Scales Corporation Limited

Climate-Related Disclosures Report – 2024

Scales
global nutrition

Contents

1. Introduction

1.1 Scales Corporation Limited

Scales Corporation Limited (Scales) is a global agribusiness, comprising ten businesses across three divisions and four geographies. We have been trading for 113 years, and being able to adapt to future risks and opportunities has been central to our success.

Scales continues work to integrate climate risk analysis into our wider business strategy, to increase our resilience and deliver long-term stakeholder value. This is an important process to further understand how climate-related physical and transition risks will impact our business over the short, medium and long-term. We have added a Chief Risk Officer role to our internal capability as we evolve and grow our understanding and knowledge of climate-related risks and opportunities across the group. We look forward to our strategy refresh process throughout 2025, which will enable our sustainability and climate-related strategy to be further integrated across the business.

1.2 This document

This is Scales' second Climate-Related Disclosures (CRD) report, prepared in relation to the Scales Group, as detailed in the Appendix. The climate assessments in this report considered all subsidiaries and joint ventures, and Scales' Emissions Inventory described in section 5.2 includes emissions in respect of all of Scales' operational subsidiaries and joint ventures, calculated on the basis of an equity-share approach.

This document is Scales' CRD report for the 1 January 2024 - 31 December 2024 reporting period (2024) and constitutes Scales' Climate Statements under the Financial Markets Conduct Act 2013 for 2024. This document is compliant with the Aotearoa New Zealand Climate Standards (CS) 1, 2 and 3, and covers four key thematic areas: Governance, Strategy, Risk Management and Metrics & Targets. The Greenhouse Gas (GHG) emissions and metrics disclosed in this report should be read with the methodologies, assumptions and uncertainties in Table 6.

We have used the following adoption provisions available under New Zealand CS 2:

1. Adoption Provision 2 (NZ CS 2 (12), (13) and (14)) anticipated financial impacts, time horizons over which these occur, and explanation of why quantitative information is not able to be provided;
2. Adoption Provision 6 (NZ CS 2 (20) and (21)) comparative year for metrics;
3. Adoption Provision 7 (NZ CS 2 (22)) analysis of trends from comparison of metrics.
4. Adoption Provision 8 (NZ CS 2 (24) and (25)) scope 3 GHG emissions assurance.

Climate-related risk management is an emerging area and often uses data and methodologies that are developing and uncertain. This report contains forward looking statements, including climate-related scenarios, targets, assumptions, climate projections, forecasts, statements of Scales' future intentions, estimates and judgements that may not unfold as predicted. Scales has sought to provide a reasonable basis for forward-looking statements and is committed to progressing our response to climate-related risks and opportunities but is constrained by the novel and developing nature of this subject matter. We caution reliance on forward-looking statements that are necessarily less reliable than other statements Scales may make in its annual reporting. In particular, these statements involve assumptions, forecasts and projections about Scales' present and future strategies and Scales' future operating environment. Such statements are inherently uncertain and subject to limitations, particularly as inputs, available data and information are likely to change. We have based these statements on our current knowledge as at 22nd April 2025. Nothing in this report should be interpreted as capital growth, earnings or any other legal, financial tax or other advice or guidance.

Mike Petersen
Chair

Andy Borland
Managing Director

22nd April 2025

Global Proteins

Petfood ingredient procurers, processors & marketers

- SHELBY FOODS — SHELBY COLD STORAGE, SHELBY TRUCKING
- meateor — PET FOOD INGREDIENTS • INTL
- meateor — PET FOOD INGREDIENTS • NZ
- meateor — AUSTRALIA PTY LTD
- esro FOOD GROUP

Edible protein exporter

- FAYMAN INTERNATIONAL GROUP

Horticulture

Vertically integrated apple grower, packer & marketer

- Mr APPLE NZ

Apple marketer

- FERN RIDGE Fresh. ESTD. 1997

Juice manufacturer

- profruit (2006) LTD

Logistics

Air & sea freight

- Scales LOGISTICS

2.
Governance

This section includes a summary of Scales' governance and management structures that are in place to manage climate-related risks and opportunities across the Group, including:

- Roles, responsibilities and processes in place to enable the Board and relevant Board Committees to provide oversight of climate-related risks and opportunities
- Management's role in assessing and managing climate-related risks and opportunities

The businesses that make up the divisions within the Group are a combination of wholly-owned or partly owned subsidiaries and joint ventures but are collectively referred to as 'Scales business units' in this report.

2. Governance (continued)

2.1 Board oversight of climate risks and opportunities

The Scales Board has responsibility for approving strategy and overseeing and responding to climate-related risks and opportunities. The Board approves strategy, sets metrics and targets, approves the annual CRD and delegates the duties below to two Board Committees:

- The Health & Safety and Sustainability Committee (HSSC) has been delegated the responsibility for reviewing climate-related strategy, including associated metrics and targets, monitoring performance against these targets and making recommendations to the Board. The HSSC is also involved in the review of CRD processes, including review of Scales' Emissions Inventory, and Scales' climate-related risks and opportunities. The HSSC reviewed Sustainability progress five times in 2024 and will annually review performance against Scales' climate- related targets once these are set in 2025
- The Audit and Risk Management Committee (ARMC) has been delegated the responsibility to provide oversight of the annual CRD process and to recommend Scales' CRD for Board approval. The ARMC is responsible for managing and monitoring climate and non-climate risks, and ensuring climate risks are integrated into Scales' ERM process. The ARMC monitors risks and progress against any key actions quarterly. The ARMC formally reviews the risk register which includes climate-related risks at least annually. Additionally, where there are changes to the risk register, this is reported by management via internal audit reports to the ARMC. In 2024, sustainability and/or CRD were agenda topics three times in internal audit reports.

In 2024, as the full Board continues to understand and upskill on the Climate Reporting requirements, the Sustainability papers were part of the full Board agenda and ARMC meetings were convened during the full Board meeting meaning all directors were present.

The Board delegates responsibility for implementing Scales' strategy (which includes climate responses), preparing the annual CRD report and managing Group risks to Scales' Management. Management personnel with key responsibility for climate-related activities are the Chief Risk Officer and the Group Sustainability Manager. Management is given appropriate guidelines and held accountable through:

- Risk Management Policy
- Emissions Inventory Policy
- Sustainability Policy

In 2024, the Group Sustainability Manager, Chief Operations Officer and latterly Chief Risk Officer updated the Board in relation to CRD matters at 5 of 8 board meetings. In 2024 the Board reviewed content relevant to this disclosure and has received advice from external advisers on Scales' risks and opportunities and on the CRD framework. Figure 1 outlines the flow of information and the governance roles for climate-related activities.

The strategic framework in Figure 2 demonstrates how climate risks and opportunities are identified and how Scales intends to embed these into Scales' strategy.

2. Governance (continued)

2.2 Board skills and competence

The Board maintains a director skills matrix, which includes a specific category for sustainability expertise. Scales' 2024 Corporate Governance Statement contained within our annual report shows the director skills matrix and the attendance at Committee meetings. This skills matrix is reviewed annually.

Directors continue to upskill themselves on climate-related issues, including the amended Aotearoa New Zealand Climate Standards. In 2024 the Board reviewed and approved a submission on proposed amendments to the CRD regime. The Chair of the HSSC is a member of Chapter Zero. In late 2024 the Board had a session on Transition Planning using the Chapter Zero and IoD guidance. A change in management this year has seen the appointment of a Chief Risk Officer with a specific focus on Sustainability reporting for the Scales Group. The Board uses external advice and expertise for climate-related issues when required.

2.3 Monitoring targets

To date the Board (via the HSSC) has received reporting on GHG emissions targets relevant to the Mr Apple business unit, including once in 2024.

The HSSC is responsible for reviewing metrics and targets and will recommend whether these are appropriate based on industry best practice, relevance to Scales' business unit operations, Scales' capital allocation, and alignment to our stakeholder goals. This will be included in the strategic refresh process as outlined in Figure 2.

Remuneration for senior management across the Group is linked to the individual's contribution to the business, including continuous improvement towards sustainability initiatives, which include climate-related initiatives. There are currently fifty-four participants in Scales' Short-term Incentive (STI) scheme, an, increase of sixteen from 2023 with a STI salary component representing between 10 - 45% of an individual's gross salary.

2.4 Management's role in assessing and managing climate-related risks and opportunities

The Board assigns key climate-related responsibilities to management including:

1. Preparing strategy (including sustainability and climate-related elements);
2. Conducting scenario analysis and identifying priority climate-related risks and opportunities;
3. Preparing the annual CRD report;
4. Managing the ERM process;
5. Implementing strategy and risk management practices.

