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DELEGAT

CLIMATE-RELATED  
DISCLOSURE 2024



# DELEGAT IS BUILDING A LEADING GLOBAL SUPER PREMIUM WINE COMPANY.

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AS A LEADER IN THE NEW ZEALAND WINE INDUSTRY, AND AS A  
FOUNDING MEMBER OF SUSTAINABLE WINEGROWING (SWNZ) SINCE  
2002, THE GROUP TAKES ITS RESPONSIBILITIES TO RESPECT AND  
PROTECT THE ENVIRONMENT VERY SERIOUSLY.



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## A MESSAGE FROM THE CHAIR AND THE MANAGING DIRECTOR

We are pleased to present the first Climate-related Disclosure report for Delegat Group Limited and subsidiaries (“Group” or “Delegat”).

Climate change poses significant impacts to economic, environmental, and social systems worldwide, and the extreme weather events of 2022 and 2023 underscore the importance of climate action. As a business we have sought to understand how climate change influences our operations.

The climate-related risks and opportunities affecting Delegat result from two factors: physical impacts such as extreme weather events and gradual climate change over time, and transition impacts associated with the global shift towards a low carbon future.

Climate-related risks and opportunities are a pivotal element of the Group’s sustainability policy. Sustainability is a priority for the Group, reflecting the strong leadership role the Group plays in the practice of sustainable winegrowing and wine production. As a leader in the New Zealand wine industry and as a founding member of Sustainable Winegrowing New Zealand (SWNZ) since 2002, the Group takes its responsibilities to respect and protect the environment very seriously. The Group’s New Zealand vineyards and wineries are 100% accredited by the audited SWNZ Sustainability Programme. The commitment to sustainability extends to operations in the Barossa Valley, with our winery and vineyards accredited to Sustainable Winegrowing Australia (SWA), and all Barossa Valley Estate Wines will be accredited from the 2024 vintage.

The Group utilises a sustainability framework that focuses on three key areas:

1. Building an enduring wine business (addressing climate risk and greenhouse gas emissions, shareholder value, risk and governance, and water stewardship);
2. Our people and community thrive (encompassing health, safety and wellbeing, diversity and inclusion, and engagement, employment, and collaboration); and
3. Crafting wine with care (covering biodiversity, packaging, and waste, and sustainable growing and production).

This framework guides various initiatives aimed at promoting positive environmental, social and governance outcomes throughout the business. A crucial element of the framework is to consider Greenhouse Gas (GHG) and to target lower emissions over time. The Group has worked with Toitū Envirocare to measure carbon emissions from 2021 to 2024 and is in the process of establishing goals and initiatives designed to lower our carbon intensity.

During 2024 we have evaluated three possible future climate scenarios to consider their potential impacts to our business. Understanding the risks and opportunities these scenarios present will help us to better prepare for, respond to, and adapt to climate change.

This Climate-related disclosure under the Aotearoa New Zealand Climate Standard describes our progress in relation to governance, strategy, risk management and key metrics associated with our climate change response.

**Jim Delegat**  
Chair



**30 October 2024**

**Steven Carden**  
Managing Director



**30 October 2024**

## 1. STATEMENT OF COMPLIANCE

### Reporting entity

This Delegat Climate-related Disclosure report covers the period of 1 July 2023 to 30 June 2024 for the Group. It complements the 2024 Delegat Annual report which contains information on the Group's financial and business performance and can be found at: [www.delegat.com/investor-information](http://www.delegat.com/investor-information)

### Basis of preparation

The disclosures in the report comply with the Aotearoa New Zealand Climate Standards (CS) 1, 2 and 3 and covers four thematic areas: Governance, Strategy, Risk Management and Metrics and Targets. The Group has used the following adoption provisions available under New Zealand CS 2:

- NZCS2 (10) and (11) current financial impacts of physical and transition impacts and explanation of why quantitative information is not able to be provided;
- NZCS2 (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;
- NZCS2 (15) transition plan and how it aligns with internal capital deployment and funding decisions (noting that progress towards Delegat's transition planning is disclosed);
- NZCS2 (17) disclosing scope 3 emissions;
- NZCS2 (22) analysis of trends from comparison of metrics.

### Reasonable care and forward-looking statements

This report contains forward-looking climate-related statements which are subject to risks and uncertainties, many of which are outside of the control of Delegat. They should not be considered a prediction or forecast of performance outcomes.

This report has been prepared with due consideration of the need for a fair presentation using assumptions about the company's current business and future plans, as well as assumptions around the physical environment currently and in the future.

The identified climate related risks and opportunities may not eventuate and if they do, the actual impacts may differ materially from these estimates.

## 2. BUILDING A LEADING GLOBAL SUPER PREMIUM WINE COMPANY

At Delegat we are building a leading global Super Premium wine company. We consider that addressing the need for activities that are consistent with a transition to a low-emissions, climate resilient future is consistent with this goal. We are conscious of the need to allocate capital to mitigate climate-related risks and take advantage of climate-related opportunities.

Our strategic goal is to build a leading global  
Super Premium wine company.

Our strategic plan is underpinned by four pillars:

### ***Vineyards in Three of the World's Great Wine Regions***

Scientifically and sustainably-led viticulture management of our own world-class vineyards in Marlborough, Hawke's Bay and the Barossa Valley, underpins the supply and consistency of quality of our renowned Super Premium wines.

### ***Uncompromising Super Premium Quality***

Consistent Super Premium wine quality is achieved through our state-of-the-art wineries, regarded as some of the most technologically-advanced and efficient winemaking operations in a climate-conscious world. Our distinctly regional wine styles are some of the most sought after in the world today.

