'The key ingredient to the food industry' ®

CARBON REDUCTION PLAN

BAKO GROUP LIMITED

PREPARED IN ALIGNMENT WITH CLIMATE CHANGE ACT 2008 (AS AMENDED 2019)

FY ENDING 31 MARCH 2025 (1ST APRIL 2024 – 31ST MARCH 2025)
REPORT PUBLISHED: JULY 2026

CEO STATEMENT

At BAKO Group Limited, we recognise that climate change is one of the defining challenges of our time, presenting both significant risks and important opportunities for organisations across all sectors. As a responsible and forward-thinking business, we are fully committed to playing our part in supporting the UK's transition to a low-carbon economy, in line with the **Climate Change Act 2008 (as amended in 2019)** and its legally binding target of achieving **Net Zero greenhouse gas emissions by 2050.**

We acknowledge that our activities contribute to greenhouse gas emissions, and with that comes a clear responsibility to understand, manage, and reduce our environmental impact. We are therefore committed to developing a comprehensive understanding of our carbon footprint across our direct operations (Scope 1), purchased energy (Scope 2), and relevant indirect emissions (Scope 3), including those associated with business travel, employee commuting, waste generation, and our supply chain. This data-led approach enables us to make informed decisions and prioritise actions that will deliver the greatest carbon reductions.

Our ambition extends beyond regulatory compliance. We are embedding sustainability into our overall business strategy, governance structures, and day-to-day decision-making processes. By integrating carbon reduction considerations into investment decisions, operational planning, and procurement practices, we aim to ensure that sustainability becomes a core driver of long-term business resilience, operational excellence, and value creation.

We are actively pursuing a programme of continuous improvement, including initiatives to enhance energy efficiency, transition to renewable energy sources, adopt lower-emission technologies, and optimise resource use across our operations. We also recognise the importance of collaboration and are committed to working closely with our employees, customers, and suppliers to reduce emissions throughout our value chain and foster a culture of environmental responsibility.

Transparency and accountability are central to our approach. We will monitor, measure, and report our emissions annually in accordance with recognised standards such as the Greenhouse Gas Protocol and UK Government reporting guidance. We will set clear, measurable carbon reduction targets, regularly review our progress, and adapt our strategy as necessary to ensure we remain on track to meet our Net Zero commitments.

> *Through this Carbon Reduction Plan, we demonstrate not only our compliance with regulatory requirements but also our determination to contribute positively to a more sustainable and resilient future.*

MICHAEL TULLY
Group Chief Executive Officer, Bako Group Limited

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INTRODUCTION

BAKO Group Limited is a leading supplier of Bakery Products and Ingredients servicing customers throughout the United Kingdom, with business units in Cullompton, Northern Ireland, Durham, Preston, and Wimbledon.

We supply products manufactured by other businesses, and a range of Own Label products under the BAKO Select brand which is manufactured by selected approved third-party suppliers, and the Finlay's Sunflower brand, manufactured internally in Northern Ireland.

As a national distributor and manufacturer, we recognise that our operations – including sourcing, manufacturing, warehousing, and distribution - contribute to greenhouse gas emissions. BAKO Group Limited is therefore committed to understanding and reducing the environmental impact of our business activities in line with the UK's Net Zero ambitions under the Climate Change Act 2008 (as amended in 2019).

We are committed to conducting our operations in an environmentally responsible and sustainable manner, acting with integrity and transparency across all aspects of our business. This includes implementing effective systems and controls to measure, monitor, and reduce carbon emissions across our own operations and our wider supply chain.

We recognise that a significant proportion of our carbon footprint arises from our value chain. As such, we expect our suppliers, contractors, and business partners to share our commitment to environmental stewardship and to support our efforts to reduce emissions through responsible sourcing, efficient logistics, and sustainable production practices.

We will continue to develop and strengthen our carbon management approach by embedding sustainability into our operational processes, investment decisions, and supplier engagement activities. This includes working collaboratively across our business units to drive efficiencies, reduce waste, and transition towards lower-carbon solutions.

This Carbon Reduction Plan applies to all entities within BAKO Group Limited, providing a consistent framework for measuring emissions, setting reduction targets, and delivering meaningful progress toward Net Zero.

