

6 May 2025

## Notice of Annual Meeting of Shareholders

Dear Shareholder

We invite you to join us for the Annual Meeting of the Shareholders of Scales Corporation Limited (“Scales”), to be held at 3.30pm on Tuesday, 10 June 2025.

The meeting will be held at The Piano, 156 Armagh Street, Christchurch. After the meeting has concluded, Shareholders are invited to join members of the Board and Management for light refreshments.

Shareholders will also be able to attend online, vote and ask questions via [www.meetnow.global/nz](http://www.meetnow.global/nz). Details of how to participate ‘virtually’ are provided in the accompanying Virtual Meeting Guide, including instructions for accessing the virtual meeting. If you are attending virtually you are encouraged to review this guide and access via the website address shown above.

If you cannot attend, I encourage you to complete and lodge the proxy form in accordance with the instructions on the reverse of the form so that it reaches Computershare by 3.30pm (New Zealand time) on Sunday, 8 June 2025.

### Items of Business:

- A. Chair’s address
- B. Managing Director’s address
- C. Ordinary resolutions
- D. General business

### Ordinary Resolutions:

To consider, and if thought fit, to pass the following ordinary resolutions:

1. That the Board is authorised to fix the auditor’s remuneration for the coming year.
2. That Andrew Borland, who retires and is eligible for election, be re-elected as a Director of Scales.
3. That Alan Isaac, who retires and is eligible for election, be re-elected as a Director of Scales.
4. That the total annual remuneration available to be paid to Directors for their services as Directors be revised to \$625,000 per annum effective from the close of the Annual Meeting, with such sum to be divided amongst the Directors as the Board may from time to time determine.

Further information relating to the Resolutions is set out in the Explanatory Notes accompanying this Notice of Annual Meeting. Please read and consider the Resolutions together with the Explanatory Notes.

By order of the Board.



Mike Petersen  
Chair - 6 May 2025

**Our Board of Directors:**



Mike Petersen



Andy Borland



Miranda Burdon



Tony Batterton



Alan Isaac



Nick Harris

## **Explanatory Notes**

These notes form part of the Notice of Annual Meeting

### **Ordinary Resolution 1: Appointment and Remuneration of Auditor**

Section 207T of the Companies Act 1993 provides that a company's auditor is automatically reappointed unless there is a resolution or other reason for the auditor not to be re-appointed. Scales wishes Deloitte to continue as Scales' auditor, and Deloitte has indicated its willingness to do so.

Section 207S of the Companies Act 1993 provides that the fees and expenses of the auditor are to be fixed in such a manner as Scales determines at the Annual Meeting. The Board proposes that, consistent with past practice, the auditor's fees be fixed by the Directors. The Board unanimously recommends that shareholders vote IN FAVOUR of Resolution 1.

### **Ordinary Resolution 2: Election of Andrew Borland**

The NZX Listing Rules state directors must not hold office (without re-election) past the third annual meeting following the Director's appointment, or three years, whichever is longer. Andrew Borland was last re-elected to the Board on 8 June 2022. Accordingly, Andrew is required to retire at this meeting. Andrew, being eligible, offers himself for re-election.

The Board unanimously supports his re-election and recommends that Shareholders vote IN FAVOUR of Resolution 2.

Andrew Borland is the Managing Director of Scales and therefore pursuant to the NZX Listing Rules he is not an Independent Director.

Biography for Andrew Borland:

Term of Office: First appointed to the Board on 16 August 2011. Last re-elected on 8 June 2022.

Andrew joined Scales in 2007 and became Managing Director in 2011. Prior to joining Scales, he had a 20-year career in banking, with his final role being Head of Corporate at Westpac New Zealand. Andrew has overall responsibility for the strategic direction and day-to-day management of Scales. In addition to his directorships of the Scales Group, Andrew is currently the Chair of Primary Collaboration New Zealand Limited and Primary Collaboration New Zealand (Shanghai) Co. Limited.

Andrew is a member of Scales' Finance and Treasury Committee and Scales' Health & Safety and Sustainability Committee.

### **Ordinary Resolution 3: Election of Alan Isaac**

The NZX Listing Rules state directors must not hold office (without re-election) past the third annual meeting following the Director's appointment, or three years, whichever is longer. Alan Isaac was last re-elected to the Board on 8 June 2022. Accordingly, Alan is required to retire at this meeting. Alan, being eligible, offers himself for re-election.

The Board unanimously supports his re-election and recommends that Shareholders vote IN FAVOUR of Resolution 3.

