



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

December 2022

At Vital Farms, our purpose is to improve the lives of people, animals, and the planet through food. Since our founding, we have been working towards this goal every day, and an exciting next step for Vital Farms is our inaugural disclosures under the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

This disclosure shares how we are planning for and managing climate-related risks and working to increase our resiliency as a business. TCFD is an important building block in our commitment to transparency, and we will continue to provide more details over time.

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DISCLOSURE		RESPONSE
GOVERNANCE	a) Describe the board's oversight of climate-related risks and opportunities	<p>Vital Farms' Board of Directors considers climate-related risks and opportunities as a part of its overall management and oversight of the Company.</p> <p>Oversight of Environmental, Social, and Governance (ESG) activities is managed by the Nominating and Corporate Governance Committee of the Board of Directors and is reflected in this Committee's Charter. This Committee oversees the strategy, initiatives, and reporting related to ESG, including environmental initiatives and progress in meeting environmental goals. The General Counsel and Head of ESG presents to this Committee quarterly and these updates may include the Company's ESG performance, risks, and opportunities. This Committee also oversees our Environmental Policy.</p> <p>The Audit Committee of the Board of Directors has oversight of the Company's risk assessment and management, which includes climate-related risk. A report on the Company's ESG efforts is provided to the full Board of Directors annually, most recently in November 2022.</p> <p>In connection with its reviews of the operations and corporate functions of our Company, the Board of Directors addresses the primary risks associated with the Company's operations and corporate functions, including with respect to climate risk.</p> <p>The Board of Directors also approves the Company's annual operating and capital budgets, which may include operating expenses and capital investments related to climate change and other ESG initiatives. In recent years, the annual capital budget has included expenditures for projects designed to mitigate the impact of climate change on the business, such as solar panels at our egg processing facility, Egg Central Station.</p>
	b) Describe management's role in assessing and managing climate-related risks and opportunities	<p>While the Board of Directors and its committees oversee risk management strategy, management is responsible for implementing and supervising day-to-day risk management processes and reporting to the Board and its committees on such matters, including with respect to climate-related risks and opportunities.</p> <p>The Senior Leadership Team is the highest management level in the Company, which includes the President and Chief Executive Officer; Chief Financial Officer; Chief Operating Officer; Chief Marketing Officer; Chief Sales Officer; Senior Vice President of People and Strategy; and General Counsel, Corporate Secretary, and Head of ESG.</p> <p>The Senior Leadership Team manages risks to the Company, including climate-related risks, through regular reporting from several functional areas, such as Operations and Live Production. The Senior Leadership Team manages the Company's response to extreme weather events and other climate-related issues.</p> <p>The highest management-level position with direct responsibility for climate-related issues is the General Counsel and Head of ESG. This role reports directly to the CEO and oversees the Company's ESG Steering Committee. The ESG Steering Committee is led by the Director of ESG and is a cross-functional team of leadership and individual contributors across the organization with representation from key areas, such as Operations, Live Production, Supply Chain, Corporate Securities, People, and Investor Relations. This Steering Committee is directly accountable for the strategy, ownership, and implementation of ESG goals and initiatives across Vital Farms, including measuring, monitoring, and reporting progress of climate-related initiatives.</p>