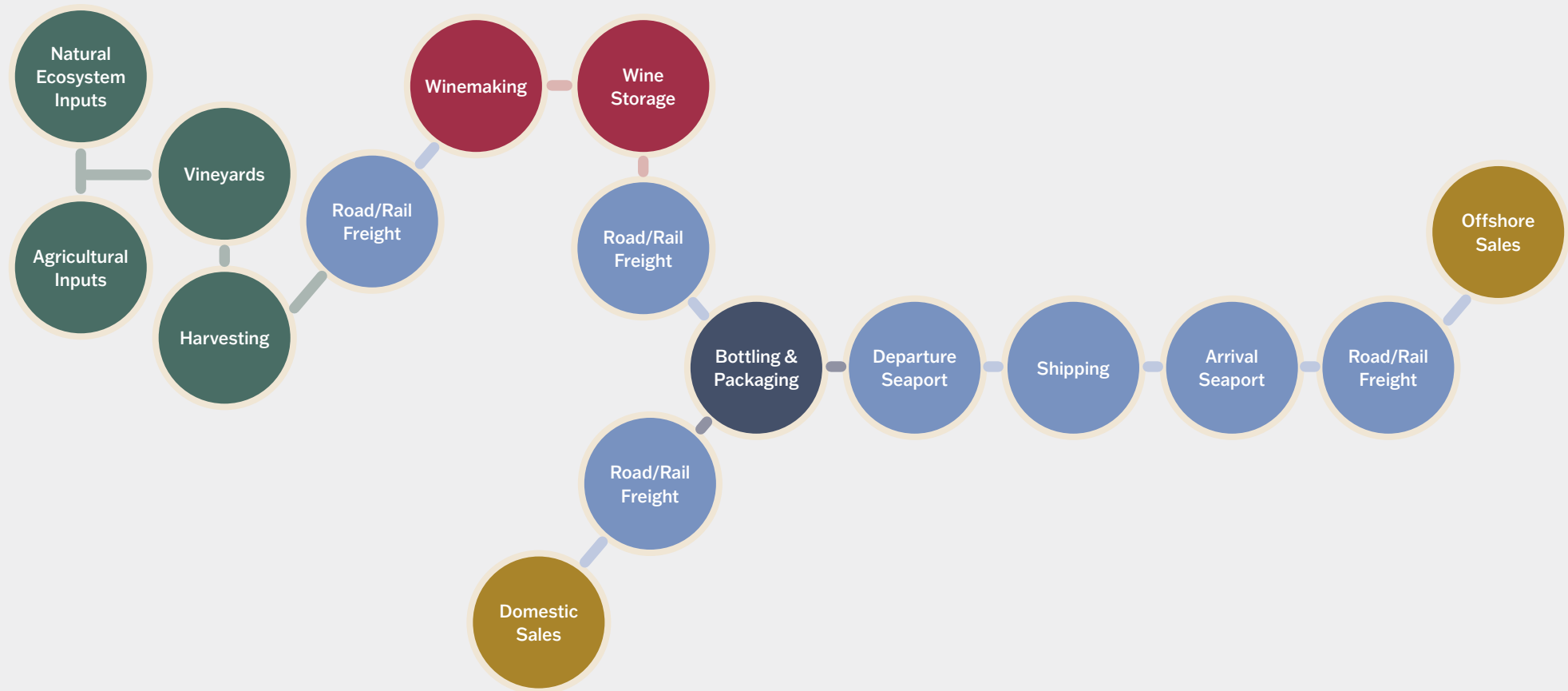
### ***Our Global Distribution Network***

With our own dedicated sales teams in the United Kingdom, Ireland, the United States, Canada, Australia, China and New Zealand, we directly partner with some of the world's most recognised wine retailers and venues to lead Super Premium category growth.

### ***Leading Global Super Premium Wine Brands***

Our Super Premium brands are regarded as category benchmarks, sought out by aspirational wine lovers looking to experience the leading wines from the world's most recognised wine regions. We are enormously proud that at any given moment a bottle of our wine is being enjoyed somewhere around the world.

DELEGAT VALUE CHAIN



KEY:

				
GROWING	WINE PRODUCTION	BOTTLING & PACKAGING	SHIPPING & DISTRIBUTION	SALES

There are no exclusions from the value chain

## OUR SUSTAINABILITY FRAMEWORK

Delegat has a longstanding commitment to sustainability and a history of driving environmental sustainability initiatives across its business. The Group has a Sustainability Strategy that helps drive positive environmental and social outcomes and reduces risk in various parts of the business.

The Delegat Sustainability Framework was developed by the Sustainability and Climate Change Steering Committee (SCCC) who engaged with external sustainability consultancy advisors. The board approved this framework in April 2022. It focuses on three key areas:

1. **Building an enduring wine business** (addressing climate risk and greenhouse gas emissions, shareholder value, risk & governance, and water stewardship);
2. **Our people and community thrive** (encompassing health, safety & wellbeing, diversity, inclusion & equity, and engagement, employment, & collaboration); and
3. **Crafting wine with care** (covering biodiversity, waste & packaging, and sustainable growing & production).

Our values of Winning Together, Aim High, and Mastery are explicitly linked to the Sustainability Framework, anchoring the strategy to a strong, values-based approach that resonates with the Delegat team internally and establishes a robust, ethical foundation for our external stakeholders. This framework encompasses various initiatives aimed at promoting positive environmental, social, and governance outcomes.

One of the key aspects of the framework is to consider Greenhouse Gases (GHG) and to lower our emissions over time. The Group has worked with Toitū Envirocare to measure carbon emissions from 2021 to 2024 and is establishing goals and initiatives to lower its carbon intensity.

The Group has already enjoyed success in reducing its carbon footprint through bottle weight reductions and the replacement of its entire Harvester fleet to more fuel efficient machinery. Delegat has been very successful in the development of water storage reservoirs and irrigation systems on its vineyards to increase water efficiency and lower usage. Delegat is also working with glass manufacturers to use more sustainable energy sources in their glass furnaces, with the aim to reduce emissions. More detail on the Group's carbon reduction plan can be found in Section 4.4 Transition Plans.