Having had regard to the factors described in the NZX Corporate Governance Code that may impact director independence, the Board considers that Alan Isaac will be a Non-Executive Independent Director if re-elected.

Biography for Alan Isaac:

Term of Office: First appointed to the Board on 18 June 2014. Last re-elected on 8 June 2022.

Alan was elected to the Board in 2014. Alan was the President of the International Cricket Council between 2012 and 2014 and is currently: Chair of the Basin Reserve Trust and the New Zealand Community Trust, a Director of Oceania Healthcare (NZ) Limited, Skellerup Holdings Limited and the Wellington Free Ambulance. Alan has an extensive background in the accounting and finance field and is a former National Chair of KPMG. He was made a Companion of the New Zealand Order of Merit (CNZM) in 2013 for services to cricket and business.

Alan is Chair of Scales' Audit and Risk Management Committee.

Alan has indicated that, if re-elected, he intends to retire from the Board prior to the next Annual Meeting at which he would be required to stand for re-election. Following Alan's confirmation of his retirement, the Board will look to appoint an additional director in accordance with the Board's succession plan.

#### **Ordinary Resolution 4: Directors' Remuneration**

This resolution seeks Shareholder approval to reduce the aggregate amount of remuneration ("fee pool") that may be paid each year to the Directors of Scales for their services as Directors by \$121,800 per annum, from a total fee pool of \$746,800 per annum to \$625,000 per annum, effective from the close of the Annual Meeting, with such sums to be divided amongst the Directors as the Board may from time to time determine.

Whilst a reduction in the fee pool is proposed, following a general review of director fees, including the director fees paid by Scales' Peer Group (defined below), the Board proposes to increase the director fees payable for each Board role, as outlined in Table 1 below. The Board considers that the increase will allow the payment of remuneration to Non-Executive Directors that reflects current market rates for the various Board roles, is fair and reasonable and recognises the responsibilities and commitments of the role, including for associated committee work.

#### **Background**

At the 2022 Annual Meeting, Scales' Shareholders approved a fee pool of \$650,000 per annum. At the time of the 2022 Annual Meeting, Scales had appointed six Non-Executive Directors. On 31 August 2022, Scales appointed Miranda Burdon as its seventh Non-Executive Director.

Listing Rule 2.11.3 provides that, where director remuneration is expressed as a fee pool and there is an increase in the number of Directors from the number at the Annual Meeting where the fee pool was approved, the Board may (without an Ordinary Resolution) increase the fee pool, provided that the amount of the increase for each additional Director does not exceed the average amount being paid to the existing Non-Executive Directors (other than the chair). At the time of Miranda Burdon's appointment, the average amount of director fees payable to each Non-Executive Director was \$96,800. Consequently, in accordance with NZX Listing Rule 2.11.3, the fee pool was deemed to be increased by this amount, from \$650,000 to \$746,800.

During 2024, the number of Non-Executive Directors reduced from seven to five, following the resignation of Nadine Tunley and Qi Xin. As a result of this reduction in the number of Non-Executive Directors, the Board considers that it is appropriate to request that Shareholders approve a reduction to the fee pool to re-set the fee pool at a level that is more appropriate for Scales' current number of Directors.

The Proposed Increase in individual director fees:

If the fee pool reduction is approved by Shareholders, the Board will have discretion to divide the fee pool amongst Directors as it sees fit. However, the current intention is for the fee pool to be allocated to individual Directors as follows:

Table 1: Current and Proposed Board fees

Board Role	As at 31 December 2024	Proposed for FY25 onwards	Amount of Increase/(decrease)
Independent Chair	\$166,000	\$176,000	\$10,000
Non-Executive Director (x4)	\$80,000	\$85,000	\$5,000
Chair of Audit and Risk Management Committee	\$18,000	\$18,000	Nil
Chair of Nominations and Remuneration Committee	\$15,000	\$15,000	Nil
Chair of Health & Safety and Sustainability Committee	\$12,000	\$12,000	Nil
Chair of Finance and Treasury Committee	\$9,000	\$9,000	Nil
Selacs Insurance Limited Director	\$12,000	\$12,000	Nil
Australian subsidiaries' Director	\$8,333	\$8,333	Nil
Committee Members	\$6,000	\$6,000	Nil
<b>Total Annual fees payable</b>	<b>\$572,333</b>	<b>\$614,333</b>	<b>\$42,000<sup>1</sup></b>
Director Fee Pool	\$746,800	\$625,000	(\$121,800)

Remuneration Approach:

Consistent with Scales' overall approach to remuneration the Board notes the following specific features of Director remuneration for Scales:

- the Board is targeting the average fees paid by a group of comparable of NZX-listed agribusinesses, specifically those businesses with a market capitalisation in excess of \$250 million ("Peer Group");
- overall, a larger percentage of the fee pool is allocated to committee fees (both for the committee chairs and all members) when compared to the Peer Group, which reflects the focus on these specific key business areas and the skills required; and
- to assist with the fee review, the Board also considered the average fees paid per director of the Peer Group. The proposed average for Scales of \$104,500 per director following the proposed increase is almost the same as the average level of the Peer Group.