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DISCLOSURE	RESPONSE
<p>STRATEGY</p> <p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term</p>	<p>RISKS</p> <ul style="list-style-type: none"> • Direct operations: Climate change may increase the frequency and severity of natural disasters such as tornadoes and floods. This may cause disruptions to production and our ability to operate our facilities. • Supply Chain: We rely on a network of family farms to supply us with eggs. These farms are located in a region that provides an environment conducive to year-round raising of chickens. Heat stress caused by rising global temperatures and water stress caused by drought create more challenging environments for animals, and climate change increases risk of infectious diseases. These risks may have significant negative impacts on animal productivity, our farmers, and thus, our ability to produce our products. • Feed: Corn and soy, which Vital Farms and our farmers rely on for feed, are vulnerable to adverse weather conditions and natural disasters. The occurrence and severity of such events may result in increased prices. • Reputation: Vital Farms is subject to risks related to heightened stakeholder focus on sustainability and corporate social responsibility. If we fail to meet the goals and standards we set for ourselves or the expectations of investors and other stakeholders with respect to ESG issues, our reputation and brand image could be damaged. <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Direct operations: With the prices of fossil fuels projected to increase, Vital Farms has the opportunity to improve energy and resource efficiency at our facilities and continue to invest in renewable energy projects. • Supply chain: We have the opportunity to engage our farmers and suppliers in meaningful strategies to reduce environmental impacts. • Products: Vital Farms’ products occupy a competitive position within the landscape of shifting consumer preferences for more sustainable food with increased traceability. • Reputation: Vital Farms’ mission, Conscious Capitalism approach, and commitment to transparency each align with growing stakeholder interest in significant issues connected to animal farming, climate change, and resource conservation.
<p>b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning</p>	<p>Our Board of Directors reviews the risks associated with the Company’s business strategies periodically throughout the year as part of its consideration of undertaking and continuing any such business strategies. This review includes consultation with leadership of the Company’s finance and strategy functions.</p> <p>Climate-related risks and opportunities influence our business strategy and financial planning, as such risks and opportunities have the potential to affect core business functions, from hen productivity to operating our facility to distribution of our finished goods.</p> <p>For our direct operations, we have identified energy efficiency and renewable energy opportunities to better manage our climate impacts. We installed solar panels at our primary facility in 2022 that required capital investment and will ultimately lower our energy costs over time.</p> <p>We have identified heat stress and water stress as the highest climate-related risks to our farms and hens in certain regions. As we bring more farmers into our network, we are considering different geographies that may be less vulnerable to heat and water stress.</p> <p>Additionally, knowing that our consumers are looking for products that reflect their values and their increasing concern about climate change, we launched Restorative Eggs in 2022. This builds on our reputation in sustainable farming with eggs produced using regenerative agriculture principles that can sequester more carbon than conventional farming.</p> <p>2022 Sustainability Report — Page 46–48</p>

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<p>STRATEGY</p> <p>c) Describe the resilience of the organization’s strategy, taking into consideration different future climate scenarios</p>	<p>As a B Corp-certified food company that has been practicing Conscious Capitalism since our founding, we are acutely aware of the impact climate change can have on our business and each of our stakeholder groups, one of which is the environment.</p> <p>We have set a carbon reduction goal for our operations, which will drive continuous assessment of energy efficiency opportunities and renewable energy strategies such as a power purchase agreement.</p> <p>Our supply chain is largely made up of our network of egg farmers. Our organization has a dedicated Farm Support team to provide guidance and assistance to our network of farmers.</p> <p>In 2021, we conducted a climate-related risk assessment of a sampling of our farm locations and some of our approved feed mills, based on a 2°C scenario. This assessment, which we plan to do bi-annually at a minimum, influences how we will grow our farmer network and how to prioritize areas that will need adaptation plans and regenerative and climate-smart farming practices.</p> <p>The Vital Farms standard already requires that all farms practice pasture rotation, which is considered a regenerative practice. This practice provides hens with fresh forage and builds soil health over time. Other practices, such as planting cover crops, continue to build soil health and increase resilience to flood and drought. We are working to engage 100% of our farmers on implementing more regenerative agriculture practices by 2026.</p> <p>These efforts in both our operations and supply chain aim to make Vital Farms more resilient over the next five years and in the long term. They not only enable Vital Farms to mitigate its risk exposure to climate change, but also increase the Company’s readiness to adapt to the effects of climate change.</p>
<p>RISK MANAGEMENT</p> <p>a) Describe the organization’s processes for identifying and assessing climate-related risks</p>	<p>Vital Farms understands the need to address climate-related risks and address them appropriately. As such, the organization identifies and assesses climate-related risks on an ongoing basis, monitoring and prioritizing action based on the risk’s potential impact to business continuity and likelihood of occurrence.</p> <p>Understanding Vital Farms’ greenhouse gas (GHG) emissions was a critical initial step, and in 2021, we conducted our first complete greenhouse gas inventory with the support of ADEC Innovations.</p> <p>Additionally, we undertook the organization’s first climate risk assessment in 2021, mapping our owned/controlled assets and our supply chain. The supply chain mapping included partner farms, feed mills, and potential new farm locations.</p>