## SUSTAINABILITY HIGHLIGHTS 2024

### **BIGGEST IMPROVER**

DELEGAT BIGGEST IMPROVER IN FORSYTH BARR CARBON & ESG RATINGS ON NEW ZEALAND COMPANIES

### **SWA CERTIFIED**

BAROSSA VALLEY ESTATE ACHIEVES SUSTAINABLE WINEGROWING AUSTRALIA CERTIFICATION

### **CARBONREDUCE CERTIFICATION**

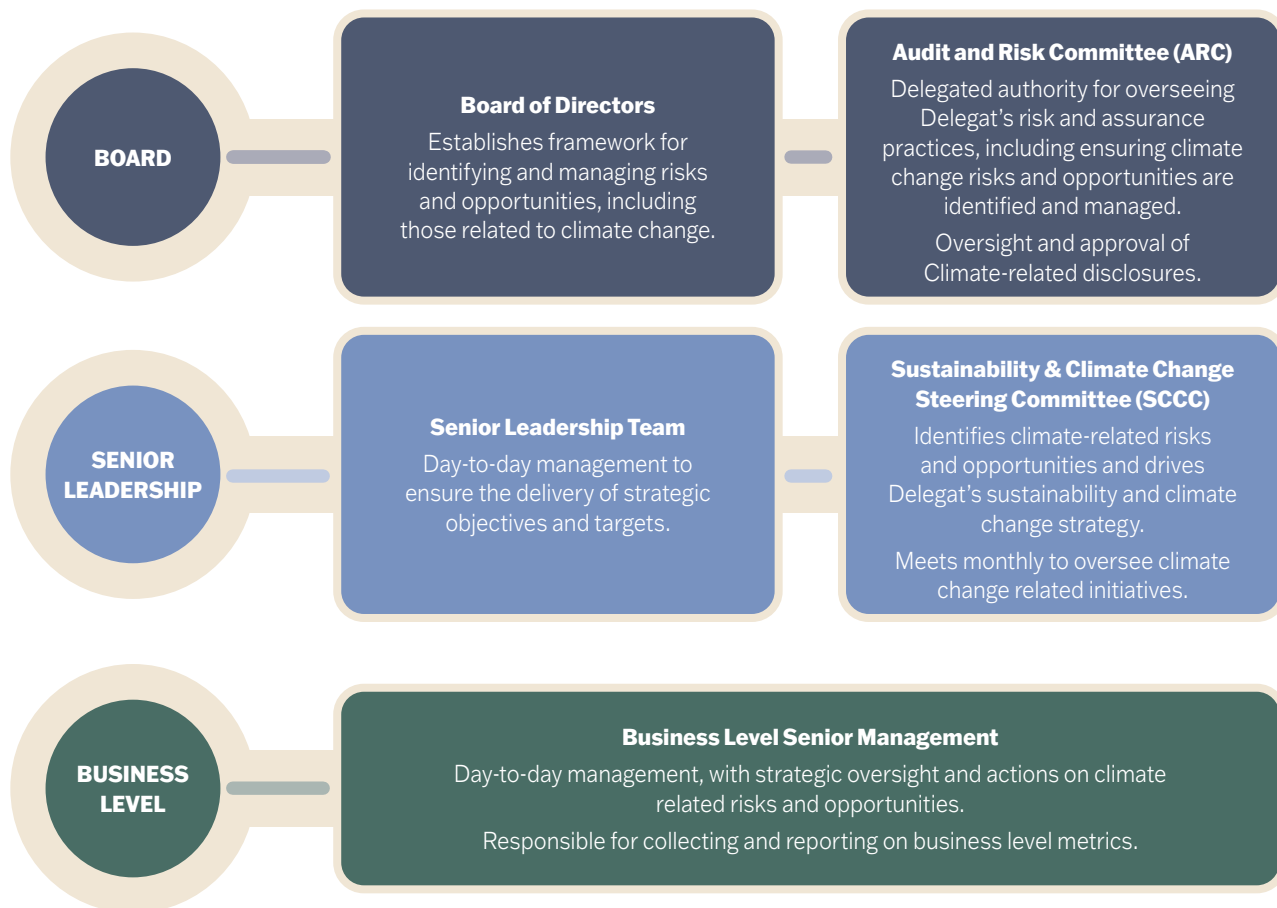
TOITŪ CARBONREDUCE CERTIFICATION ACHIEVED FOR FY22 AND FY23



### 3. GOVERNANCE

This section includes a summary of Delegat’s governance and management structures that are in place to manage climate-related risks and opportunities.

#### GOVERNANCE STRUCTURE



#### 3.1 BOARD OVERSIGHT OF CLIMATE RISKS AND OPPORTUNITIES

The Board of Delegat Group Limited holds the responsibility for the Group’s strategic direction and guides the Group towards management targeted on safeguarding and enhancing the interests of Shareholders and other stakeholders. This responsibility encompasses the oversight of risk management, including risks associated with climate change. The Board’s mandate includes identifying, assessing, monitoring, and managing climate-related matters. The Board meets formally a minimum of six times during the financial year and schedules additional meetings as required to address specific matters that may arise. At least annually, and more frequently if required, the Board is informed specifically about climate-related risks and opportunities.

The Audit and Risk Board Sub-Committee (ARC) oversees the framework of internal control mechanisms that secure the proper management of the Group’s affairs. These controls include designs towards safeguarding of assets, maintaining proper accounting records, complying with legislation, ensuring the reliability of financial information, and assessing and reviewing business operational risks. The committee advises and supports the Board in discharging its responsibility with respect to financial reporting, tax planning, compliance, and risk management practices of the Group. As part of these responsibilities the ARC has oversight of climate-related risks and opportunities. It assists the Board towards identifying, assessing, monitoring, and managing these risks and opportunities. During the past 18 months, the ARC has reviewed the Group’s climate-related metrics and targets, and annual climate-related disclosures, before recommending them to the Board for approval.

### 3.2 BOARD SKILLS AND COMPETENCE

The Board endeavours to ensure it has the appropriate skills and capabilities to provide oversight of climate-related risks and opportunities. All Directors are required to be members of the Institute of Directors and to engage in continuous education to remain current on how to best perform their responsibilities, including staying informed of changes and trends in climate-related issues and governance.

The Board also leverages the climate-related expertise held by the Delegat Senior Leadership Team and employs independent external consultants when required. Should there be significant changes in climate-related risks or regulations, the Board holds sessions to brief members on new requirements, proposed responses, and the impact on Delegat.

In June 2024, the Sustainability and Climate Change Steering Committee (SCCC) facilitated a Board ESG education workshop, which was attended by all members. The workshop focused on sustainability and climate change to ensure the Board thoroughly understand how the matters affect Delegat. The session provided information on the Group's current GHG emissions inventory, ongoing emissions reduction programme and industry wide initiatives aimed at mitigating the potential impacts of climate change on grape growing.

### 3.3 MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

The board assigns the day-to-day leadership and management of climate-related risks and opportunities to the Senior Leadership Team. The Senior Leadership Team have oversight of Delegat's Sustainability Framework, including climate-related initiatives and targets, and climate related reporting.

Remuneration for the Senior Leadership team is linked to an individual's contribution to the business, including the achievement of targets established under the Group's Sustainability Framework, which comprises climate-related initiatives.

Delegat has established a Sustainability and Climate Change Steering Committee comprising four members of the Senior Leadership Team, including the Managing Director, Chief Financial Officer, Group Technical Manager, and Group Operations Manager.

The SCCC meets monthly and is tasked with identifying, assessing, and managing climate-related risks, opportunities and initiatives. The SCCC progress the integration of climate change risks and opportunities into business strategy, risk management, financial planning, and capital allocation decisions.