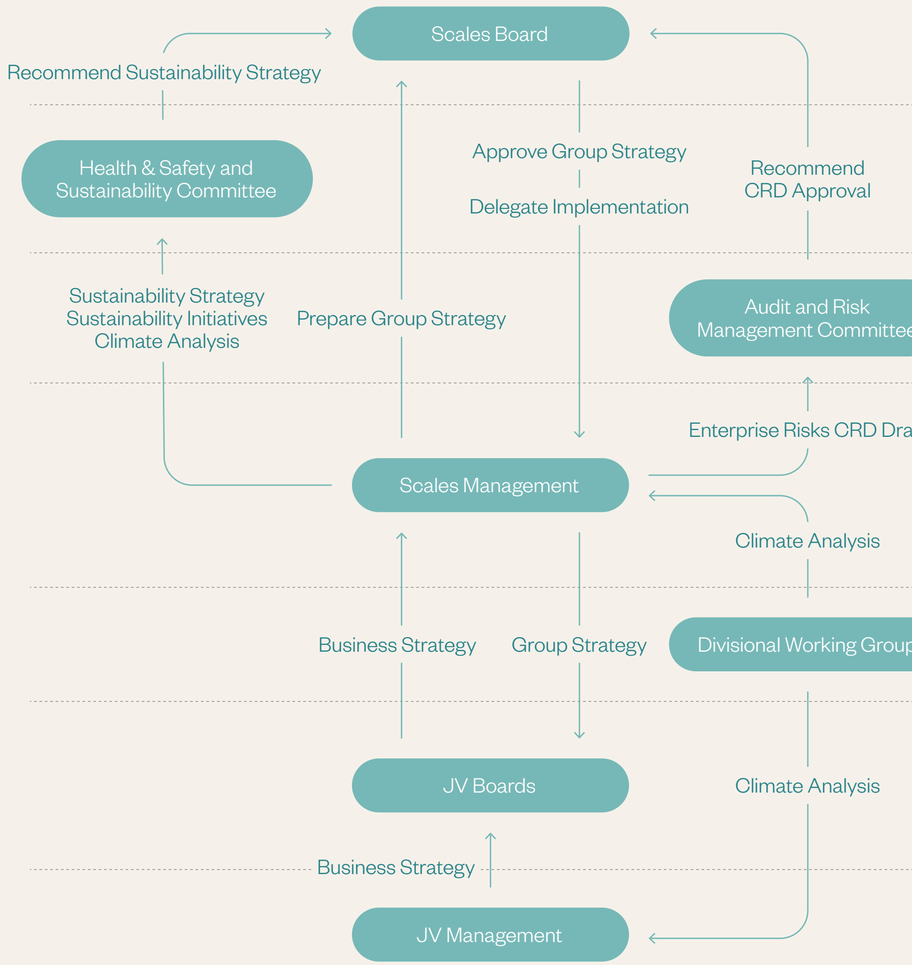
Scales' management responsible for these activities includes the Chief Operations Officer, Chief Risk Officer, Group Financial Controller and Group Sustainability Manager. Management also leads the annual climate risk assessment (see Risk section below for assessment framework and process), which is conducted across divisional working groups, including Board representatives, business executives, business Subject Matter Experts (SME) and external climate technical experts. The purpose of analysing at a divisional level (rather than at a business unit or group level) is to view the specific drivers of each sector/division in more detail, while also considering the impact on the Scales Group. The outcomes of the climate assessment are fed into the regular risk management process for our business units and the Group ERM process. The duties of management and the Board are outlined in Figure 1.

Management is responsible for preparing Scales' strategy and embedding the output of the climate assessments into the ERM process.

Scales' management is also responsible for working with Scales' business units to integrate significant climate-related risks and opportunities identified by the divisional working groups into their business unit strategies and risk management processes. Scales' management is represented on the joint venture boards and has active oversight of these tasks.

2. Governance (continued)

Figure 1: Scales' climate governance framework – key roles, responsibilities and information flows



Org Chart and Information Flow	Regularly	Annually	Other
Scales Board	• Monitor strategic initiatives	• Monitor strategy performance • Assess skills of sub-committees • Risk Appetite	• Approve Scales Group Strategy (Refresh in 2025) • Approve associated metrics and targets (set in 2025)
Health & Safety and Sustainability Committee	• Monitor sustainability strategic initiatives	• Monitor performance against sustainability targets • Review CRD processes – include climate assessment and emissions inventory • Review climate-related risks and opportunities	• Review materiality assessment • Review sustainability strategy and associated targets – recommendations to board (2025)
Audit and Risk Management Committee	• Monitor risk status (via Internal Audit reports)	• Review enterprise risk register • Ensure integration of climate risks • Review CRD compliance and recommending CRD approval	
Scales Management	• Update risk status (via Internal Audit reports if required) • Report on sustainability initiatives	• Report on performance against strategic targets (including sustainability) • Prepare CRD– include climate analysis and emissions inventory, assurance • Integrate climate risks into enterprise risk register • Implement strategy	• Prepare Scales Group Strategy including associated metrics and targets (Refresh in 2025)
Divisional Working Group		• Undertake climate analysis – risk and opportunity identification and evaluation	
JV Boards	• Monitor strategic initiatives • Monitor risk status	• Monitor strategy performance • Review risk registers	• Approve Business Strategy (periodically) • Approve associated metrics and targets (periodically - if they are being set)
JV Management	• Update risk status • Report on strategic initiatives	• Collect and report relevant CRD data • Report on performance against strategic targets (if they have been set)	

3.
Strategy

3. Strategy (continued)

3.1 Current business model and strategy

Scales' business model aligns to four key investment pillars:

- Develop strong people and partnerships
- Deliver sustainable growth
- Demonstrate operational excellence
- Offer customer focused innovation

Our current divisions are:

- Global Proteins
- Horticulture
- Logistics

Details of the business units within our divisions are set out in the Appendix.

As shown in Figure 3, climate risk and opportunities could influence our strategy in two ways:

a. Scales' strategy, deciding where and how we invest. Embedding climate factors into our strategic process in the future may influence our view of the sustainable growth of a sector or division, and therefore impact our portfolio allocation and capital deployment for initiatives. For example, under our sustainable growth investment pillar, climate factors may influence our view on long-term trends and the businesses/sectors that align to these, which may change our capital allocation between divisions.

b. Business unit strategy, including business models and the products/markets/channels they choose to serve. A business may change its product or market focus due to a specific climate risk/opportunity or change its operating model and the resources it employs. Business strategies are reviewed against Scales' strategy, which may accelerate, limit or reduce funding required for actions.

The intention of our strategic refresh is for Scales to integrate climate-related factors into Group strategies and for each of our business units to build resilience across our portfolio through a bottom-up and top-down approach.

As an agribusiness investor, Scales considers climate risk within its risk management process, and has been assessing mitigations, and implementing controls for priority business units (e.g., diversified global proteins supply). Scales intends to expand this process by embedding the outcomes of our climate assessments into our strategic planning framework. We will complete our strategic refresh in 2025 that will enable us to set emissions reduction targets once we have established our assured base year. This is outlined in Figure 2.

Figure 2: Strategic process

Scales refreshed its climate assessment in 2024. Scales' climate assessment includes use of Climate Projection modelling by Urban Intelligence, scenario analysis and an assessment of Scales' climate-related risks and opportunities. Scales' 2024 refresh included a review of our climate scenarios to consider up to date data (as outlined at 3.1.1) and a review of the climate-related risks and opportunities identified in 2023 (as outlined in the Risk Management section). The climate assessment will be undertaken more frequently than our strategic planning cycle, which assists our understanding of changes in our short-term risks which are escalated through our ERM process. Transition initiatives within our strategic plan can then be accelerated/decelerated or prioritised/deprioritised appropriately.

In 2024 we achieved the following key actions:

- Implementation of thirteen additional water meters across orchards
- We collaborated with KPMG on a scope 3 screening exercise to identify and verify our emissions sources. This involved analysing business unit spending to pinpoint key and additional emissions sources. We then explored more accurate calculation methods, using spend-based data where necessary
- Re-established the Kinross orchard regen trial lost in Cyclone Gabrielle and started a second trial site at Blythe orchard
- Arranged external limited assurance of our scope 1 and 2 GHG Emissions Inventory to support target setting in 2025

In 2025 we intend to conclude Life Cycle Analysis work for some our Global Protein divisions and Profruit, necessary to assist us in setting targets in 2025. We also intend to incorporate our Mr Apple GHG emission targets into future Group emissions reduction targets. Due to the extension of Adoption Provision 2 through amendments to the Climate Standards, we have delayed development of our financial impacts analysis until 2025 (note Scales has used Adoption Provision 2 (NZ CS 2 (12)) for this disclosure for 2024). Once our group strategy has been refreshed in 2025, we can then measure performance against our GHG emissions reduction targets annually.

3. Strategy (continued)

Figure 3: Scales' strategy and business model

Scales' current strategy is presented below. Also shown is the framework we intend to implement for our strategic refresh in 2025, which summarises how we will embed our climate assessment into our broader strategy.

Framework for Strategy Refresh 2025

Climate Assessment

Mission

To be the foremost investor in, and grower of, global agribusinesses by leveraging our unique insights, experience and access to collaborative synergies

Goal

To generate a long-run average 12.5% ROCE across the portfolio

Investment Pillars

People and Partnerships

- People first approach
- Strong partnerships across the value chain
- Leverage our internal capability and skills

Sustainable Growth

- Sectors/businesses that align to long-term trends
- Businesses that are protecting and preserving their resources
- Diversification of customers/markets/products

Operational Excellence

- Ability to add value through innovation and efficiency
- Consistent quality and service delivery through knowledge, location and technology

Customer Focused Innovation

- Product leadership - development of new products
- Customer intimacy - integrated business planning and customisation to their specific needs

Portfolio & Capital Allocation

Global Proteins

Horticulture

Logistics

Competitive Strategy

Product

- Investment in new petfood ingredient products
- Develop broader species mix in petfood ingredients
- Investment in new plant varieties
- Redevelopment to position variety mix towards growth markets

Market/Channel

- Develop integrated channels and business plans with our petfood customers
- Enter new markets for our petfood ingredients
- Continue to develop Mr Apple's brand/ sales channels across Asia markets

Infrastructure/Systems

- Investment in new ERP systems
- Continual assessment of orchard/ post-harvest location and infrastructure
- Investment in new processing technology/automation (all divisions)

Resources

- Develop decarbonisation roadmaps (all divisions)
- Improve water efficiencies (all divisions)
- Improve orchard practices to reduce inputs (Mr Apple)
- Develop a Group-wide people strategy

Climate Assessment

*ROCE is return on capital employed

3. Strategy (continued)

3.1.1 Approach to scenario analysis

The purpose of scenario analysis is to identify, from a set of plausible climate futures, a range of possible climate-related risks and opportunities which can then feed into our strategic planning process. This then allows us to test whether our corporate and business strategies are resilient to a much broader set of drivers and risks.

In August 2024 Scales commissioned a Climate Projection update for Hawke's Bay from Urban Intelligence following a NIWA release of downscaled AR6 climate forecasts for Shared Socioeconomic Pathways (SSPs) 1,2 and 3. The report outlines an increase in higher temperatures, a decrease in frost days and more summer rainfall, it has revalidated the appropriateness of the scenarios we adopted for the 2023 reporting year.