CARBON MANAGEMENT MATURITY

BAKO Group Limited recognises that it is at an early stage in its carbon management journey. This Carbon Reduction Plan represents a significant step in formalising our approach to emissions measurement, reporting, and reduction, particularly in response to PPN 06/21 requirements for public sector procurement.

Over the next 12–24 months, the business will focus on:

- Establishing a fully normalised emissions baseline
- Improving data accuracy and completeness across all sites
- Expanding Scope 3 coverage
- Embedding carbon considerations into operational decision-making

CARBON REDUCTION GOVERNANCE FRAMEWORK

BAKO Group Limited has established initial governance arrangements to support the development and delivery of its Carbon Reduction Plan. As our carbon management approach matures, governance structures will continue to evolve to ensure effective oversight and accountability.

Our growing commitments, which are currently being actioned include:

- The Board of Directors providing oversight and ensuring alignment with long-term business strategies.
- The Chief Executive Officer and the Executive Management team retain overall accountability for the delivery of Net Zero commitments.
- Site Managers being responsible for operational delivery at each location supported by the HSE & Compliance Coordinators.
- The Procurement Function being responsible for supplier engagement and Scope 3 emissions reduction.
- Carbon performance reviews being undertaken throughout the year.

Actions already in place include:

- The Group HR Director with Group HSE & Compliance team is responsible for the development, implementation, and monitoring of this Carbon Reduction Plan.
- Board driven Annual reporting ensuring transparency and continuous improvement through annual SECR reporting via our partners Trident.
- Annual GHG reporting through our partners at Greenly.

ORGANISATIONAL BOUNDARY AND METHODOLOGY

BAKO Group Limited reports its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol Corporate Standard, adopting an operational control approach. This Carbon Reduction Plan has been developed in line with the requirements of PPN 06/21 and represents BAKO Group's first formal alignment with public sector carbon reporting expectations.

The following emission scopes are included:

SCOPE 1 (DIRECT EMISSIONS)

- Fuel (Gas and other fuels) combustion from owned or controlled facilities.
- Company-owned fleet (distribution vehicles, forklifts, company vehicles).

SCOPE 2 (INDIRECT ENERGY EMISSIONS)

- Purchased electricity across warehousing, distribution, and office locations.
- Company-owned BEV fleet.
- Self-Generated Energy.

SCOPE 3 (INDIRECT VALUE CHAIN EMISSIONS)

- Currently Scope 3 emissions covers Transportation.

Scope 3 reporting is currently in a development phase, with a structured roadmap in place to expand coverage to all relevant categories in line with PPN 06/21 during the next reporting cycle. The following categories are being explored for their inclusion:

- Business travel
- Employee commuting
- Waste generated in operations
- Upstream transportation and distribution
- Purchased goods and services (enhanced – key differentiator)

All emissions are calculated using the latest UK Government (DEFRA/DESNZ) conversion factors.

DATA QUALITY AND LIMITATIONS

Current emissions reporting is based on a combination of:

- Approximately 70% activity-based (actual) data
- Approximately 30% estimated data

Improving data quality is a key priority, with plans to transition toward predominantly activity-based reporting over future reporting cycles.

BASELINE EMISSIONS FOOTPRINT

BAKO Group Limited has established a baseline year of **2021/22 FY**, representing the first comprehensive assessment of emissions across the business.

SCOPE	SOURCE	EMISSIONS (tCO_2e)	% OF TOTAL
Scope 1	• Natural Gas and Other Fuels • Owned/Operated Transportation	4,705.18	89.53%
Scope 2	• Grid Supplied Electricity • Transportation (BEV Fleet) • Self-Generated Energy	548.17	10.43%
Scope 3	• Transportation	1.88	0.04%
TOTAL		**5,225.23**	**100.00%**

It should be noted that during the baseline years, BAKO Group operated just three sites within the UK – Durham, Preston and Wimbledon.