All climate-related targets and metrics are developed by the committee and are informed by the Group's identified climate related risks and opportunities. Targets and metrics are reviewed annually by the ARC, who then recommend to the Board for approval.

The Senior Leadership Team maintains an enterprise-wide Risk Register, reviewed annually by the ARC, with the outcomes reported to the Board. In the April 2024 review, the Group's climate-related risks and opportunities were reviewed. It was agreed that these would be incorporated in the Risk Register moving forward, and the consideration of these risks and opportunities would be a standing agenda item at all future Risk Register reviews. During this process, the SCCC seeks to identify and understand any significant changes to the climate change landscape that could introduce new risks or opportunities that may impact on Group's strategy.

The SCCC also advises on, monitors and gives feedback in climate-related disclosure records, and prepares Delegat's annual climate change disclosures, which are approved by the ARC.

### 3.4 MONITORING TARGETS

The ARC meets at least four times a year, with additional meetings as required. Annually, the ARC meets to discuss climate related issues. These meetings include reviewing progress against goals and targets set under the Group's Sustainability Framework. During these reviews, updates on sustainability and climate-related initiatives are presented by the SCCC. ARC proceedings are subsequently reported to the Board by the ARC Chair at the next Board meeting.

Annually, management presents an ESG report to the Board, detailing progress against the Group's Sustainability Framework targets and proposing targets and metrics for the next financial year for Board approval.

## 4. STRATEGY

### 4.1 CURRENT BUSINESS MODEL AND STRATEGY

The Delegat strategy is to create long-term value as a leading global Super Premium wine company. Sustainability is a cornerstone for the Group, reflecting its strong leadership role in sustainable winegrowing and production practices. The Delegat Sustainability Framework provides a strategy focusing on long-term sustainability, resilience and sound governance.

### 4.2 APPROACH TO SCENARIO ANALYSIS

The Group has employed scenario analysis to identify possible climate related risks and opportunities that may affect our business over the next 50 years. Delegat's three climate change scenarios are in line with 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. The roadmap uses three climate-related scenarios to describe plausible futures for agriculture in New Zealand when impacted by different physical and transitional factors. The Agri-Adaption Roadmap is the most widely accepted set of scenarios for the agricultural sector and is supported by robust and tested assumptions, and references the Intergovernmental Panel on Climate Change (IPCC) 2018 report on Global Warming of 1.5°C.

Representative Concentration Pathways (RCPs) detail future emissions of greenhouse gases and related climate impacts and have been formally adopted by the IPCC. Shared Socioeconomic Pathways (SSPs) were developed to study how societal, demographic and economic changes globally might change over the next century and influence various emissions scenarios. SSPs were defined in the IPCC Sixth Assessment Report on climate change in 2021.

The RCP 2.6 and RCP 8.5 scenarios align with those used in Plant and Food Research's June 2022 technical paper, modelling the effect of climate change on land suitability for growing perennial crops. This paper included sections dedicated to the impact of climate change on Sauvignon Blanc grapes in New Zealand. In 2024, members of the SCCC met with Plant and Food scientists involved in preparing the technical paper to facilitate a comparison between Plant and Food's risk assessment methodology and the methodology used by Delegat.

Additionally, the RCP 4.5 and RCP 8.5 scenarios align with the Barossa Water Security Strategy prepared in 2022, addressing the impact of climate change on the Barossa Valley region and sourcing information from Climate Change in Australia, Climate Ready-SA and NARClIM. We also reviewed the RDA Barossa Region Climate Change Adaptation Plan from 2014.

The SCCC has conducted Climate Scenario analysis, evaluating climate-related risks and opportunities against the three identified climate scenarios. The climate scenarios and analysis were reviewed by the ARC, and subsequently approved by the Board.

### 4.3 CLIMATE SCENARIOS

	Orderly (Net Zero 2050)	Disorderly (Delayed Transition)	Hothouse (Current Policies)
Shared Socio-economic Pathways (SSP) Representative Concentration Pathway (RCP)	SSP1  RCP2.6	SSP2  RCP4.5	SSP5  RCP8.5
Warming Level	1.5°C warming by 2100 <sup>1</sup>	2.0°C warming by 2100 <sup>1</sup>	3°C warming by 2100 <sup>1</sup>
Description	This scenario follows an immediate but orderly transition to Net Zero. It assumes decisive and coordinated action intended to keep the global mean temperature to warming within 1.5°C.  A global net zero emissions economy is achieved by 2050.	This scenario follows a disorderly transition where delayed and uncoordinated global efforts and emissions reductions until 2030. From 2030 aggressive responses are required to keep the global mean temperature to within 2°C.	This scenario follows a business as usual approach where no further policies are introduced to address climate change. The global mean temperature will rise to more than 3°C.
Climate Change Effects on Sauvignon Blanc in New Zealand. (Plant and Food report)	<i>“About half of the North Island is expected to decrease in suitability for Growing Sauvignon Blanc grapes, but the remainder of the North Island and the bulk of the South Island is expected to have small to moderate gains in suitability.  Some current Sauvignon Blanc vineyards in Gisborne and Hawkes Bay may be negatively impacted, but Marlborough is expected to increase slightly in suitability, as well as Canterbury and Central Otago  Most changes will occur by mid-century.”<sup>2</sup></i>	Scenario not considered by report.	<i>“By mid-century the changes are on par with the low GHG concentration pathway, with slightly greater increases in suitability in Canterbury and Central Otago.  By the end of the century, most of the North Island is expected to have substantial losses in suitability, and these losses also effect Marlborough.  Most of the South Island is expected to have gains in suitability by the end of the century, some of them substantial, and Canterbury and parts of Otago overtake Marlborough in suitability.”<sup>2</sup></i>
Climate Change Effects on Barossa Valley Region (Barossa Water Security Strategy, RDA Barossa Region Climate Change Adaptation Plan)	Scenario not considered by reports.	Annual average rainfall in the Barossa could decline by 7.4% to 15% by 2050 with the largest decline projected to occur in spring. The number of hot days (over 35°C) is projected to increase, with a significant number of projections showing the possibility of 50% more hot days by mid-century. By 2050, increases in average maximum temperatures are projected across all seasons. <sup>3</sup>	Changes in growing season temperatures likely to see more warmer than cooler vintages and increases in growing degree days are likely to affect phenological development. A greater risk of bushfires creating increased risk of smoke taint in wine. Climate change could make the Barossa Valley Region more popular for wine-grape growing as other regions in Australia become less suitable for certain varieties. <sup>3</sup>

1 Rise in average global temperatures in the 2081-2100 period relative to the preindustrial baseline (1850-1900).

2 Sourced from Climate Change Impacts on Sauvignon Blanc, Plant and Food Research, 2021.

3 Projections from Barossa Water Security Strategy, 2022 and A Climate Change Adaption Plan for the RDA Barossa Region, 2014

**Pathway Assumptions**

These pathways illustrate a broad spectrum of climate outcomes and should not be seen as forecasts or policy recommendations. They encompass a wide range of assumptions regarding population growth, economic development, technological innovation and attitudes to social and environmental sustainability. Each pathway can be met by a combination of different socioeconomic assumptions as per the IPCC's SSP-RCP scenarios.