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RISK MANAGEMENT	b) Describe the organization’s processes for managing climate-related risks	The climate risk assessment and GHG inventory have both informed setting climate-related goals to appropriately address those risks.
	c) Describe how processes for identifying, assessing, and managing climate-risks are integrated into the organization’s overall risk management	As with other organizational risks, climate-related risks are addressed by day-to-day risk management procedures implemented by the Company’s officers and subject to oversight by the Board of Directors and its committees. On a quarterly basis, a committee of the Company’s officers meets to ensure that material risks affecting our business have been appropriately identified. Such risks (and any quarter-to-quarter changes) are reported to the Company’s Audit Committee, which oversees the risk management and assessment. As Vital Farms continues to build more formal processes to identify, assess, and monitor the Company’s risks, climate risks will be integrated into overall Vital Farms risk management processes.

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DISCLOSURE	RESPONSE
METRICS & TARGETS	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	<p>In 2022, we began to disclose a variety of environment metrics such as GHG emissions, energy use, packaging recyclability, and post-consumer recycled content in packaging.</p> <p>2022 Sustainability Report – Page 49-51</p>
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	<p>Scope 1, Scope 2, and Scope 3 GHG emissions can be found in our most recent Sustainability Report – Page 49-50.</p> <p>In 2021, we worked with ADEC Innovations to calculate our GHG emissions footprint. Vital Farms uses operational control to categorize emissions within its organizational boundary.</p> <p>Scope 1: Direct GHG emissions that occur from sources that are controlled or owned by Vital Farms.</p> <p>Scope 2: Indirect GHG emissions associated with the purchase of electricity, heat, or cooling. Vital Farms uses the market-based methodology for calculating our Scope 2 emissions.</p> <p>Scope 3: Indirect GHG emissions (not included in scope 2) that occur in Vital Farms’ value chain, including upstream and downstream emissions. Our initial Scope 3 emissions used a spend-based methodology, and we are working to refine and improve the data with each year’s reporting.</p>
c) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	<p>At the end of 2022, Vital Farms set its first public GHG emissions reduction goal. Vital Farms commits to reduce Scope 1 and Scope 2 GHG emissions intensity 25% by 2027 from a 2022 base year.</p> <p>We are in the process of developing a Scope 3 emissions reduction goal, focusing on purchased goods and services and downstream transportation and distribution.</p> <p>Vital Farms also has a goal to engage 100% of farmers on regenerative agriculture practices by 2026 to increase climate resiliency in our egg supply chain</p>

FORWARD-LOOKING STATEMENTS

This report contains “forward-looking” statements, as that term is defined under federal securities laws in the United States, including but not limited to statements regarding our growth potential and plans, our environmental, social, and governance (ESG) goals or targets, and our expectations regarding our future operating and business environment. All statements other than statements of historical facts contained in this report, including statements regarding our future results of operations or financial condition, business strategies, goals, initiatives, commitments and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements are subject to substantial risks, uncertainties, assumptions, and changes in circumstances that may cause actual results, performance, or achievements (including achievement of our ESG goals or targets) to differ materially from those expressed or implied in any forward-looking statement.

The risks and uncertainties referred to above include but are not limited to those risks described in our filings with the Securities and Exchange Commission (SEC), including in the sections entitled “Risk Factors” in our latest annual report on Form 10-K and our quarterly reports on Form 10-Q, and in our other filings and reports that we may file from time to time with the SEC, which can be found on <https://investors.vitalfarms.com/>. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual performance and results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur. Forward-looking statements represent managements’ assumptions, expectations, and beliefs only as of the date of this report. We disclaim any obligation to update forward-looking statements except as required by law.

We utilize materiality to describe issues relating to certain sustainability and ESG matters that we consider to be impactful to our business and important to our stakeholders. Certain of our sustainability and ESG disclosures are included in our annual and quarterly reports filed with the SEC, our proxy statement, our annual sustainability reports, and this report. The “materiality” thresholds for purposes of this report may differ from the concept of “materiality” for purposes of federal securities laws and disclosures required by the SEC rules in our filings with the SEC. The inclusion of sustainability and ESG disclosures (including identification of climate-related risks) in this report does not necessarily mean or imply that we consider such disclosures and risks to be material for purposes of applicable federal securities laws or SEC rules and regulations.



Vital Farms

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