Scales' executives and key management, including the Chief Operations Officer and Group Sustainability Manager, were involved in the selection process of our three climate scenarios, which were selected from the Agri-Adaptation Roadmap. In 2023, the New Zealand agricultural sector collaborated to produce an Agri- Adaptation Roadmap to guide the sector's adaptation to climate change. This roadmap utilised three climate- related scenarios to describe plausible futures for agriculture in New Zealand when impacted by different physical and transition factors.

Scales continues to use the Agri-Adaptation Roadmap to provide consistency and comparability in disclosures, adopting the most widely accepted set of scenarios for the agriculture sector supported by robust and tested assumptions. Under each scenario we used the same key metrics for both physical and transitional changes as the Agri-Adaptation Roadmap. We also aligned our timeframes (short 2023-2025, medium 2025-2035 and long 2035-2050) and processes, including assessing scenario impacts out to 2050. This is consistent with the useful life of our fixed assets and covers multiple business cycles.

Following the selection of the scenarios, in we supplemented the research in the Agri-Adaptation Roadmap scenarios with additional modelling, conducted by Urban Intelligence, on the potential physical changes across our assets and geographies. Given Scales' global reach, a collection of global climate data sources was used, and the modelling was conducted using Urban Intelligence's geographic information systems (GIS) platform, as the Agri-Adaptation physical data was focused on New Zealand. International climate data for Australia, Europe, and USA was derived from multi-model ensembles of CMIP5* data, providing the average change projected in each area of interest. The data available and spatial resolutions varied across the geographies.

New Zealand sites were able to be evaluated for their exposure to mapped natural hazards using the Urban Intelligence Resilience Explorer™.

* The Coupled Model Intercomparison Project Phase 5 (CMIP5) provides community-based infrastructure in support of climate model diagnosis, validation, intercomparison, documentation and data access.

The climate scenarios adopted are summarised as follows:

1. **Orderly**: an orderly transition to a low-carbon future will be achieved. Major climate change and subsequent physical impacts have been avoided. This scenario effectively considers RCP** of 2.6, and SSP1, where there were 'low challenges to mitigation and adaptation'. Warming is limited to a 1.5°C temperature increase.
2. **Disorderly**: the world will successfully prevent major climate change and its associated impacts but failed to do so in an orderly or stable fashion. Transition to a low-carbon future was highly disruptive on society and local economies. As the worst climate physical changes were avoided, this scenario considers RCP 4.5, with an increase in 1-2°C in global temperatures. It uses SSP2, which considers 'medium challenges to mitigation and adaptation', with rapid change after 2030.
3. **Hothouse**: a 'business as usual' world on track to increase global warming by 3°C or greater by 2100. Very limited attempts were made to transition to a low carbon economy and climate policies were not implemented since the 2020s. The physical impacts of climate change are severe, with some irreversible changes. The world now must focus on adapting to climate change. This scenario considers RCP of 8.5 and follows SSP5, which has 'high challenges to mitigation and low challenges to adaptation'.

Further information on the pathway assumptions for the various scenarios are listed in Table 1, which sets out the key background assumptions based on the Agri-Adaptation Roadmap, Network for Greening the Financial System (NGFS), International Energy Agency (IEA) and Climate Change Commission (CCC) inputs.

** Representative Concentration Pathways (RCPs) describe emissions of greenhouse gases into the future and associated climate impacts. Shared Socioeconomic Pathways (SSPs) were developed to examine how global society, demographics and economics might change over the next century, and influence the various emissions scenarios.

3. Strategy (continued)

Table 1: Pathway assumptions

Assumption	Orderly (Net Zero 2050)	Disorderly (Delayed Transition)	Hothouse (Current Policies)
Energy	Energy supply is mostly decarbonised. 89% of total energy is from renewable sources.	Since 2030, there has been a rapid shift to low emissions energy, but there is still a way to go. 76% of total energy is renewable.	Energy remains reliant on high emitting fuels. Renewable sources provide 46% of total energy consumed.
Transport	Since 2032, all new light vehicles entering New Zealand have been electric and integrated transport systems are common in urban areas.	After a delay, all new light vehicles have been electric since 2040, but private car ownership has declined. Buses and trains are decarbonising quickly.	There are still Internal Combustion Engine (ICE) vehicles entering the country in 2050.
Buildings	Building standards have been implemented that mandate the use of sustainable materials and construction methods.	Sustainable building standards were introduced in the 2030s.The costs of retrofitting existing buildings remains high, so only buildings new since 2035 are fitted out with low emissions in mind.	Building standards prioritise resilience to physical impacts rather than sustainability. Coal and gas boilers remain common, and construction waste is high.
Land use	Large areas of land have been protected to reverse ecosystem decline.	There is no national strategy for land use.	Land use continues to go to those who can derive the greatest profits from it. Urban sprawl ensues and livestock agriculture remains widespread.
Afforestation and carbon sequestration	There is widespread use of carbon capture and storage (CCS) globally, though only a few cases in New Zealand.	Focus on emissions reductions leads to large areas of pine monocultures. Rushed and costly global push for more CCS technology, though not really seen in New Zealand.	Little use of CCS globally. Pine trees continue to be planted for timber, but native forestry is not incentivised.
Technology	Fast changes in technology.	Slow and fast changes in technology.	Slow changes in technology.
Carbon dioxide removal	Medium to high use.	Low to medium use.	Low use.
Policy	Immediate and smooth with medium variation in regional policy.	Delayed policy, with higher variation in regional policy.	Current policies, with low variation in regional policy.

3.2 Climate risks and opportunities

We set out Scales' material climate-related risks and opportunities below. These have been identified in accordance with the guidance set out in the External Reporting Board's (XRB) Climate-Related Disclosures Standard New Zealand CS-3. Information throughout this document is deemed material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that primary users make based on Scales' CRD.

The application of materiality in relation to the climate risks/opportunities presented below has been based on Scales' risk assessment process, which is both a qualitative and quantitative assessment of the impact based on a risk matrix (see Risk Management section). The material risks and opportunities identified will flow through to our capital deployment processes via the Strategic framework presented in Figure 3 and have also been included in our ERM process (see risk evaluation in section 4.4). We have not yet included consideration of anticipated financial impacts and have utilised the adoption provisions in NZ CS 2 (12) as we have not yet completed the financial modelling for this work.

3. Strategy (continued)

3.2.1 Current impacts

In 2024, Scales experienced the following climate-related impacts:

- Some restrictions in place or water access removed in times of low flow/drought which can impact fruit size and quality, and therefore affect returns
- Small amount of tree losses still occurring post the impact of Cyclone Gabrielle. Scales incurred a small amount of tree replacement costs and loss of production from those trees
- Hawke's Bay Regional Resource Management Plan (RRMP), Plan Change 9 (PC9) is a new management framework for the land and waterways of the Tūtaekurī, Ahuriri, Ngaruroro and Karamū (TANK) catchments. Scales was actively involved in this throughout 2024

We consider there were no material financial impacts from these events in 2024.

Table 2: Climate-related risks, anticipated impacts and controls

Risk	Anticipated Impact Description	Controls/Mitigations	Sector/Geography	Type/Time Horizon
Increased regional temperatures. More 'hot' days/ year (>25°C), less summer rainfall, increased drought risk.	**Anticipated impacts:** This could lead to increased soil moisture deficits, leading to volatility in supply. Water security is impacted by rainfall and drought changes – see cascading risk below.	• Global Proteins is aiming to have diversified sources of raw material supply, reducing concentration risk of single geography/region being impacted by extreme weather or climate events • Horticulture uses long-term consents, has a dedicated irrigation management focus to maximise effect and minimise use • Horticulture monitors all postharvest sites for efficient use • Group is actively engaged where possible with regional water initiatives	**Sector:** All **Geography:** New Zealand, United States, Europe, Australia	**Type:** Physical and transition **Time Horizon:** Mid/Long-term
Customers more focused on sustainability	**Anticipated impact:** Customers, in Global Proteins, have indicated sustainability will start to factor into their procurement process in the near future. Contracts may be lost if we do not keep pace with competitors. May also increase demand for low emissions products as customers focus on end-to-end footprint.	• Continue development of our decarbonisation roadmaps for each division, with the intention to demonstrate meaningful progress in emissions reduction initiatives and water efficiencies that align with our customers' ambitions. We will review these at a Group level to set appropriate targets in 2025 • Explore lower emissions products (Global Proteins) • Start to understand supplier efforts toward sustainability and aim to develop better systems to assist in supply chain transparency and data collection (all divisions)	**Sector:** All **Geography:** Europe, Australia, New Zealand, and United States	**Type:** Transition **Time Horizon:** Short/mid-term
Financial stakeholders place more focus on the assessment of climate-related risks to Scales Group	**Anticipated impact:** Insurance companies could fail to provide cover or premiums become cost prohibitive. We are currently reviewing the viability of crop insurance, given the notable increase in premiums vs other mitigation options.	• Regional geographic diversification of our orchards, spread over the Heretaunga Plains and Central Hawke's Bay • Horticulture intends to continually assesses its locations and orchard infrastructure (windmills, irrigation, hail netting and re-development structures/ drainage) against hazard risk • We continue working with our insurance brokers to better understand the cost, insurability of our crop and the impact climate change may have on this	**Sector:** Horticulture **Geography:** New Zealand	**Type:** Transition **Time Horizon:** Short-term