**Limitations of scenarios**

Climate scenarios give some insights to the impacts the business may face because of climate change. They are created with assumptions and projections based on the best information available at the time. These assumptions may not reflect actual outcomes and are not intended to present a definitive view of the future.

**4.4 CLIMATE RELATED RISKS AND OPPORTUNITIES**

Climate-related risks and opportunities are defined below.

**Physical Risks:**

Physical climate change risks encompass both acute and chronic impacts resulting from shifts in climatic conditions. Acute risks involve sudden and severe events such as cyclones and heatwaves, while chronic risks include gradual changes such as sea level rise and altered precipitation patterns.

**Transitional Risks:**

Transitional climate change risks refer to the challenges and uncertainties associated with transitioning from a high-carbon to a low-carbon economy. These risks include economic disruptions in sectors dependent on fossil fuels, as well as opportunities and challenges in emerging clean energy industries. Additionally, transitional risks encompass social and political implications, such as job displacement and retraining needs, shifts in energy geopolitics, and changes in investor behaviour and regulatory landscapes. Effective management of these risks necessitates proactive policies, strategic investments, and societal adaptation to facilitate a smooth and fair transition towards sustainability.

**Opportunities:**

Climate-related opportunities encompass the potential benefits and advantages arising from addressing climate change and transitioning to a low-carbon economy. These opportunities span investments in renewable energy infrastructure, green technologies, and sustainable practices that drive economic growth, job creation, and innovation. Additionally, climate action presents opportunities to enhance resilience, improve public health, foster social equity, and preserve natural ecosystems. Embracing climate-related opportunities can lead to a more sustainable and prosperous future for society.

## 4.4 CLIMATE RELATED RISKS AND OPPORTUNITIES

### Climate-related risks, current and anticipated impacts, and controls

We set out Delegat’s material climate-related risks and opportunities below. The material risks and opportunities identified will influence our capital deployment processes. We have not yet included consideration of the current or anticipated financial impacts and have utilised the adoption provisions in NZCS2 (10), (11), (12), (13), and (14) as financial modelling is yet to be completed.

Risk	Current Impact	Anticipated Impact	Controls	Geography	Type/Time Horizon
<b>Customers and consumers become more interested in sustainability</b>	Nil	Sustainability considerations are likely to become more prevalent in the procurement decisions of customers and end consumers, with increased demand for low emission products. Market share could be lost to more sustainable competitors.	<ul style="list-style-type: none"> <li>• Execution of our decarbonisation plan to demonstrate emissions reductions</li> <li>• Communicate progress to customers and investors</li> <li>• Continue to invest in lower emissions products</li> <li>• Continue to reduce glass bottle weights</li> </ul>	New Zealand, Australia, North America, and Europe.	Type: Transition Time Horizon: Short-term
<b>Increased frequency and intensity of extreme climate events, specifically storms, extreme wind, and extreme rainfall events</b>	Cyclone Gabrielle had a limited impact on our Hawkes Bay Vineyards, with no crop losses suffered. The financial impact of damage to plant and equipment was largely offset by insurance proceeds.	Volatility of our own growing yields and supply from third party grape growers. Insurance products may become unavailable.	<ul style="list-style-type: none"> <li>• Investment in technology to mitigate quality loss</li> <li>• Spot market grape purchases to offset yield risks</li> <li>• Diversification of growing regions across New Zealand</li> <li>• Self-insure company owned vines. Crop insurance is expensive, and premiums are restrictive at the current time. The Group will continue to assess the cost/benefit of crop insurance</li> </ul>	New Zealand and Australia	Type: Physical Time Horizon: Short-term
<b>Increased regional temperatures. More hot days each year (&gt;25°C), less summer rainfall, and increased drought risk</b>	Nil	Vine heat stress and an increase in soil moisture deficits could lead to a reduction in yields and changes to wine styles.	<ul style="list-style-type: none"> <li>• Continued investigation and modification of growing systems to enable more resilience to heatwave and drought events</li> <li>• Continued investigation into sun protectant products</li> <li>• Continued investment in reservoirs and irrigation systems at vineyards</li> <li>• Continued investment in measuring water requirements and increasing the efficiency of the Group's water use</li> <li>• Explore further diversification of growing regions</li> </ul>	New Zealand and Australia	Type: Physical Time Horizon: Short / Mid-term
<b>Increasing regional temperatures lead to water scarcity and increased water regulation</b>	Nil	This risk and the risk of increased regional temperatures are related. Increase demand for water may result in additional regulation as well as reductions in allowable water take. This could result in land use change or reductions in growing yields and third-party grape supply.	<ul style="list-style-type: none"> <li>• Continued investment in reservoirs and irrigation systems at vineyards</li> <li>• Continued investment in measuring water requirements and increasing the efficiency of our water use</li> <li>• Engagement in regulatory processes around water allocation</li> </ul>	New Zealand and Australia	Type: Physical & Transition Time Horizon: Mid/Long-term
<b>Carbon emission regulation increases</b>	Nil	Fuel, refrigerant, packaging and fertiliser may all become subject to taxes or in increased regulation in the future. This may lead to increased compliance costs and cost of capital.	<ul style="list-style-type: none"> <li>• Execution of our emissions reduction plans including targets and actions on reducing Company Scope 1 vineyard and winery diesel usage, improving energy efficiency, and innovating the value chain to decarbonise goods and services.</li> </ul>	All	Type: Transition Time Horizon: Mid/Long-term