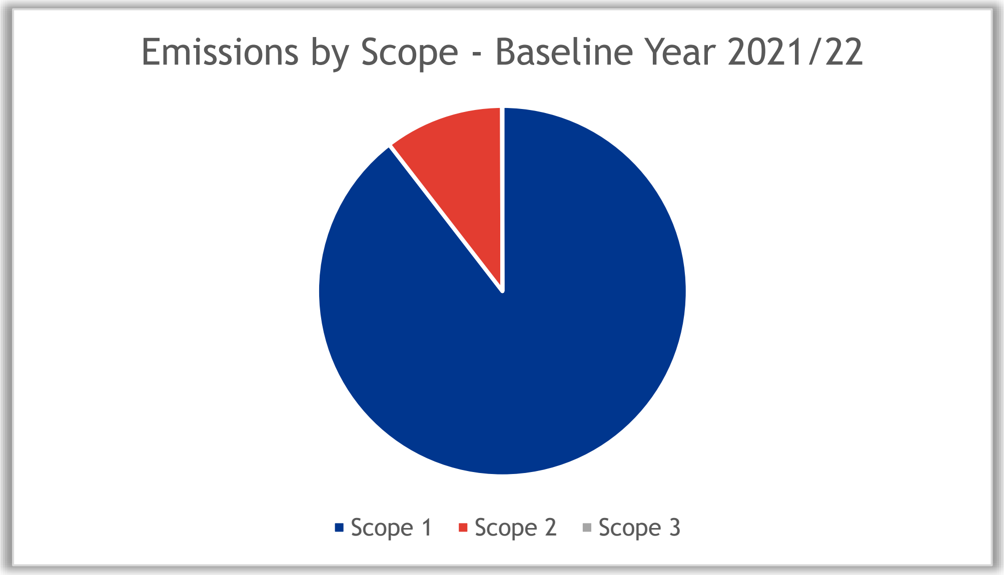


Figure 1: Baseline emissions distribution (2021/22). Scope 1 emissions dominate due to transport and fuel usage, reflecting the operational profile of the business.

The primary sources of emissions within BAKO Group are:

- Distribution fleet operations (fuel consumption across multi-site logistics)
- Electricity consumption within warehousing and storage facilities
- Upstream supply chain emissions, particularly from third-party manufacturing and transportation

This profile is typical of a national food distribution business, with transport representing the most significant decarbonisation opportunity.

BASELINE LIMITATION STATEMENT

The 2021/22 baseline reporting year has a number of key limitations. These include:

- Not yet restated to account for expansion of the business since their establishment. BAKO has grown from 3 wholesale sites to 5 wholesale sites which includes 1 manufacturing site.
- Expansion has extended the organisation's operational footprint to include Northern Ireland and the Republic of Ireland, further increasing logistics complexity.
- Infancy in reporting mechanisms and differing legislative requirements at the time.

In the baseline reporting year, Scope 3 emissions were calculated as 1.88 tCO_2e, representing a limited subset of indirect emissions based on the data available at that time.

It is recognised that this figure does not represent the full Scope 3 emissions profile as defined under current PPN 06/21 requirements, particularly in relation to:

- Upstream transportation and distribution
- Purchased goods and services
- Waste and operational supply chain activities

As such, the baseline Scope 3 emissions are considered to be materially under-reported.

BASELINE EVOLUTION

Due to organisational growth and improvements in reporting scope, BAKO Group will review and, where necessary, restate its baseline in future reporting periods to ensure meaningful comparison and alignment with best practice.

CURRENT EMISSIONS PERFORMANCE & INTENSITY METRICS

The Carbon Emissions data for the current year, 2024/25, is as follows:

SCOPE	SOURCE	EMISSIONS (tCO_2e)	% OF TOTAL	Vs. BASELINE
Scope 1	• Natural Gas and Other Fuels • Owned/Operated Transportation	7,174.73	91.47%	+52.49%
Scope 2	• Grid Supplied Electricity • Transportation (BEV Fleet) • Self-Generated Energy	659.09	8.40%	+20.23%
Scope 3	• Transportation	10.10	0.13%	+437.23%
TOTAL	-	**7,843.92**	**100.00%**	-