3. Strategy (continued)

Risk	Anticipated Impact Description	Controls/Mitigations	Sector/Geography	Type/Time Horizon
Increase in frequency and intensity of extreme climate events, specifically storms, extreme wind, and extreme rainfall events.	**Anticipated impact:** Orchard managers focused on managing and supporting the trees to not revert to biannual bearing patterns to ensure yields per hectare are maintained.	• Regional geographic diversification of our orchards, spread over the Heretaunga Plains and Central Hawke's Bay • Mr Apple intends to continually assesses its locations and orchard infrastructure (frost fans, irrigation, hail netting and re-development structures/ drainage) against hazard risk • Geographic diversification of Global Proteins raw material supply, reducing concentration risk of a single geography/region	**Sector:** Horticulture/Logistics/ Global Proteins **Geography:** New Zealand (data limited for other regions)	**Type:** Physical **Time Horizon:** Short-term
Water regulation increases, in response to water scarcity due to increased regional temperatures.	**Anticipated impact:** The two risks are interrelated. As water demand increases, it may put pressure on existing resources and trigger more regulation – resulting in risks to water take, or an increase in capital/compliance costs. Could result in land use change, and or decrease in productivity of supply.	• Horticulture uses long-term consents, has a dedicated irrigation management focus to maximise effect and minimise use • Horticulture monitors all postharvest sites for efficient use • Group is actively engaged where possible with regional water initiatives • Global Proteins has a diversified regional supply approach for raw material • Water supply built into long-term lease arrangements with processing facilities	**Sector:** All **Geography:** New Zealand	**Type:** Transition **Time Horizon:** Short/Mid-term
Carbon emission regulations increase as we accelerate towards our targets.	**Anticipated impact:** Fuel, refrigerant, packaging, fertiliser may all be taxed or regulated in the future. This may increase the cost of compliance including capex requirements. Market access becomes more difficult through carbon border adjustment mechanisms. This may also force land use change.	• Scales intends to continue developing decarbonisation roadmaps for each sector. We intend to review these at a Group level to set appropriate targets in 2025 • We are supporting and contributing to industry projects and have invested in our own trial to investigate new orchard practices to improve soil characteristics, which may lead to a future reduction in synthetic inputs	**Sector:** All **Geography:** All	**Type:** Transition **Time Horizon:** Mid/Long-term
Increase in winter temperatures could change current pest and disease pressures.	**Anticipated impact:** There may be greater risk of a biosecurity breach, resulting in tightening of biosecurity regulations, potentially impacting market access. Increased pest and disease activity, potential changes in the effectiveness of biological controls.	• We are supporting and contributing to industry projects and have invested in our own trial to investigate new orchard practices to improve the soil characteristics, which may lead to a future reduction in synthetic inputs • Additionally, we are investigating new equipment in our post-harvest operations to provide further control for pest interception • We have investigated new plant protection products and introduction of new biological controls	**Sector:** Horticulture **Geography:** New Zealand	**Type:** Physical **Time Horizon:** Mid/Long-term

3. Strategy (continued)

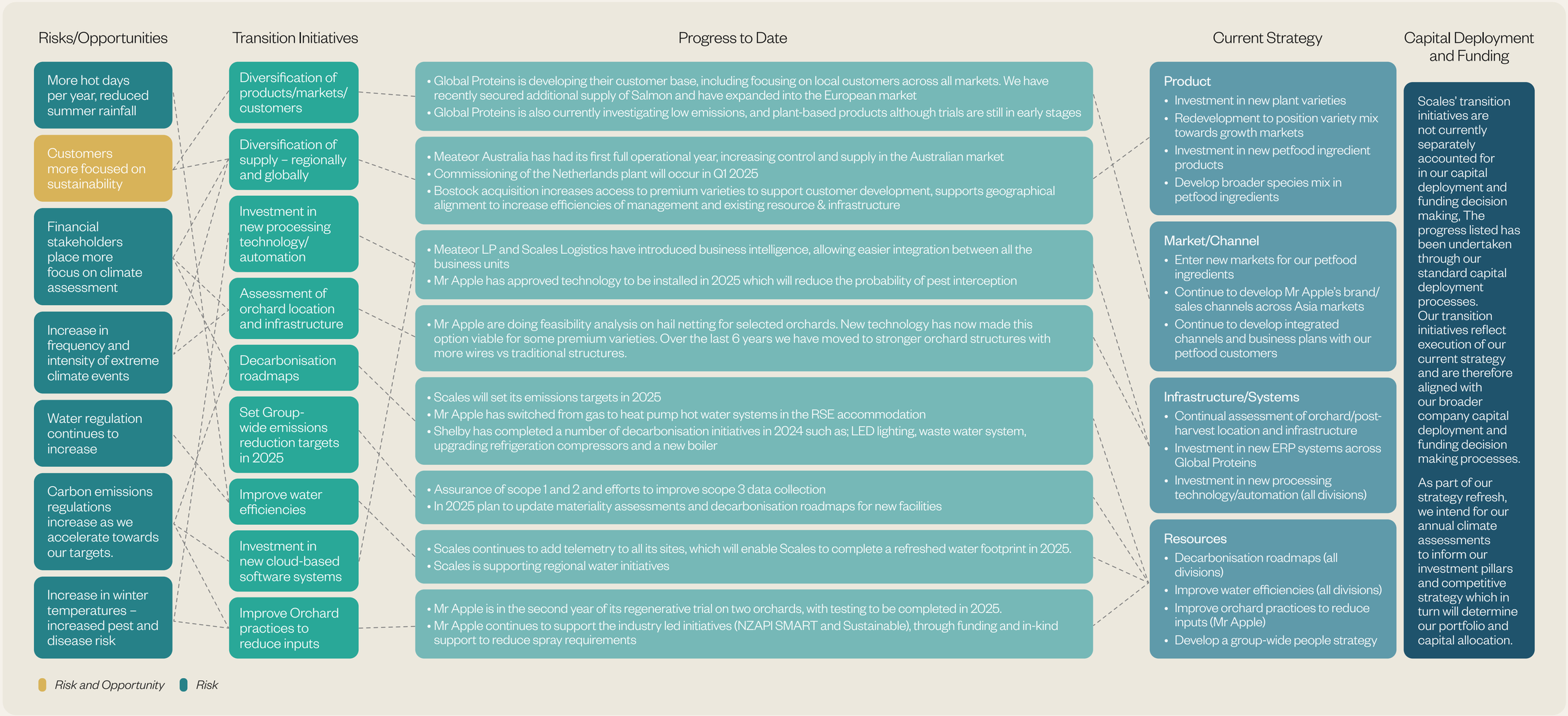
Table 3: Climate opportunities, anticipated impacts and controls

Opportunity	Anticipated Impact Description	Controls	Sector/Geography	Type/Time Horizon
Customers more focused on sustainability	**Anticipated impact:** We expect that we will be able to capitalise on a change in our customer needs/preferences faster than our competitors, which may help us develop stronger relationships, increasing demand.	• Continued development of our decarbonisation roadmaps for each division, with the intention to demonstrate meaningful progress in emissions reduction initiatives and water efficiencies that align with our customers ambitions (all divisions) • Global proteins is aiming to have diversified sources of raw material supply, reducing concentration risk of single geography being impacted by extreme weather • Explore lower emissions products (Global Proteins) • Develop better systems to assist in supply chain transparency and data collection (all divisions) • We are supporting and contributing to industry projects and have invested in our own trial to investigate new orchard practices to improve soil characteristics, which may lead to a future reduction in synthetic inputs	**Sector:** All **Geography:** All	**Type:** Transitional **Time Horizon:** Short-term
Increased sunshine hours and reduced frost risk	**Anticipated impact:** Changes to weather could lead to improved fruit size and therefore an improvement in productivity from certain varieties. Improved fruit could lead to increased pack outs. May also bring a reduction in the level of inputs required for crop protection and reduce the need to intervene with reflective cloth to achieve colour. Additionally, may lead to reduced frost injury risk meaning higher fruit set, less fruit russet blemish, less fuel costs for frost machines.	• Continue investigation into variety development for hot climate fruit • Monitor and access the current response of fruit each season against climate data to understand how conventional varieties are responding • Work with plant breeding organisations to understand these changes and the positive or negative impacts this is having each season	**Sector:** Horticulture **Geography:** New Zealand	**Type:** Physical **Time Horizon:** Mid/Long-term

3. Strategy (continued)

3.3 Transition plan

In this transition plan Scales has taken the steps to illustrate how our plan links to our current strategy. The transition initiatives presented below are the actions we are currently taking to mitigate key climate risks. All projects have been allocated capital and/or resource to progress, and their prioritisation may change once we have concluded our strategy refresh in 2025.



4.

Risk Management

4. Risk Management

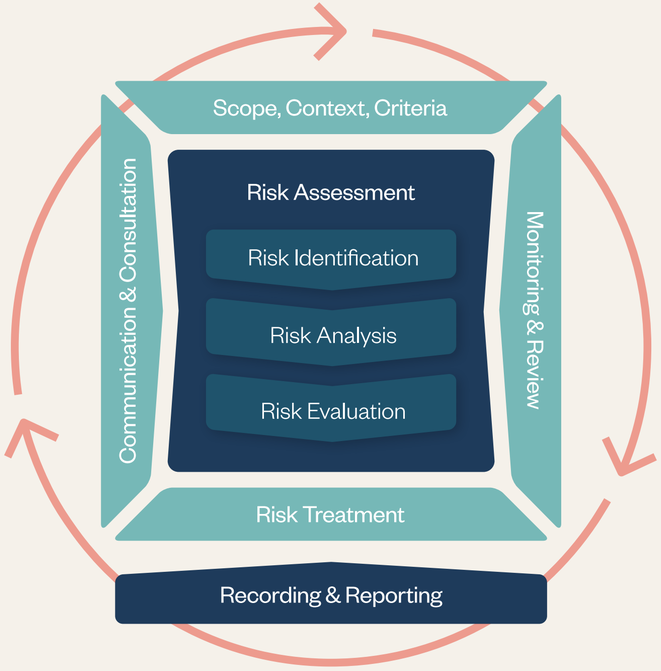
Scales' ERM risk framework identifies, analyses, and establishes controls to manage key risks. These are controlled and managed through a group risk register, using the ISO 31000:2018 standard as guidance.

Scales has had a number of climate-related risks on the risk register since its IPO in July 2014. In 2023 Scales conducted a risk identification, analysis and evaluation process for our climate-related risk, then in 2024, Scales added several climate-specific risks to the group risk register.

Our largest divisions - Horticulture and Global Proteins are inherently exposed to climate risks, and climate risk management is deeply embedded into the way the businesses operate. In 2024 Scales held a follow up workshop with the Horticulture division followed by a meeting with key executives from all remaining divisions to review the changes. This process is detailed in sections 4.2 – 4.4 below.

