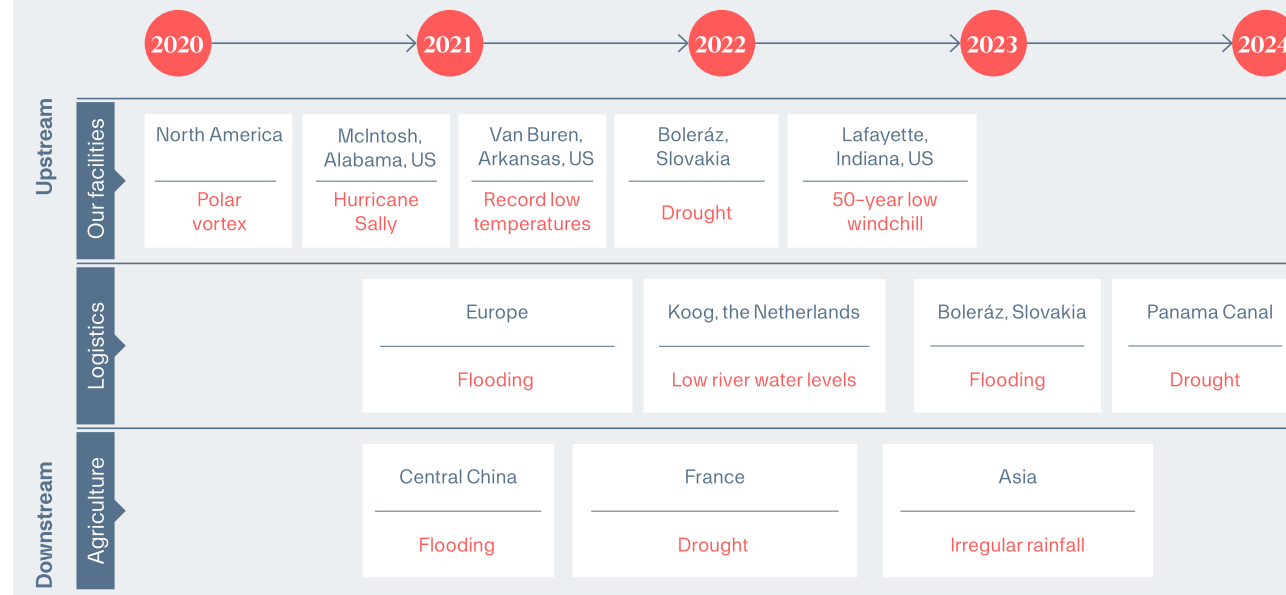
For example, in that period, the US has seen increasingly severe winter weather, from the polar vortex of 2020 through to a 50-year low windchill in 2023. Both had operational impact for us and, as a result, we have put in place winterisation plans for all our plants located in areas that may be affected. Another example is the severe drought that affected the Panama Canal last year, which caused disruption to supply chains. In response, we have

adapted our logistics, localising our supply chain where possible, and ensuring we have multiple suppliers for key ingredients and transportation routes. Our review confirmed that we have good mitigation plans for our plants to cope with extreme weather and that there is no current need to relocate any capacity from existing sites.

Nonetheless, with the rapid pace of change, what works today may well not be sufficient for the coming years, and so our review also looked ahead to the next five years and beyond, and highlighted areas for improvement, such as the need for greater flexibility in our raw material supply, for example more regional corn sourcing and from areas that are less likely to experience water scarcity.

We will continue to adapt our climate-related plans as needed and to ensure nature-related risks are fully identified and incorporated. Our aim remains to minimise the negative effects and costs of climate- and nature-related risks, while maximising our ability to serve our customers.

Climate- and nature-related events affecting our operations and supply chain over the last five years



Priorities and mitigating actions

- **Protect people and assets:** put plans in place to respond to emergencies and to prepare for extreme weather events
- **Build resilience:** drive resilience through the supply chain by increasing flexibility (for example, multiple sources of supply for key ingredients, different transportation routes)
- **Reduce exposure:** limit exposure to areas and inputs predicted to be highly affected by climate change (for example, areas of water scarcity)
- **Develop ecosystems:** invest in technologies and/or partnerships that help to predict climate-related risks, and build mutually supportive ecosystems
- **Decarbonise at scale:** play our part in solving the climate crisis by committing to a 1.5°C pathway of CO₂e reduction in our operations and supply chain.