**Climate-related opportunities, current and anticipated impacts, and controls**

Risk	Current Impact	Anticipated Impact	Controls	Geography	Type/Time Horizon
<b>New growing areas will become available.</b>	Nil	As the climate warms new areas in New Zealand and Australia could become suitable for growing grapes.	<ul style="list-style-type: none"> <li>• Explore the diversification of growing regions for Delegat</li> </ul>	New Zealand and Australia	Type: Physical Time Horizon: Long-term
<b>Growers will seek climate-tolerant grape varieties</b>	Nil	As the climate warms and weather events become more extreme growers will seek new climate-tolerant grape varieties.	<ul style="list-style-type: none"> <li>• Continue investment in partnerships to research and commercialise climate resistant varieties. Delegat is a Gold participant in the Sauvignon Blanc Grapevine Improvement Programme, run by the Bragato Research Group, and funded by MPI, the Sustainable Food and Fibre Futures Fund and New Zealand Winegrowers</li> </ul>	New Zealand	Type: Physical & transitional Time Horizon: Short to Long-term
<b>Customers more focused on sustainability</b>	Nil	Through our decarbonisation and sustainability progress, we expect to enhance relationships with customers and increase demand for our products.	<ul style="list-style-type: none"> <li>• Execution of our emissions reduction plans to demonstrate emissions reductions</li> <li>• Continue to invest in lower emissions products</li> <li>• Continue to reduce glass bottle weights</li> <li>• Improve systems and data to that provide improved supply chain transparency</li> </ul>	Global	Type: Transition Time Horizon: Short-term



#### 4.5 TRANSITION PLANS

Delegat has not prepared a standalone transition plan to date. However, to reduce the risks and impacts of climate change the Group has set multiple emissions reduction targets which are integrated into the Delegat Sustainability Framework. The initiatives presented in the table below are some of the actions we are currently implementing or planning to implement to reduce emissions. These actions complement and build on our ongoing long-term initiatives and projects.

Transition Initiatives	Progress to Date
All harvester machines were replaced for the 2024 vintage with new fuel-efficient, Euro 5 emissions standards compliant machines. These machines will reduce diesel use over the annual harvest period by 25% and reduce GHG emissions by 30%.	Completed in FY24
The Group plans to replace its tractor fleet over the next 5 years with modern fuel-efficient Euro 5 emissions standards compliant vehicles. This Programme will reduce diesel usage by 25% and reduce GHG emissions by 30%.	Initiated in FY24
The Group plans to replace its Marlborough winery cooling plant with new technology for increased cooling/production capacity. It will utilise modern heat recovery technology to produce all hot water requirements on site, eliminating the need for diesel fuelled hot water heating. The carbon emission reduction will be at least the fuel usage reduction versus the current cooling plant.	Planned for FY27
The Group plans to replace diesel electricity generation at its Birch Hill vineyard to lines electricity, delivering a 5% emissions reduction.	Planned FY27 (dependent on Marlborough Lines capital infrastructure investment)
The Group will continue with ongoing bottle weight reductions using lightweight glass.	Burgundy shape bottle reduction to a 390g bottle will commence in FY25
The Group is working with glass manufacturers to use more sustainable energy sources in their glass furnaces, with the aim to reduce emissions from glass production by 45%.	Continue work in progress from FY24
Further improve vineyard water use efficiency.	Projects identified to start in FY25

**A HISTORY OF REDUCING EMISSIONS THROUGH BOTTLE-WEIGHT OPTIMISATION.****CASE STUDY: LIGHTWEIGHT GLASS**

The Sustainable Wine Roundtable (SWR) is an independent global collective of producers, material suppliers and retailers working together to improve environmental outcomes in the wine industry. According to research by the SWR, the bottle itself accounts for up to half of wine's carbon impact due to the embedded carbon from its manufacturing and the energy required for transport.

Delegat has long recognised the impact of wine bottle weight on carbon emissions, beginning their initiative towards using lightweight glass in 2003. At the time, the average weight of an Oyster Bay still wine bottle was 565 grams. Through collaboration with suppliers and consideration of all factors including the structural integrity of lighter bottles, phased reductions were made through our procurement process, lowering the bottle's weight four times to an average of 417 grams by 2021. In 2024, we introduced 390 gram bottles for several Oyster Bay wines. These reductions have notably reduced the energy required to transport Oyster Bay to our key global markets and reduced the cradle-to-gate emissions associated with the glass bottles.

As of 2023, the Sustainable Wine Roundtable reported that the average weight of 750ml still wine bottles sold by key retail members in the United Kingdom is approximately 550 grams. Last year, 97% of Oyster Bay still wines were in bottles weighing 420 grams or less.

Delegat continues to pursue further reductions in bottle weight as they become available, while actively engaging with suppliers and industry partners to explore options to packaging and transport.



**5. RISK MANAGEMENT**

**5.1 CLIMATE RISK IDENTIFICATION**

The climate change analysis for Delegat considers three potential future scenarios:

These scenarios help Delegat identify ways to reduce the impact of climate change and build climate resilient business strategies and operations.

We have considered the impact of each scenario over a 50-year time horizon, which aligns generally with the lifetime of our vineyard and winery assets.

Short-term	Medium-term	Long-term
1-3 years Aligns with business planning and capital allocation processes	4-10 years Aligns with long-term business planning and global climate change ambitions under the Paris Agreement 2030	11-50 years Aligns with vineyard growing cycles and the lifespan of major assets

**5.2 PROCESS TO ASSESS CLIMATE-RELATED RISKS AND OPPORTUNITIES**

The Delegat risk management process includes identifying and managing risks, including climate-related risks, to support the Group’s business objectives and strategy. This process comprises five steps:

**Stage 1: Identification**

New climate-related physical risks and opportunities are identified, and existing ones are reviewed during the Group’s annual risk review undertaken by the Senior Leadership Team, with input from internal or external experts as needed. This review encompasses all parts of the Delegat value chain. An annual workshop for the Senior Leadership team, and hosted by the SCCC facilitates climate scenario analysis, examining climate-related risks and opportunities against three identified climate scenarios.

**Stage 2: Analysis**

Climate-related risks are analysed against the Group’s climate change scenarios and time horizons using the Delegat Risk Matrix. The Risk Matrix rating for all of the Group’s risks, including climate-related risks, determines their level of priority for action required by management and the Board. Opportunities are analysed to determine their potential benefit to the business and the environment.