Although we apply a stand-alone identification and scoping assessment of our climate-related risks, the process noted in 4.1 through to 4.6 replicates those used to identify non-climate-related risks. This provides consistency in methodology and allows climate-related risks to be integrated into the same register to provide an appropriate comparison for prioritisation against the factors listed in 4.4.

The ISO standard follows the framework below



4.1 Context and scope

Effective risk management requires a thorough understanding of the context in which Scales and its businesses operate. Prior to identifying risks, we consider:

- Strategy for the group and each division
- Business model of the divisions
- The environment in which each division operates, including future drivers of change (financial, operational, competitive, environmental, political, social, legal and technological, etc)
- Relevant stakeholders, including customers, suppliers, employees, shareholders and communities across the value chain

4.2 Climate risk identification

The objective of this step is to generate a comprehensive list of risks based on identified future drivers.

In 2023 we expanded on the Agri-Adaptation Roadmap future drivers (applying our own strategy and operating environments – see above), which covered the entire value chain. We then formulated an initial risk/opportunity assessment and presented this to the three divisional working groups.

Scales considers climate risk across three time horizons:

- Short-term: present to 2025
- Medium-term: 2025 – 2035
- Long-term: 2035 – 2050

Short-term risks identified have an immediate or near-term impact on the organisation, including operational disruptions, supply chain issue, or sudden market changes.

Medium and long-term risks identified are those that unfold over an extended period, such as physical and transitional climate change risks, but also include technological shifts, demographic changes. In 2024 Scales revisited the risks identified in 2023, including holding a workshop with the Horticulture division to understand if any new risks had presented and to then reassess and interrogate the appropriateness of the climate risk ranking (as described at 4.3). With the other business units, Scales management worked with CEO's and senior managers to assess if any new risks needed to be added to the register or removed.

4. Risk Management (continued)

4.3 Climate risk analysis

In 2023 the divisional working groups were asked to assess climate risks/opportunities across our three chosen scenarios (see strategy section), representing different plausible pathways. The Group then were asked to refine or add risks as appropriate and then to rank each risk/opportunity, by scenario, timeframe, and type (physical or transitional).

While the climate risk assessment is standalone, the risks and opportunities identified will flow into our strategic process outlined in Figure 2. Scales intends to expand this process by embedding the outcomes of our climate assessments into our strategic planning framework. We will complete our strategic refresh in 2025 that will enable us to set emissions reduction targets once we have established our assured base year. This is outlined in Figure 2: Strategic process.

Our approach to analysing risk is a three-step process as follows:

Step 1

Analyse the 'likelihood' of an event occurring

Step 2

Analyse the 'consequences' of an event if it occurs

Step 3

Prioritise and rank the risk using this risk matrix (Table 4)

Consequences are determined by a qualitative and quantitative (where applicable) assessment of the impact against defined thresholds for financial, people, environment and reputational impacts.

Analysing the likelihood for climate and strategic risks is different to our other short-term risks and is determined by the likelihood of the event over the time horizon considered. The interdependency/ cascading nature of risks were discussed during the divisional working group assessments, and impact assessment adjusted as necessary. For example, increases in the number of hot days will increase water demand, putting pressure on the resource and increasing the likelihood of a transition risk around water regulation.

For clarity, we use the term 'likelihood' to refer to the probability or chance of the risk event occurring over the time horizon. For short-term risks, this will usually be within 1-2 years, and for long-term risks over an extended period as noted above. Long-term risks will generally require a more strategic perspective, considering trends, systematic changes and the potential evolution of drivers over time.

Table 4: Risk matrix

Likelihood	Consequences				
	1. Insignificant	2. Minor	3. Moderate	4. Major	5. Catastrophic
5. Very Likely	5	10	15	20	25
4. Likely	4	8	12	16	20
3. Neutral	3	6	9	12	15
2. Unlikely	2	4	6	8	10
1. Very Unlikely	1	2	3	4	5

Where:

- >19: Extreme Risk
- 15-19: High Risk
- 8-14: Moderate risk
- 1-7: Low Risk

4. Risk Management (continued)

4.4 Risk evaluation

The purpose of risk evaluation is to identify which risks need treatment and the priority for treatment implementation. Based on the risk methodology described above, we identify which risks are acceptable (and therefore to be monitored only) and which are unacceptable (to be treated).

Climate and non-climate risks are prioritised under the same framework outlined above and are ranked based on residual risk in the risk register. Risks are thereby integrated into Scales' ERM process

Where there are similar risk ratings across time-horizons, the prioritisation will consider the following factors.

Time sensitivity – immediate or short-term impacts may require more urgent attention and response.

Strategic importance – if a risk is aligned to long-term goals it may warrant higher priority.

Reversibility – risks that maybe lower consequence but have a lasting impact could influence prioritisation.

Mitigation and adaptation options

Integrated risk management – may prioritise risks that have interplay between short-term and long-term horizons, and that may have cascading effects.

Stakeholder impact – risks that have broader social or environmental implications may be given priority.

By taking these factors into account, Scales can make informed decisions on prioritising risks, ensuring that they effectively manage both short-term and long-term risks together.

4.5 Risk treatment

Risk treatment options can include the following:

Avoiding the risk
(ceasing the activity giving rise to the risk or deciding not to start a course of action);

Sharing or transferring the risk to another party or parties
(e.g., insurance);

Mitigating the risk
(putting in place additional controls or actions to reduce the likelihood and/or consequences of an event);

Adapting to the risk
accepting the risk but adapting business practices (usually strategic) to reduce the impact.

While the medium and long-term risks will be included in the same register, the treatment options will be much more strategic (changes to business/operating models or portfolio allocation).

4.6 Monitoring and review

The risk register is monitored quarterly (via status reports) and reviewed not less than annually by the ARMC.

Review of the risk register (including climate risks) includes:

Assessment of risk treatment effectiveness;

New risk identification and risk register completeness check.

Risk management framework review.

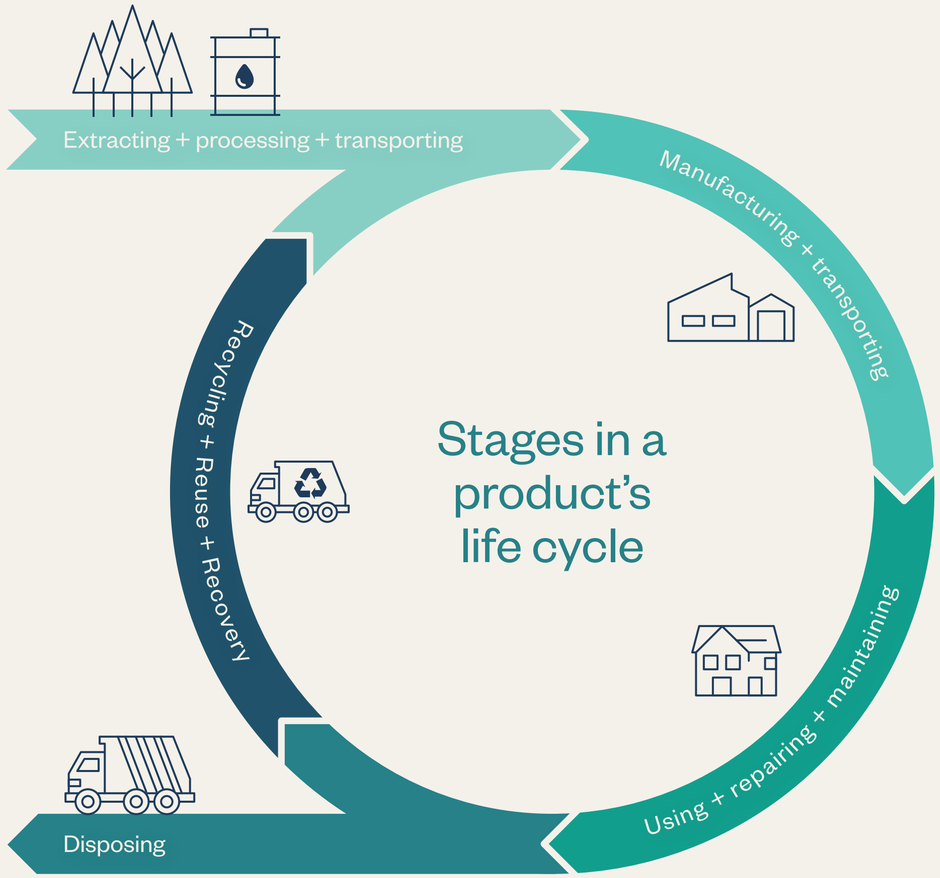
5.

Metrics and Targets

5. Metrics and Targets

5.1 GHG emissions targets plan

Scales intends to set emissions reduction targets for Scope 1 & 2 in 2025, now that we have established our assured base year (5.2.2). In 2025 we aim to strengthen our data collection for Scope 3 emissions. Following the full acquisition of Profruit in 2024 and the construction of another plant in Europe for our Global Proteins division, we intend to complete “Life Cycle Analysis” for select raw products to inform our Scope 3 emissions data collection and enable the setting of Scope 3 emissions reduction targets.



5. Metrics and Targets (continued)

5.2 GHG emissions

Scales measures and reports its greenhouse gas (GHG) emissions GHG with guidance from the following standards:

- *Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard*
- *Greenhouse Gas Protocol - Corporate Value Chain (Scope 3) Accounting and Reporting Standard*

The following guidance has also been used in the preparation of our GHG Emissions Inventory:

- *Greenhouse Gas Protocol - Scope 2 Guidance*
- *Greenhouse Gas Protocol - Scope 3 Calculation Guidance*
- *Ministry for Environment - Measuring emissions: A guide for organisations*
- Activities contributing to all relevant seven Kyoto gases was considered for the Scales Group GHG inventory: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6), and nitrogen trifluoride (NF3)

Scales applies:

- The most relevant and up-to-date emission factors from various sources, including Ministry for the Environment (MFE) for New Zealand, UK Government GHG Conversion Factors for Company Reporting (2023), Australian National Greenhouse Account Factors and US Emissions Factors for Greenhouse Gas Inventories, Texas eGRID factor published by the EPA
- Where possible, the latest values for Global Warming Potentials (GWP's) of reported GHG, as defined by the Intergovernmental Panel on Climate Change (IPCC). The full list of GWP sources applied is provided in Table 6

When we completed our decarbonisation roadmaps for all operational businesses in 2022, we used an internal emissions price of $85/tCO2 for our internal abatement calculation. This was based on the New Zealand Emissions Trading Scheme unit price at the time of publishing the decarbonisation roadmaps. This will be updated before completing our strategic refresh in 2025.