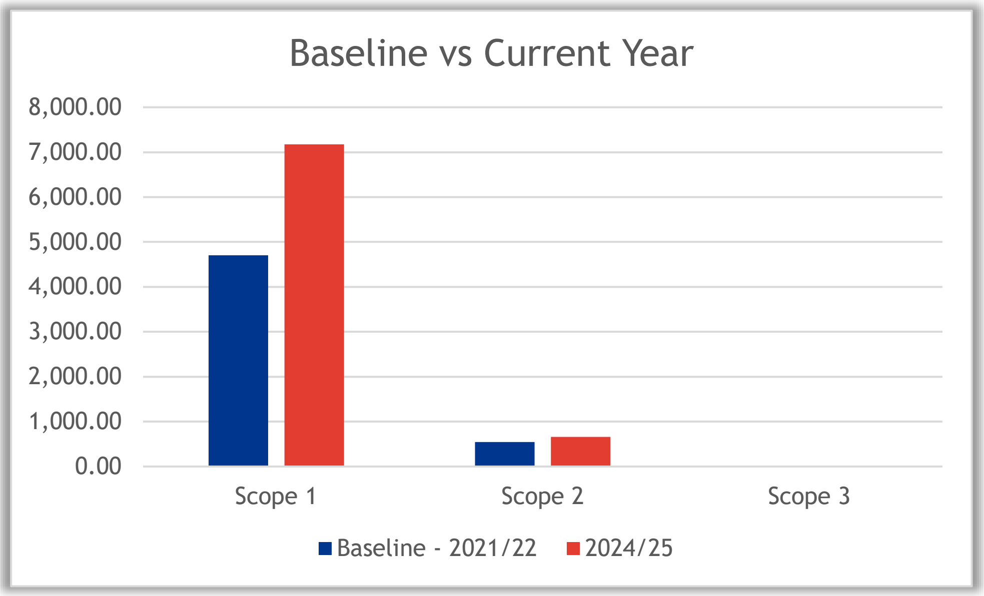


Figure 2: Comparison of baseline and current emissions. Increases reflect both business expansion and improved reporting coverage.

CARBON PERFORMANCE SUMMARY

The below table outlines the baseline reporting figures against the current year reporting figures, and commentary on their changes.

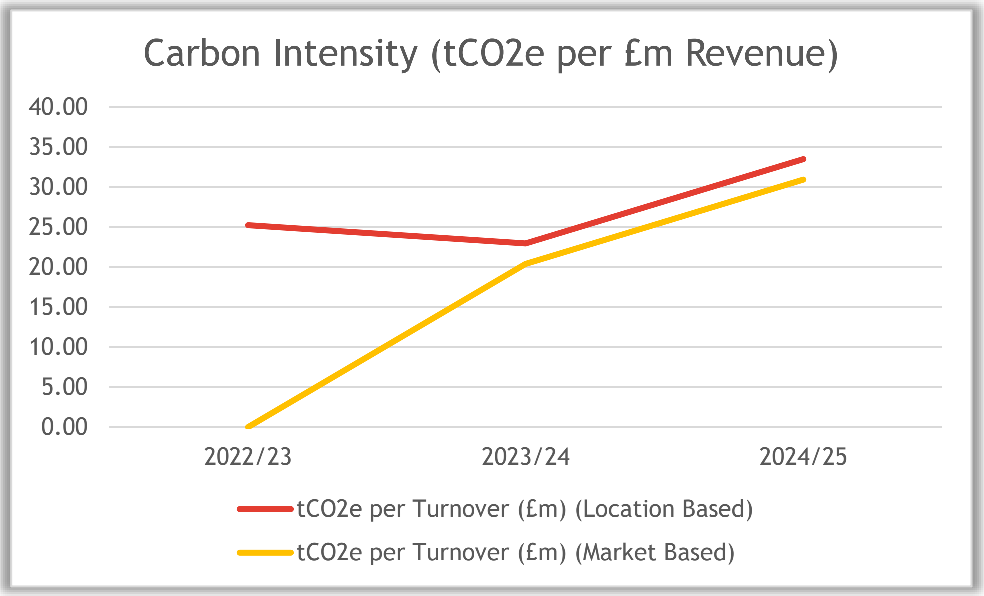
METRIC	BASELINE (2021/22)	CURRENT (2024/25)	CHANGE
Total Emissions	5,225.23 tCO_2e	7,843.92 tCO_2e	+49.26%
Scope 1	4,705.18 tCO_2e	7,174.73 tCO_2e	+52.49%
Scope 2	548.17 tCO_2e	659.09 tCO_2e	+20.23%
Scope 3	1.88 tCO_2e	10.10 tCO_2e	+437.23%
Emissions per £m	25.25 (2022/23)	33.50	+32.67%