**RISK MATRIX**

		Consequence Severity				
		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood	Almost Certain	Priority 2	Priority 2	Priority 1	Priority 1	Priority 1
	Likely	Priority 3	Priority 2	Priority 2	Priority 1	Priority 1
	Possible	Priority4	Priority 3	Priority 2	Priority 1	Priority 1
	Unlikely	Priority4	Priority4	Priority 3	Priority 2	Priority 1
	Rare	Priority4	Priority4	Priority 3	Priority 2	Priority 2

Priority 1	Immediate action required to actively manage risk and limit exposure
Priority 2	Attention required to ensure risk exposure is managed effectively, disruptions minimised and outcomes monitored
Priority 3	Cost/benefit analysis to assess extent to which risk should be mitigated. Monitor to ensure risk does not increase over time
Priority4	Effectively manage through routine procedures and appropriate internal controls

**Stage 3: Evaluation**

The effectiveness of existing controls for managing each risk are evaluated and new controls are considered where required. The remaining risk after the effective operation of controls is considered the residual risk. Opportunities for each scenario are assessed to determine those which could present the most benefit for the business.

**Stage 4: Treat Risk**

For each residual risk, an assessment is made to either:

- Accept the risk and make a conscious decision not to take any action.
- Accept the risk but take some actions to lessen or minimise likelihood or impact.
- Transfer the risk to another individual or organisation (e.g. through insurance) where possible.
- Eliminate the risk by ceasing to perform the activity causing it.

**Stage 5: Escalation**

The severity of the residual risk rating determines which climate-related risks are escalated via the SCCC to the ARC. Climate-related opportunities that could deliver material benefits for the Group are escalated to the Board. The Board consider their feasibility, and if appropriate, determine support, funding and actions required to capitalise on these opportunities.

**5.3 MONITORING AND REVIEW**

Climate-related risks and opportunities, controls, action plans and owners are documented and monitored through the Delegat risk management process. All climate-related risks and opportunities will be reviewed annually by the Senior Leadership Team and integrated into the Delegat Risk Register. Climate-related reporting requirements, supporting documentation and changes to regulations are captured in the company’s risk management system and monitored on an ongoing basis.

## 6. METRICS AND TARGETS

### 6.1 SUSTAINABILITY METRICS AND TARGETS

Delegat establishes annual targets within its Sustainability Framework, which encompasses various social and environmental initiatives, including emission reduction goals under the 'We build an Enduring Wine Business' pillar. Delegat's climate-related risks and opportunities presented in 4.4 are taken into consideration when setting metrics and targets. The Group's current targets are aimed at emissions reductions, to play our part in limiting global warming, as detailed in section 6.7 of this report.

### 6.2 GHG EMISSIONS

Delegat partners with Toitū Envirocare to prepare its annual GHG Inventory for scope 1 and 2 emissions. Emissions data is collated and tracked throughout the financial year and includes information from third-party suppliers and internal records. The GHG inventory is prepared in accordance with the requirements of the Toitū Programme<sup>4</sup>, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018 Specification with Guidance at the Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals. Where relevant, the inventory is aligned with industry or sector best practice for emissions measurement and reporting.

All emissions are calculated using Toitū with emissions factors and Global Warming Potentials provided by the Programme. Global Warming Potentials (GWP) from the Intergovernmental Panel on Climate Change Fifth Assessment Report (AR5) are the preferred GWP conversion. An operational control consolidation approach is used to account for emissions.

The emissions metric tracked is tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e).

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<sup>4</sup> Toitū Programme refers to the Toitū carbonreduce and the Toitū carbon zero programmes

### Scope 1 and 2 GHG Emissions Inventory

The current New Zealand Emissions Trading Scheme Price was used when assessing our decarbonisation initiatives for FY24 for our internal abatement calculation.

The Group's emissions base year is 2021.

Emissions Category	2021 tCO <sub>2</sub> e unassured	2022 tCO <sub>2</sub> e unassured	2023 tCO <sub>2</sub> e unassured	2024 tCO <sub>2</sub> e unassured	% change 2021 vs. 2024
<b>Scope 1</b>	<b>3,541</b>	<b>3,622</b>	<b>3,603</b>	<b>3,354</b>	<b>-5%</b>
Mobile Combustion	2,535	2,494	2,753	2,535	0%
Stationary Combustion	116	111	120	127	9%
Emissions – Industrial Processes	105	108	105	97	-8%
Fertiliser Use	398	423	337	279	-30%
Addition of lime to soils	388	421	283	310	-20%
Leakage of refrigerants	–	66	–	6	–
<b>Scope 2</b>	<b>1,316</b>	<b>1,001</b>	<b>868</b>	<b>929</b>	<b>-29%</b>
Electricity consumption	1,316	1,001	868	929	-29%
<b>Total scope 1 and 2</b>	<b>4,857</b>	<b>4,623</b>	<b>4,471</b>	<b>4,283</b>	<b>-11%</b>
<b>tCO<sub>2</sub>e per million dollars of operating revenue</b>	<b>16.05</b>	<b>14.21</b>	<b>11.90</b>	<b>11.40</b>	<b>-29%</b>
<b>kgCO<sub>2</sub>e per litre of wine produced</b>	<b>0.18</b>	<b>0.15</b>	<b>0.14</b>	<b>0.16</b>	<b>-14%</b>

Delegat has utilised the exemption provisions in NZCS2 (17) to not disclose scope 3 emissions and NZCS (22) to not disclose an analysis of emission trends.

The emissions sources deemed significant for inclusion in this inventory were classified into the following categories:

#### Scope 1: Direct GHG Emissions

Scope 1 Direct Emissions includes GHG emissions from sources owned or controlled by Delegat. This includes fuel combusted in vehicles owned or leased by Delegat, stationary combustion of fuel for heating, and any leakage of refrigerants.

#### Scope 2: Indirect GHG Emissions from purchased energy

Scope 2 Indirect Emissions are from the generation of electricity purchased by Delegat. Purchased electricity is measured by the installation control point (ICP). All purchased and generated energy emissions are reported as gross emissions using the location-based method.

The table below provides detail on the categories of emissions included in the GHG emissions inventory, an overview of how activity data were collected for each emissions source, and an explanation of any uncertainties or assumptions made based on the source of activity data. Overall assessment of uncertainty for Scope 1 and 2 emissions is low.

Activity data has been obtained from a variety of sources. Where practical information has been obtained directly from supplier sources via invoice or online portals. Additionally, the Group tracks relevant raw material, freight weight and usage data directly from its ERP system.

Scope	Emission Category	Activity	Data Source	Methodology, Data Quality, Uncertainty (Qualitative)
Scope 1	Stationary combustion	Fossil fuels used by plant equipment	Invoices	Fuel based method. Low uncertainty.
	Mobile combustion	Fossil fuels used by fleet/pool vehicles and forklifts	Fuel purchase transaction history	Fuel based method. Low uncertainty.
	Fertiliser Use	Fertiliser use by viticulture activities.	Spray Schedules and Invoices	Use approach. Low uncertainty.
	Fugitive emissions	Refrigerant used by refrigeration equipment	Maintenance reports and invoices	Top up method. Applicable to owned refrigeration equipment. Low uncertainty.
Scope 2	Purchased Energy	Electricity consumption	Invoices	Location based method. High data quality and low uncertainty due to complete invoice sets.