Scales applies the equity share consolidation approach to our Emissions Inventory. This consolidation approach aligns with the nature of our portfolio and allows us to maintain consistency across entities where Scales holds partial ownership in a joint venture, and/or may invest/divest in the future.

In Table 5 Scales has only obtained limited assurance over Scope 1 and 2 GHG Emissions for 2024 and Scope 3 remains unassured. In 2023 Scope 1,2 and 3 were all unassured.

5. Metrics and Targets (continued)

Scales' total GHG emissions in 2024 were 67,660 tCO_2e, with measured Scope 3 emissions making up 83% of all emissions measured in 2024. Table 5 shows Scales' emissions by scope, emissions category and as a percentage of Group total emissions.

Table 5: 2024 GHG Emissions Inventory

Emissions Activity	Total FY23 emissions tCo_2e***	% of total FY23 emissions measured	Total FY24 emissions tCo_2e	% of total FY24 emissions measured
Scope 1	**5,471**	**8%**	**7,660 (LA)**	**11%**
Stationary combustion	2,503	4%	3,869 (LA)	6%
Mobile combustion	2,809	4%	3,427 (LA)	5%
Fugitive emissions	159	0%	364 (LA)	1%
Scope 2 (location-based)	**2,920**	**4%**	**3,975 (LA)**	**6%**
Electricity	2,920	4%	3,975 (LA)	6%
Scope 3	**58,898**	**88%**	**56,025**	**83%**
C1: Purchased goods and services	5,380	8%	4,356	7%
C3: Fuel and energy related activities	633	1%	526	1%
C4: Upstream transportation and distribution	3,025	4%	2150	3%
C5: Waste generated in operations	424	1%	328	0%
C6: Business Travel	1,665	2%	1,481	2%
C7: Employee commuting	157	0%	239	0%
C8: Upstream leased assets	22	0%	-	0%
C9: Downstream transportation and distribution	47,593	71%	46,945	69%
Total	67,288	100%	67,660	100%
tCO_2 Per $million revenue**	95		85	

LA = Scales' 2024 Scope 1 and 2 GHG emissions that are subject to a limited assurance engagement by Deloitte Limited. "LA" denotes the aspects of Scales' GHG emissions are subject to a limited assurance engagement by Deloitte Limited.

** Scales' intensity measure tCO2 per million dollars revenue, is calculated using the equity share approach. This is different to the reported revenue in the financial statements which uses consolidated accounting standards. The revenue figure used for this metric is based on equity share, and also excludes financial revenue, and 'other reported income.

*** For the avoidance of doubt, Scales FY23 GHG emissions were not subject to assurance.

For FY24 Scales has obtained limited assurance over its scope 1 and 2 GHG emissions as summarised here in Table 5. This limited assurance engagement was provided by Deloitte Limited in accordance with New Zealand Standard on Assurance Engagements 1: Assurance Engagements over Greenhouse Gas Emissions Disclosures ('NZ SAE 1') and International Standard on Assurance Engagements (New Zealand) 3410: Assurance Engagements on Greenhouse Gas Emissions issued by the XRB. Assurance has not been provided over other disclosures made in these climate statements.

5. Metrics and Targets (continued)

5.2.1 Methodologies, assumptions, and uncertainties

In June 2024 Scales increased its shareholding of Profruit from 50% to 100% making it a wholly-owned subsidiary, and Meateor Australia (MAP) from 33% to 50%. Scales uses an equity share consolidation approach for our climate reporting, therefore, for 2024 acquisitions have been calculated on a weighted average based on our proportion of ownership throughout the year.

For Scope 3 emissions, we have constructed estimates where we hold internal data that we can use to generate wider conclusions. An example is our Scope 3 emissions for third party toll processing and cold storage. We are confident that these activities are relatively similar to Scales owned sites, therefore we expect to generate similar (in relative terms) or conservative estimates where we cannot get direct data from the third-party providers.

In instances where we are not able to use estimates due to the lack of data, and where we expect emissions to be significant, we will work with our partners to obtain more precise data to create reliable GHG estimations.

5.2.2 Base years

Our GHG Inventory report covers a calendar year, in this case being 1 January – 31 December 2024. Scales intends to restate its base year where there has been a change in emissions factors, where we have bought or sold a business or where there has been a change greater than 10% in our Emissions Inventory.

Scales will use our 2024 emissions reporting as the base year for our group's Scope 1 & 2 GHG emissions reduction targets, which have not yet been set. FY2024 is the first reporting year for which we have obtained external independent limited assurance of our Scope 1 and 2 emissions, allowing us to more confidently set Scope 1 & 2 GHG reduction targets based on that data in future.

5.2.3 Inclusions

Table 6 outlines all emissions included in the Inventory, including the source, methodology and the level of uncertainty. All businesses with relevant activity related to the emissions source are included. If data is not available for a business this has been disclosed in Table 7. The selection of emissions factors is based on operating location. Where location-specific information is unavailable, New Zealand-based emissions factors have been used.

5. Metrics and Targets (continued)

Table 6: Inclusions, methodologies and uncertainties

Scope	Emissions Category	Activity	Data source	GWP source	Methodology, Data Quality, Uncertainty (Qualitative)
Scope 1 (LA)	Stationary combustion	Fossil fuels used by plant equipment	Invoices	MFE guidelines 2024	Fuel based method. Low uncertainty
	Mobile combustion	Fossil fuels used by fleet/pool vehicles and forklifts	Fuel purchase transaction history	MFE guidelines 2024	Fuel based method. Low uncertainty
	Fugitive emissions	Refrigerant used by refrigeration equipment	Maintenance reports and invoices	MFE guidelines 2024	Top-up method. Applicable to Scales owned refrigeration equipment. Low uncertainty
Scope 2 (LA)	Purchased energy	Electricity consumption	Invoices	MFE guidelines 2024, Australian Government Department of Climate Change, National Greenhouse Acc Factors 2024, Federal Register EPA, Nowtricity Belgium 2024	Location based method. High data quality and low uncertainty due to invoice sets. Selection of electricity grid factors by operating location. "Electricity grid emissions factor selection is based on the location of the facility. Either national average by country (NZ and Netherlands) or state-based factors (Victoria - Australia, Texas - USA), as available."
Scope 3	Business travel	Air travel	Travel itineraries, reimbursements, credit card purchase history	MFE guidelines 2024, Consumption emissions modelling report	Hybrid method. Distance based where data available, otherwise dollars spent. Variable data quality, medium uncertainty overall
		Rental car/Taxis	Travel itineraries, reimbursements, credit card purchase history	MFE guidelines 2024, Consumption emissions modelling report	Hybrid method. Distance/fuel based for rental cars where data available, otherwise dollars spent. Dollars spent for taxis. Variable data quality, medium uncertainty overall
		Hotels and Accommodation	Travel itineraries, reimbursements, credit card purchase history	MFE guidelines 2024, Consumption emissions modelling report	Nights stayed method. Country selected based on itineraries, and conservatively approximated where unspecified. High uncertainty overall
	Employee commuting	Employee commuting and working from home	Internal reports/ staff survey	MFE guidelines 2024	Distance - based method to determine commuting, days working from home approximated. Data quality is low due to difficulty in validating survey results. High uncertainty
	Upstream transportation and distribution	Movement of product from suppliers	Logistics shipping and freight reports	UK GHG conversion factors 2024	Tonnes km (tkm) based method. Distances and weight determined between supplier and plant. Only includes emissions from upstream freight we are responsible for. Variable data quality, medium uncertainty
	Downstream transportation and distribution	Movement of product to customers	Logistics shipping and freight reports	MFE guidelines 2024, UK GHG conversion factors 2024	tkm based method. Distances and weight determined between plant and customer. Only includes emissions from downstream freight we are responsible for. Variable data quality, medium uncertainty
	Purchased goods and services	Coldstores/toll processing provided by a third party (toll processing relates specifically to Shelby)	Third-party supplier warehouse volume reports/invoices	MFE guidelines 2024 2024 www.nowtricity.com Carbonfootprint.com	Hybrid method. Used data from owned facilities to extrapolate out to third-party coldstorage and toll processing sites. For coldstorage we used m3 to kWh conversion factor. High uncertainty. Electricity grid emissions factor selection is based on the location of the facility. Either national average by country (NZ and Netherlands) or state based factors (Victoria - Australia, Texas - USA), as available
	Fuel and energy related activities	Transmission and distribution losses		MFE guidelines 2024, Australian Government Department of Climate Change, National Greenhouse Acc Factors 2024, Federal Register EPA, Nowtricity Belgium 2024	Electricity consumption approach. Methodology as per MFE guidelines. Grid-average transmission losses-estimation based on national generator and consumption totals. High data quality, low level of uncertainty.
		Well-to-tank emissions		UK GHG conversion factors 2024	Fuel consumption approach, methodology based on UK GHG conversion factors. High data quality, medium uncertainty.
	Waste generated in operations	Waste	Supplier invoices and waste reports	MFE guidelines 2024	Hybrid method. Weight based where data is available, otherwise weight is estimated by bin volumes and number of collections. Landfills use gas capture technology. Variable data quality, medium uncertainty
		Water supply and wastewater	Council invoices and meter data	MFE guidelines 2024	Hybrid method. Volume based where council data is available for processing sites. Per capita basis for office spaces. Domestic wastewater treatment factors used as industrial factors are unavailable. Variable data quality, medium uncertainty
	Upstream leased assets	Short-term leased space	Property measurements and invoices	MFE guidelines 2024	Estimate based on energy intensity (square meter energy consumption) of existing sites for offices. Used site footprints and m3 to kWh conversion factor for coldstore consumption. High uncertainty

5. Metrics and Targets (continued)

5.2.4 Exclusions

The emissions sources in Table 7 have been identified and excluded from this GHG Emissions Inventory. These emissions sources are considered relevant to our operations, however, are either not material to stakeholders, not material in the context of the inventory, and/or not technically feasible or cost effective to be quantified at present. We will be actively working on improving our data collection and assessing our estimation options for emissions in these categories.