Financial impact

- We estimate the total financial impact of climate-related events (2020–2024) set out in the table opposite was between US\$25 million and US\$30 million after mitigating actions were taken into account.

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Summary of our key climate-related risks

Physical risk

Risks analysed under CCRA

Increase in extreme weather events, such as higher maximum and average temperatures, drought, wildfire, flooding and tropical storms. These events could affect all aspects of our business, causing operational disruption, asset damage, and increased raw material and utility costs.

Timeframes

- Short term – 2020-2039
- Medium term – 2040-2059
- Long term – beyond 2060

Tate & Lyle sites: 14 production sites across Brazil, China, Thailand, Italy, Slovakia, the Netherlands and the US

Supply regions: ten corn-growing regions in the US, France and Slovakia

Transportation: transport, distribution and logistics (upstream and downstream)

Emissions concentration pathway: high emissions scenario – +4°C, RCP 8.5 pathway¹

Summary of risk	Potential impact	What we are doing
Production facilities		
<p>In the short term, our McIntosh facility in Alabama, US, is expected to experience the greatest increase in temperature. All facilities except Noto, Italy, would experience more frequent and intense heavy rainfall.</p> <p>These trends are expected to continue in the medium and long term, affecting some other sites. All sites would experience higher maximum and average temperatures and more frequent, longer and severe heatwaves.</p>	<p>Production could be disrupted and sites could face asset damage, equipment failure and occupational health risks.</p> <p>This could lead to revenue loss, higher operating costs for energy and water, repair and/or replacement costs, reduced work capacity, increased insurance premiums, and/or associated reputational damage.</p>	<p>We continue to monitor potential physical risks to our facilities and ensure we have adequate controls in place to mitigate them. These include plans to manage impacts of extreme weather (hot and cold) and capital investment to maintain and replace key equipment.</p>
Distribution network		
<p>More frequent and severe cold weather, flooding and wildfires present the main risks, primarily to road, rail and sea freight. Their frequency and severity are expected to rise through the medium and long term, with more frequent and severe storms, storm surges and rising sea levels creating additional risk.</p>	<p>Our strategic distribution and logistics network could be disrupted and we could see delays in our product distribution. We have already experienced port closures as a result of hurricanes, as well as winter rainfall and flooding across our road transportation network.</p> <p>These risks could reduce profitability as we may not be able to pass on additional shipment re-routing or product replacement costs to customers.</p>	<p>We continuously review logistics and shipment risks associated with climate-related events, including alternative shipping routes, multiple suppliers and inventory management.</p>
Corn and stevia supply		
<p>In the short term, changes in total annual rainfall, increased seasonal variability of rainfall, and more severe droughts could occur.</p> <p>The US Midwest corn-growing region could see more frequent and severe tornadoes, and higher rainfall in spring and lower in summer. In Europe, extreme rainfall and frequent flooding are the key risks.</p> <p>These trends are expected to continue into the medium and long term, alongside higher temperatures, and are also expected to affect other regions as well.</p>	<p>Supply uncertainty and declining yields could increase operating costs and we could face greater price volatility.</p> <p>This could reduce our profits and damage our reputation.</p>	<p>We are reducing our dependence on corn-based products by diversifying our raw materials, acquiring businesses that use tapioca, stevia, chickpea and sugar cane.</p> <p>We are also sourcing corn and stevia from more regions to mitigate the impact on their availability in regions affected by flooding, drought or disease.</p>

¹ RCP 8.5 is the 'high-emissions' business-as-usual scenario, with no policy changes to reduce emissions and with increasing high atmospheric GHG concentrations.

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Summary of our key climate-related risks continued

Transition risk

Risks analysed under CCRA

Increasing expectations from society, changes in regulation, policy and technology and rising costs associated with the transition to a lower-carbon economy could all have an impact on our business.