### 6.3 EXCLUSIONS

All of the Group’s viticulture and winemaking operations in New Zealand and Australia have been included in the emissions inventory. Our offshore sales and marketing operations in Australia, Europe, North America and China have been excluded. These emissions sources are considered relevant to our operations, however, are not material in the context of the inventory. We will be actively working on improving our data collection and assessing our estimation options for emissions in these categories.

### 6.4 EXPOSURE TO CLIMATE-RELATED RISKS AND OPPORTUNITIES

#### Vulnerability to Physical Risks

The Group’s viticulture operations are exposed to both chronic and acute climate events. Winemaking and supply chain operations are also exposed to this risk due to the integrated value chain within the business.

As a conservative estimate, 100% of Delegat business activities are exposed to some degree of physical climate-related risk.

#### Vulnerability to Transition Risks

The Group’s viticulture operations are currently the most exposed to climate-related regulation for viticultural practices (e.g. fertiliser and water). The Group’s winemaking and supply chain operations have some exposure to potential changes in climate-related regulations and shifts in consumer preferences.

As a conservative estimate, 100% of Delegat business activities are exposed to some degree of transitional climate-related risk.

#### Climate Related Opportunities

The Group’s viticulture operations are the most likely to benefit from climate-related opportunities, such as new areas becoming suitable for growing grapes because of climate change.

## 6.5 CAPITAL DEPLOYMENT 2024 – TO ADDRESS CLIMATE RELATED RISKS AND OPPORTUNITIES

The Group's recent investments to mitigate climate risk includes purchasing fuel efficient machinery and the development of water storage reservoirs and irrigation systems to reduce the risk of crop loss because of drought conditions. Funding decisions are assessed using a combination of cost/benefit and payback period analysis.

Capital deployment in relation to climate related initiatives in FY24 is detailed below:

Description	Capital Deployed in FY24 (NZD)	Transition Initiative
Replacement of Harvester Machines with new fuel-efficient, Euro 5 emissions standards compliant machines.	\$5.2 million	Reduction of diesel use over the annual harvest period by 25% and reduction of GHG emissions by 30%
Replacement of Tractors with new fuel-efficient, Euro 5 emissions standards compliant machines.	\$1.1 million	Reduction of diesel use by 25% and reduction of GHG emissions by 30%
Reservoir and Irrigation construction	\$3.7 million	Protection of grape vines against the potential of increased regional temperatures, less summer rainfall, and increased drought risk

## 6.6 INDUSTRY BASED METRICS

We have disclosed tCO<sub>2</sub>e/million dollars revenue and kgCO<sub>2</sub>e/litre of wine produced, which are widely adopted metrics across the wine industry as per the EECA National Greenhouse Gas Emissions Reports prepared for Sustainable Winegrowing New Zealand and reports from Australian Wine Research Institute with support from Sustainable Wine Australia.

## 6.7 TARGETS AND EMISSIONS REDUCTIONS

Delegat is committed to lowering GHG emissions and adapting to climate change. New Zealand Winegrowers, the national organisation for the country's grape and wine sector, has a target to be Carbon Neutral by 2050. Similarly, Sustainable Winegrowing Australia has set 2050 Net Zero targets for carbon emissions and waste. Our targets and emission reduction programme is guided by these industry benchmarks and we have set targets based on the Science-Based Target methods. Progress to date against GHG targets does not include any offsetting and the Group does not plan to use offsetting to achieve its net zero by 2050 target.

The IPCC special report 2018 states "Limiting global warming to 1.5°C compared to 2°C is projected to lower the impacts on terrestrial, freshwater, and coastal ecosystems and to retain more of their services to humans." Achieving the net zero target contributes to limiting global warming to 1.5 degrees Celsius by mitigating the worst impacts of climate change through reducing vulnerability and exposure to its detrimental effects. This year, New Zealand Winegrowers, with support from EECA, prepared the Roadmap to Net Zero 2050, that outlined the key opportunities to reduce GHG emissions for the New Zealand wine industry. These measures include improving energy efficiency, reducing diesel usage, decarbonising electricity, and innovating the value chain to decarbonise goods and services. These initiatives will be guided by industry emission reduction targets and actions.



Currently, our emission reduction targets encompass scope 1 and 2, and we are developing targets for scope 3. Our objectives and programmes will evolve as more data becomes available and technologies advance. The table below summarises our current targets.

Target	Base year	Metric	Timeframe	Commentary
NET ZERO BY 2050	2021	tCO <sub>2</sub> e	By 2050	The Group has reduced its Scope 1 and 2 emissions by 11% since 2021. The Group's emission reduction targets all are guided by the industry benchmark of Net Zero by 2050.
Reduce company Scope 1 diesel usage.	2021	kg CO <sub>2</sub> /tonne of grapes harvested	By 2028	The Group has replaced its Harvester machines and will replace its tractor fleet over the next five years with modern fuel efficient and E5 emissions standards, which will reduce diesel usage by 25% and GHG emissions by 30%.
Reduce company Scope 1 diesel usage	2021	Target vineyard diesel usage emissions - 0 tCO <sub>2</sub> e	2029 onwards	Emission reduction past 2030 in this area will depend on suitable commercially available technology to replace diesel motive power across all tractor, harvester and frost fan usage. The approach the Group will apply is to evaluate best in class vineyard technology for each cycle of harvester, tractor and frost fan motive power replacement cycle. This is typically five years for tractors and 10 years for harvesters, with have several opportunities to select best performance/least carbon emission technology at each replacement cycle. This is in line with NZ and NZ Wine Industry stated targets.
Scope 2 Renewable Electricity supply 100% by 2035	2021	100% renewable electrical energy	2035 onwards	Primarily the Group will achieve this through the NZ energy Sector reduction target alignment (reliance). Delegat will also consider using photovoltaic power generation at the Marlborough winery at the completion of the cooling / heat recovery plant replacement FY26 and will move to do this if it makes economic sense, including taking into account full carbon emission costs.

IT'S NOT  
HOW FAR  
YOU'VE  
COME. IT'S  
HOW FAR  
YOU'RE  
PREPARED  
TO GO.