Table 7: Exclusions

Scope	Emissions Category	Activity	Applicability**	Reason for Exclusion
Scope 1 (LA)	Mobile combustion	Fossil fuels used by fleet/pool vehicles and forklifts	MFI, Scales Corporate	Data unavailable, expected impact is immaterial
	Fugitive Emissions	Refrigerant used by office HVAC*/kitchen equipment	All offices	Data unavailable, expected impact is immaterial
Scope 2 (LA)	Purchased energy	Electricity consumption	MFI	Included in MFLP inventory (shared office space)
Scope 3	Employee commuting	Employee commuting	MFI, FIG, ANZ	Variable data quality, high uncertainty overall
		Working from home	MFI, MAP, FIG, ANZ	Variable data quality, high uncertainty overall
	Upstream transport and distribution	Movement of product from suppliers	MFI, FIG, Logistics	Supplied raw product is purchased Ex works, or accounted for by other business units
	Downstream transport and distribution	Movement of product to customers	Logistics	Accounted for by other business units. Scales Logistics is also a service provider not a direct cargo owner, so not applicable
	Waste generated in operations	Water supply and wastewater	MFI, Esro	No data. Expected immaterial for offices, and Esro during reporting year due to partial processing
		Waste	MFI, Scales Corporate	No data. Expected to be immaterial for offices, and Esro during the reporting year due to partial processing. Note: all rendering waste was excluded from Global Proteins businesses, this will be investigated as part of Scope 3 and LCA assessments in 2025
	Purchased goods and services	IT services, maintenance, office equipment	All	Difficult to obtain/minimal/not reported
		Cold storage	MAP	No data available
	Capital goods	Extraction, production, and transportation of capital goods purchased or acquired by companies in the reporting year	All	No data available
	Processing of sold products	Processing of intermediate products sold in the reporting year by downstream companies (e.g., manufacturers)	All production-based businesses	No data available
	Use of sold products	End use of goods and services sold by companies in the reporting year	All production-based businesses	No data available
	End of life treatment of sold products	Rendering waste	All production-based businesses	Not currently included in footprint calculation as currently have no emission factor for this waste. Will be included in Scope 3 assessment in 2025

LA = Scales' 2024 Scope 1 and 2 GHG emissions are subject to a limited assurance engagement by Deloitte Limited. "LA" denotes the aspects of Scales' GHG emissions that have been subject to limited assurance by Deloitte Limited.

* Heating, ventilation and air conditioning (HVAC).

** See appendix for company details.

5. Metrics and Targets (continued)

5.3 Vulnerability to physical and transitional risks/opportunities

Our assessment to date of the exposure of Scales to climate-related risks is that there is variance across geographies and business divisions.

5.3.1 Vulnerability to physical risks

Due to the vertically integrated nature of our Horticulture division, this division is more exposed to both chronic and acute climate events. Logistics is also exposed to this risk, due to its integrated value chain with Horticulture.

Global Proteins, while less exposed, still may be impacted by changes in weather patterns and extreme weather effects on raw material supply. However, the available climate data and spatial resolutions vary considerably across the geographies in which we operate, with limited hazard data available beyond New Zealand.

As a conservative estimate, as in 2023, based on our internal assessment to date, all of Scales' business activities are exposed to some degree of physical climate risks.

5.3.2 Vulnerability to transition risks

The Horticulture division is currently most exposed to climate-related regulation for orchard/farming practices (e.g water and land use).

Global Proteins also has some exposure to climate-related regulation changes as it is reliant on upstream raw material supply. However, it is also more aligned with consumer preference changes due to the sector/ market/ customer mix.

As a conservative estimate, as in 2023, all of Scales' business activities are exposed to some degree of climate-related transition risks.

5.3.3 Climate-related opportunities

As mentioned above, Global Proteins is more aligned to customer sustainability changes in its sector/ market and customer mix. This presents a risk, but also an opportunity if we align our strategy correctly. An example, presented in Table 3, is being able to align our sustainability programme with our Global Proteins customers, creating stronger relationships and increasing demand.

Due to this reason, as in 2023, we consider the Global Proteins division at 45.6% of the group's revenue, is the only business activity currently aligned to material climate-related opportunities.

5.4 Capital deployment 2024

Note this represents capital expenditure figures that have been adjusted for equity ownership.

Table 8: Capital deployment in relation to climate-related initiatives in 2024

Bu	Description	Amount	Transition Initiative
2024			
GP	Upgrading Shelby Wastewater plant at Amarillo plant	$650k	Decarbonisation roadmap
GP	Upgrading refrigeration compressors to improve plate freezer efficiency	$109k	Decarbonisation roadmap
Hort	Install of stage 1 of a new apple washer	$950k	Decarbonisation roadmap pest & disease management
Hort	14 New Tractors & 2 Utes	$1 million	Decarbonisation roadmap
2023			
GP	Investment in new joint ventures (MAP and Esro)	$11.9 million	Diversification of supply, and decarbonisation roadmap (new plants, more efficient equipment)
GP	Upgrading refrigeration plant at Meateor NZ's Hastings site and an upgrade of the boiler at Shelby's Amarillo site	$1.14 million	Decarbonisation roadmap

5.5 Industry based metrics

We have disclosed tCO2 and tCO2/million dollars revenue, which are widely adopted metrics across all our related industries. Other relevant industry-based metrics (if any) will be assessed when we set targets and metrics in 2025.

6.

Targets

5. Targets (continued)

6.1 Scales' Targets

As explained above, Scales intends to set Group targets in 2025, once we have completed a limited assurance engagement over our Emissions Inventory and set our GHG emissions baseline. We also intend to further develop our reporting and measuring of key sustainability aspects affecting Scales' businesses as represented in our annual report.

6.1 Mr Apple Targets

Mr Apple is the only business unit within Scales that had emissions targets in place (Table 9) in 2024. These were set in late 2018 with a target date of 2024. As at 31 December 2024 Mr Apple has surpassed four of the targets set in 2018, with the exception of 'Reduce fuel usage by 5%' as noted from 2023 to 2024 Mr Apple reduced reliance of external transport providers and utilised their own fleet moving emissions from Scope 3 to Scope 1.

For 2024 Mr Apple emissions were captured in the in the Toitū emanage system, but only Scope 1 & 2 have been assured by Deloitte Limited under a limited assurance engagement in line with the group assurance approach. The Mr Apple targets will be reset in 2025 in line with the strategy refresh. Once they have been reset, they will feed into the Group targets.

Mr Apple's Emissions Target: Carbon intensity goal of 1 per cent reduction in GHG emissions for Scope 1, 2 and mandatory Scope 3 emissions per million dollars gross turnover between 2018 – 2024. The emissions goal is intensity based, and until 2023 was aligned with Toitū's carbon reduce programme in 2018. However, it is not a verified science- based target and therefore we cannot confirm it aligns with limiting global temperature rise to 1.5°C.

The base year for Mr Apple's emissions reduction target and initiatives is 2018. These targets and initiatives do not rely on any offsets.

Table 9: Mr Apple Targets

Target	Progress 2018-2024	Initiatives to Date
Reduce Scope 1, 2 and measured Scope 3 GHG emissions intensity by 1% per million dollars revenue between 2018–2024	3% (2023: 6%) reduction from 2018	As per below.
Reduce paper use by 10% per annum between 2018–2024	15% (2023: 18%) average annual reduction since 2018	On-going initiatives and focus from paper to digital and moving to light weight paper, has meant from 2018-2024 a 15% average annual reduction was achieved, exceeding the 10% target.
Reduce waste to landfill by 30% between 2018–2024	66% (2023: 44%) reduction from 2018	Hand dryers instead of paper towels implemented at Whakatu Packhouse, implementation of liner-less labellers, a move to compostable cups in the packhouse and education and engagement with sites to increase the volume of waste recycled.
Reduce electricity consumption by 3% between 2018–2024	26% (2023: 12%) reduction from 2018	LED replacements across accommodation facilities, using Demand Flex* where possible.
Reduce fuel usage by 5% between 2018–2024	19% (2023: 1%) increase from 2018 **	The increase in vehicle fuel usage within Mr Apple reflects reduced reliance on external transport providers, as more transportation movements were completed using our own fleet (external transport providers' fuel usage is not included in this metric). ** Overall, despite the increase in fuel use internally, reductions in overall fuel use across Mr Apple's operations and from external transport providers mean that Mr Apple's domestic freight and fuel emissions (comprising our own fleet and external transport providers), are 12% lower than the 2018 base year. Continued monitoring using eRoad, continued proactive maintenance, investigating options for replacing petrol orchard equipment with electric where applicable, continued focus on replacing old machinery with more efficient, new machinery, reduced trucking movements.

* Demand Flex is a programme from Simple Energy that enables users to be rewarded for 'flexible' electricity usage

** eRoad provides driver-facing telematics that improves safety, streamlines business operations and improves profitability

Appendix

Appendix

Scales Group

Scales Group comprises the following divisions:

Global Proteins: processing and marketing of proteins such as pet food ingredients, edible meat and offal products. Meateor Foods Limited, Meateor Foods Australia Pty Limited, Meateor Group Limited, Meateor US LLC, Shelby JV LLC Group (Shelby Cold Storage LLC, Shelby Exports Inc, Shelby Foods LLC, Shelby JV LLC, Shelby Properties LLC, Shelby Trucking LLC), Meateor GP Limited, Meateor Pet Foods Limited Partnership, Scales FI Group Holding Pty Limited, Meateor Australia Pty Limited, FI Group Holding Pty Limited Group (FI Group Holding Pty Limited, Fayman International Group Pty Limited and Fayman New Zealand Limited), ANZ Exports Pty Limited and Esro Petfood B.V.