Timeframes

- Short term – 2020–2025
- Medium term – 2026–2035
- Long term – beyond 2035

Tate & Lyle sites: 14 production sites across Brazil, China, Thailand, Italy, Slovakia, the Netherlands and the US

Transportation: transport, distribution and logistics (upstream and downstream)

Procurement and commercial: global policy trends with potential effect on Tate & Lyle's key geographies and markets

Emissions concentration pathway: aggressive mitigation scenario – 2°C, RCP 2.6 pathway¹

Summary of risk	Potential impact	What we are doing
Group		
Increasing expectations from customers and stakeholders on our commitments to reduce carbon emissions.	Not meeting our commitments could damage our reputation with our stakeholders. It could also affect demand as customers looking to meet their own sustainability goals choose to work with other suppliers.	We have had science-based targets for GHG emissions reduction since 2020. In May 2024, we announced ambitious new science-based targets, aligned to a 1.5°C pathway.
Production facilities		
In the short to medium term, predicted changes in regulation, policy and technology are likely to affect us financially. We expect the following to be most relevant: national climate commitments in countries where we have major production facilities, and decreasing caps on carbon allowances.	<p>New and emerging carbon tax legislation and pricing mechanisms and a global move to lower-carbon transport could lead to an increase in the cost of raw materials and energy at our sites.</p> <p>An increase in costs due to the need to adapt products and materials to lower-carbon alternatives, for example additional research and development costs. This may also lead to additional processing, which could indirectly trigger higher carbon emissions and costs associated with minimising those emissions at our facilities.</p> <p>Utility and supply costs are likely to continue rising in the long term, for example due to a lack of lower-carbon alternatives and continued market expectations for low-carbon production. This could affect site competitiveness.</p>	<p>As part of our sustainability commitments, we continue to work towards lower-carbon production, introducing renewable electricity and cleaner energy options where available.</p> <p>We factor the impact of GHG emissions and water use into our engineering feasibility studies for capital projects and continue to respond proactively to emerging regulation.</p> <p>We look for ways to improve our overall operational efficiency and reduce our exposure to variable fossil fuel prices and carbon taxes.</p>
Distribution network		
Increased costs due to the global switch to lower-carbon transport.	Our transport costs could increase as our sub-contracted hauliers switch from diesel to lower-carbon vehicles to meet their own environmental goals.	Our logistics team ensures we have sufficient flexibility in our distribution network to use different suppliers, where needed, to meet our economic and environmental goals.

¹ RCP 2.6 is an aggressive mitigation scenario where GHG emissions are halved by 2050.

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Summary of our key climate-related opportunities

Transition opportunities

Opportunity	Description	How we're responding
Increased market demand for low-carbon, plant-based products in the food industry	In the short to medium term this could open up access to new markets and customers.	All the New Products in our innovation pipeline are assessed for their sustainability impact. In 2024, we will launch CLARIA G®, our first new product specifically marketed on its sustainability credentials.
More efficient production processes and renewable energy sources	By embracing new technology and adopting new processes or sources of energy, we could increase our efficiency and significantly reduce the carbon footprint of our business and products.	We are significantly increasing the use of renewable energy at many of our plants. In 2023, our production facility in Guarani, Brazil, became our first site to be 100% powered by renewable energy, and our facilities in the Netherlands, UK and Italy are buying 100% of their electricity from renewable sources.
Lower-carbon transport options	This is both a risk and an opportunity for Tate & Lyle, since costs could fall in the medium to long term as more businesses adopt low- and zero-emissions transport options. This could improve our efficiency and reduce our costs.	We continue to work with our logistics suppliers to find more carbon-efficient ways to transport our raw materials and finished products, such as using electrified modes of transport.

TCFD table of concordance

The table below cross-refers to where the relevant disclosures in this Annual Report have been made against the 11 principles of the TCFD.

TCFD Principles	Page(s)
1. Governance	
1.1 Describe the Board's oversight of climate-related risks and opportunities	54
1.2 Describe management's role in assessing and managing climate-related risks and opportunities	54
2. Strategy	
2.1 Describe the climate-related risk and opportunities the organisation has identified over the short, medium and long term	73-77
2.2 Describe the impact of climate-related risk and opportunities on the organisation's businesses, strategy and financial planning	73-77
2.3 Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	73-77
3. Risk management	
3.1 Describe the organisation's processes for identifying and assessing climate-related risks	65, 73-77
3.2 Describe the organisation's processes for managing climate-related risks	65, 73-77
3.3 Describe how the processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	65, 73-77
4. Metrics and targets	
4.1 Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and management process	53, 55-62
4.2 Disclose Scope 1, Scope 2 and if appropriate Scope 3 GHG emissions and related risks	55-62, 73-77
4.3 Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets	53, 55-62