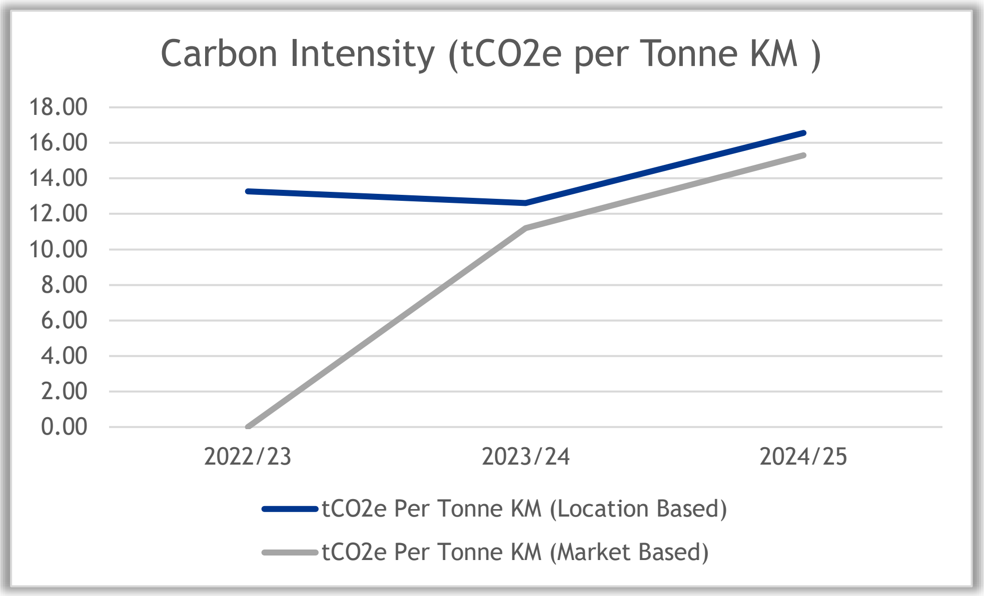
INTENSITY METRICS

BAKO Group monitors emissions performance not only in absolute terms but also through intensity metrics to reflect operational efficiency.

KPI	BASIS	VALUE	Vs. BASELINE
tCO_2e per Tonne Kilometres	Location Based	33.5	+32.67%*
	Market Based	30.94	+51.59%†
tCO_2e per Turnover (£m)	Location Based	16.56	+24.79%*
	Market Based	15.30	+36.61%†

† Market based intensity metrics only available from the 2023/24 Fiscal Year
** Location based intensity metrics only available from the 2022/23 Fiscal Year*





Early-stage intensity metrics are subject to variability due to improvements in data completeness.

BUSINESS GROWTH

BAKO Group Limited has experienced significant growth in recent years, including the acquisition of additional sites and expansion of operational capacity. As a result, absolute carbon emissions may increase as the business grows.

To ensure a fair and meaningful assessment of performance, BAKO Group monitors both:

- Absolute emissions (tCO_2e)
- Carbon intensity metrics, which measure emissions relative to business activity

This dual approach allows the organisation to:

- Track genuine efficiency improvements
- Demonstrate decarbonisation despite business expansion
- Align growth with sustainability principles

Key intensity metrics include:

- Emissions per tonne delivered
- Emissions per £ revenue
- Emissions per operational site

This ensures that carbon performance reflects both operational efficiency and overall business scale.

BAKO Group Limited acknowledges that business intentions will continue to focus on growth alongside our commitments to carbon reporting. Acquired operations are currently being integrated into the organisation's emissions reporting boundary, with full alignment expected in future reporting cycles. Future acquisitions will be incorporated into emissions reporting using a consistent methodology to ensure comparability and transparency.

CARBON REDUCTION TARGETS & TRAJECTORY

BAKO Group Limited has committed to the following carbon reduction targets:

- 50% reduction in absolute emissions by 2035 (from baseline year)
- Net Zero emissions by 2050 at the latest, inline with UK government legislation

YEAR	TARGET	KEY OUTCOMES
2026	Baseline established	Full data capture
2035	-50%	Fleet & energy transformation
2040	-75%	Supply chain decarbonisation
2050	Net Zero	Residual offset only

These targets are indicative and will be refined following completion of a fully normalised baseline and development of a detailed decarbonisation roadmap. Targets are aligned to the latest climate science.