Horticulture: orchards, fruit packing, juice concentrate processing and marketing. Mr Apple New Zealand Limited, New Zealand Apple Limited, Fern Ridge Produce Limited, Longview Group Holdings Limited and Profruit (2006) Limited.

Logistics: logistics services. Scales Logistics Limited and Scales Logistics Australia Pty Ltd.

Other: Scales Corporation Limited, Geo. H. Scales Limited, Scales Employees Limited, Scales Holdings Limited and Selacs Insurance Limited.

Operating Entities

Scope	Emissions Category	Activity	Reason for Exclusion
Group	Scales Corporation Limited	SCL	Diversified agribusiness investor, listed on the New Zealand Stock Exchange.
Horticulture	Mr Apple New Zealand Limited	MRA	Mr Apple New Zealand Limited is a wholly-owned subsidiary company of Scales Corporation Limited. New Zealand's largest fully vertically integrated apple business, based in Hawke's Bay. It includes the following legal entities: • Mr Apple New Zealand Limited • New Zealand Apple Limited • Longview Group Holdings Limited
	Profruit (2006) Limited	Profruit	Wholly-owned manufacturer of high-quality apple, kiwifruit and pear juice concentrates, located in Hawke's Bay. In June 2024 Scales increased its shareholding of Profruit from 50% to 100%. Emissions for Profruit have been consolidated into the Group emissions at a weighted average of 75% for 2024.
	Fern Ridge Produce Limited	Fernridge	Wholly-owned fresh produce exporter in Hawke's Bay.
Global Proteins	Meateor Pet Foods LP	MFLP	50% owned NZ joint venture that procures, processes and sells petfood ingredients both domestically and internationally. It operates processing plants in Hastings and Dunedin.
	Fayman International Group	FIG	50% owned Australian joint venture, that is an edible protein exporter.
	ANZ Exports	ANZ	42.5% owned Australian joint venture that is an edible protein exporter and importer.
	Shelby JV LLC		60% owned US joint venture that procures, processes and sells petfood ingredients domestically. Shelby operates a processing plant in Amarillo Texas, and contracts with toll processing sites across the US.
	Meateor Foods Limited	MFI	Wholly-owned global exporter of petfood ingredients from Australia and other markets.
	Meateor Australia Pty Limited	MAP	50% owned Australian joint venture that procures, processes and exports petfood ingredients with a processing facility in Melbourne. In June 2024, Scales increased its shareholding of MAP from 33% to 50%. Emissions for Meateor Australia Pty Limited have been consolidated into the Group emissions at a weighted average of 42% for 2024.
	Esro Petfood B.V	Esro	50% owned European joint venture that procures, processes, and sells petfood ingredients predominantly to the Europe market. Currently has two processing facilities one in Hoeselt, Belgium and the other in Nuenun, Netherlands.
Logistics	Scales Logistics Limited	Logistics	Wholly-owned logistics service provider. The services of Scales Logistics include: • Ocean freight services to exporters and importers of perishable products, with offices in Auckland, Christchurch, Tauranga, Hawke's Bay and Melbourne • Air freight services, including chiller facilities in Christchurch and Auckland together with warehousing facilities in Christchurch

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Independent Limited Assurance Report on Selected Greenhouse Gas ('GHG') Disclosures Included within the Group Climate Statements for Scope 1 and 2 GHG emissions

To the Shareholders of Scales Corporation Limited

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Scope 1 and 2 gross GHG emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty, within the scope of our limited assurance engagement (as outlined below), included in the Group Climate Statements of Scales Corporation Limited (the '***Company***') and its subsidiaries (the '***Group***') for the year ended 31 December 2024 (the '***Selected GHG Disclosures***'), are not fairly presented and not prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards ('*NZ CSs*') issued by the External Reporting Board ('*XRB*'), as explained on page 3 of the Group Climate Statements.

Scope of assurance engagement

We have undertaken a limited assurance engagement over the Selected GHG Disclosures on pages 23 to 28 of the Group Climate Statements for the year ended 31 December 2024:

Subject matter: Selected GHG Disclosures	Reference
GHG emissions: gross emission in the metric tonnes of Carbon dioxide equivalent ('CO_2e') classified as: • Scope 1 • Scope 2 (calculated using the location-based method)	Page 25
Additional requirements for the disclosure of gross GHG emissions per paragraph 24 (a) to (d) of Aotearoa New Zealand Climate Standard 1: *Climate-related Disclosures* ('NZ CS 1'), being: • The statement describing the GHG emissions have been measured in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition, 2015)* (the 'GHG Protocol') to the extent this pertains to Scope 1 and 2 GHG emissions • The statement that the GHG emissions consolidation approach used is equity-share, to the extent this pertains to Scope 1 and 2 GHG emissions • Sources of Scope 1 and 2 emission factors and the global warming potential ('GWP') rates used or a reference to the GWP source • The summary of specific exclusions of Scope 1 and 2 GHG emissions sources (if applicable), including facilities, operations or assets with a justification for their exclusion	Pages 24 to 28
Disclosures relating to GHG emissions methods, assumptions and estimation uncertainty per paragraphs 52 to 54 of Aotearoa New Zealand Climate Standard 3: *General Requirements for Climate related Disclosures* ('NZ CS 3'): • Description of the methods and assumptions used to calculate or estimate Scope 1 and 2 GHG emissions, and the limitations of those methods • Description of uncertainties relevant to the Group's quantification of its Scope 1 and 2 GHG emissions, including the effects of these uncertainties on disclosures	Page 26 to 27

Our engagement has not covered Scope 3 GHG emissions as the Group is taking advantage of the new one-year adoption provision relating to the assurance of Scope 3 GHG emissions for the year ended 31 December 2024.

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Our limited assurance engagement does not extend to any other information included, or referred to, in the Group Climate Statements on pages 3 to 21 and 29 to 33. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

Other matter – comparative information

The comparative GHG disclosures (that is GHG disclosures for the periods ended 31 December 2023) have not been the subject of an assurance engagement undertaken in accordance with New Zealand Standard on Assurance Engagements 1: Assurance Engagements over Greenhouse Gas Emissions Disclosures ('NZ SAE 1'). These disclosures are not covered by our assurance conclusion.

Director's responsibilities for the GHG disclosures

Directors are responsible for the preparation and fair presentation of the Selected GHG disclosures in accordance with NZ CSs, which includes determining and disclosing the appropriate standard or standards used to measure the Group's GHG emissions. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of GHG disclosures that are free from material misstatement whether due to fraud or error.

Inherent uncertainty in preparing Selected GHG Disclosures

Non-financial information, such as that included in the Group's Climate Statements, is subject to more inherent limitations than financial information, given both its nature and the methods used and assumptions applied in determining, calculating and sampling or estimating such information. Specifically, as discussed on page 3 of the Group Climate Statements, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

As the procedures performed for this engagement are not performed continuously throughout the relevant period and the procedures performed in respect of the Group's compliance with NZ CSs are undertaken on a test basis, our limited assurance engagement cannot be relied on to detect all instances where the Group may not have complied with the NZ CSs. Because of these inherent limitations, it is possible that fraud, error or non-compliance may occur and not be detected.

In addition, we note that a limited assurance engagement is not designed to detect all instances of non-compliance with the NZ CSs, as it generally comprises making enquires, primarily of the responsible party, and applying analytical and other review procedures.

Our responsibilities

Our responsibility is to express an independent limited assurance conclusion on the Selected GHG Disclosures, based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with NZ SAE 1 and ISAE (NZ) 3410, issued by the XRB. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Selected GHG Disclosures are free from material misstatement.

Our independence and quality management

We have complied with the independence and other ethical requirements of NZ SAE 1, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have also complied with the following professional and ethical standards:

- Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)
- Professional and Ethical Standard 3: Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires us to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements; and
- Professional and Ethical Standard 4: Engagement Quality Reviews

Our firm is the statutory auditor of the Group consolidated financial statements and also carries out other assurance services including the assurance on the solvency certificate, an audit of the charging group financial statements and a greenhouse gas emissions assurance readiness engagement. We have also been engaged to provide tax compliance services, but these have not yet commenced. These services have not impaired our independence as assurance practitioner of the Group. In addition to this, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. Our firm has no other relationship with, or interest in the Group.

As we are engaged to form an independent conclusion on the Selected GHG Disclosures prepared by the Group, we are not permitted to be involved in the preparation of the GHG information as doing so may compromise our independence.

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Summary of work performed

Our limited assurance engagement was performed in accordance with NZ SAE 1 and ISAE (NZ) 3410. This involves assessing the suitability in the circumstances of Group's use of NZ CSs as the basis for the preparation of the Selected GHG Disclosures, assessing the risks of material misstatement of the Selected GHG Disclosures whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Selected GHG Disclosures.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. In undertaking our limited assurance engagement on the Selected GHG Disclosures, we:

- Obtained, through inquiries, an understanding of the Group's control environment, processes and information systems relevant to the preparation of the GHG disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation.
- Evaluated whether the Group's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Group's estimates.
- Considered the presentation and disclosure of the GHG disclosures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Selected GHG Disclosures are fairly presented and prepared, in all material respects, in accordance with NZ CSs.

Use of our Report

Our assurance report ('our Report') is intended for users who have a reasonable knowledge of GHG related activities, and who have studied the GHG related information in the Group Climate Statements with reasonable diligence and understand that the GHG disclosures are prepared and assured to appropriate levels of materiality.

Our assurance report is made solely to the Group's shareholders, as a body. Our limited assurance engagement has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's shareholders as a body, for our work, for our report, or for the conclusions we have formed.

Deloitte Limited

Nicole Dring, Partner
for Deloitte Limited

Christchurch, New Zealand
22nd April 2025

Scales

global nutrition

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