Given the organisation's recent growth and evolving emissions profile, initial reductions will focus on efficiency improvements and stabilising emissions intensity before absolute reductions accelerate in later years.

DECARBONISATION STRATEGY

IMPLEMENTATION ROADMAP

PHASE	TIMEFRAME	KEY ACTIONS
Short Term	0-2 years	Baseline refinement, data improvement, efficiency measures
Medium Term	3-5 years	Fleet transition planning (BEV, Alternative Fuels), further energy generation adoption
Long Term	5+ years	Full fleet decarbonisation, supply chain integration

FLEET & LOGISTICS

BAKO Group recognises that transport emissions represent its largest carbon impact and has prioritised the following actions:

- Transition to low-emission and electric vehicles where operationally feasible
- Adoption of route optimisation software to reduce mileage and fuel consumption
- Driver training programmes focused on fuel-efficient driving ("eco-driving")

- Investigation of alternative fuels, including HVO and future hydrogen solutions
- Improvements in load optimisation and delivery scheduling

ENERGY & INFRASTRUCTURE

- LED upgrades across all warehouse sites
- Smart energy management systems
- Transition to renewable electricity tariffs
- Feasibility of solar PV installations

SUPPLY CHAIN ENGAGEMENT

- Supplier carbon reporting requirements
- Preference for low-carbon sourcing
- Collaboration with manufacturers to reduce embedded emissions

WASTE & PACKAGING

- Reduction of food waste
- Increased recycling rates
- Packaging optimisation initiatives

DIGITAL & OPERATIONAL EFFICIENCY

- Paperless processes
- Demand forecasting improvements
- Reduced unnecessary transport movements

ALREADY IMPLEMENTED PROJECTS

Prior to this Carbon Reduction Plan, the business has undertaken a number of carbon reduction projects across the business. These include:

- Installation of Solar Panels at the Preston site, generating a significant portion of the sites electricity. This was completed in the 2023/24 FY.
- Installation of Solar Panels at the Durham site, generating a significant portion of the sites electricity. This was completed in the 2024/25 FY.
- The Group Electricity contracts use 100% renewable, REGO-backed green energy. Newly acquired sites are being phased into this energy supply chain as soon as feasibly possible.
- LED lighting upgrades have taken place at our Preston and Durham Sites. Our leased Wimbledon site upgrades to LED on a replacement requirement basis.
- Purchasing of super-efficient HGVs with hybrid chiller units reducing reliance on fossil fuels for vehicles parked.
- A renewed ESOS compliance contract post business acquisitions will identify further energy savings opportunities to further reduce Scope 1 and Scope 2 emissions with surveys planned for the 2026/27 FY.

OFFSET STRATEGY

BAKO Group understands that carbon offsetting is a valuable tool, but that the real-terms impact of Carbon Reduction is vital for the business at location level and their local communities. Therefore, the business is committed to prioritising emission reduction over offsetting.

Carbon offsetting will only be used for residual emissions, using verified schemes such as Gold Standard.

CLIMATE RISK & OPPORTUNITY

RISKS

- Fuel cost volatility – fuel, and alternative fuel, prices have remained volatile since 2022 and current challenges in the middle east only serve to increase these pressures.
- Supply chain disruption
- Regulatory changes

OPPORTUNITIES

- Reduced operating costs
- Competitive advantage in tenders
- Enhanced brand reputation

MONITORING & REPORTING

ANNUAL EMISSIONS REPORTING

- Quarterly internal performance review
- Continuous improvement programme
- Future ambition for external verification

CULTURE, TRAINING & ENGAGEMENT

- Sustainability awareness programmes
- Driver behaviour training
- Employee engagement initiatives
- Embedding sustainability into KPIs

BOARD APPROVAL

This Carbon Reduction Plan is prepared in alignment with the Climate Change Act 2008 (as amended 2019) and constitutes the company's reporting in respect of the financial year ended 31 March 2025. It was approved by the Board and has been signed by a Board Director.

The Board acknowledges that this plan represents the organisation's initial formal Carbon Reduction Plan and is committed to its ongoing development and refinement.

NAME: Michael Tully

TITLE: Group Chief Executive Officer

SIGNATURE: ______________________