In recommending the proposed fee allocation revision, the Board has had regard to:

- an internal benchmark of the Director fees of the Peer Group, as outlined in Table 2 below; and
- guidance from Institutional Investors and the New Zealand Shareholders' Association.

<sup>1</sup> The total increase also reflects Scales extending payment of Committee fees to its Independent Chair, who is a member of the Nominations and Remuneration Committee and the Finance and Treasury Committee.

The Board has not sought to commission an independent benchmarking report having regard to the matters noted above, as it believes the Peer Group data provides robust comparative data.

Table 2: Peer Group - Director Fees of NZX-listed Agribusinesses with a market capitalisation in excess of \$250 million:<sup>2</sup>

Company	Market Capitalisation as at 22 April 2025	Board Chair	Non-Executive Director Base	A&RMC Chair	N&RC Chair	Average per Director <sup>3</sup>
Sanford	\$428 million	\$170,000	\$90,000	\$20,000	\$16,000	\$103,500
Synlait	\$422 million	\$178,000	\$88,900	\$15,250	\$12,000	\$93,500
Skellerup	\$784 million	\$200,000	\$100,000	\$25,000	N/A	\$110,000
Delegat	\$430 million	\$192,000	\$103,000	\$15,000	\$15,000	\$109,000
Average	\$516 million	\$189,500	\$95,475			\$104,000
Scales - current	\$603 million	\$166,000	\$80,000	\$18,000	\$15,000	\$101,583
Scales - proposed		\$188,000	\$85,000	\$18,000	\$15,000	\$104,500

Considering the above, the Board notes:

- the payment of Committee fees has been extended to Scales Independent Chair, who is a member of the Nominations and Remuneration Committee and the Finance and Treasury Committee;
- the proposed increase of \$22,000 to Scales' Independent Chair's total fees to \$188,000 remains below the average of the Peer Group;
- the proposed increase to Scales' base Non-Executive Director fee of \$5,000 to \$85,000 remains below the average of the Peer Group; and
- the increase in base fees for both the Independent Chair and Non-Executive Directors is 6%.

If Shareholders approve Resolution 4, the revised fee pool will apply, subject to NZX Listing Rule 2.11.3, until such time as the amount is altered by an Ordinary Resolution of Shareholders.

Recommendation:

The Board recommends that Shareholders approve the proposed revision to the fee pool for Directors. The Board considers the proposed fee pool and individual fees to be fair and reasonable, and in the best interests of Scales, for the following reasons:

- Scales' financial and operational performance since the last review date in 2022 has been positive and an increase in earnings from FY24 is forecast for FY25;
- paying fair and reasonable remuneration is necessary to enable Scales to attract and retain directors with the necessary attributes to enhance and protect shareholder value;
- the proposed increase is not more than is reasonably necessary to align Scales' director remuneration with current market rates for Non-Executive Director fees of comparable agribusiness listed companies; and

<sup>2</sup> Information sourced from publicly available information, such as Annual Reports and Notices of Meetings.

<sup>3</sup> Average fee per director is calculated based on the total fees paid to non-executive directors, excluding the Board Chair. For Scales, the average excludes fees paid to the Australian subsidiaries' director

- It recognises and reflects the workload of directors having regard to the number of hours spent by the Board in preparation for and attendance at Board and Committee meetings and the complexity of compliance and regulation requirements for Scales and its Directors.

#### Voting Restrictions:

Scales will disregard any votes in favour of Resolution 4 cast by:

- any Non-Executive Director of Scales; and
- any Associated Person of any Non-Executive Director of Scales,

except where any such vote is cast by the Non-Executive Director or one of their Associated Persons as proxy for a person who is entitled to vote and the Non-Executive Director or that Associated Person votes in accordance with express instructions to vote for or against a particular resolution on the Proxy/Voting Form.

### **Attendance and Voting**

Voting on all Resolutions put before the meeting shall be by way of poll. Shareholders are encouraged to cast a postal or online vote or appoint a proxy to exercise their vote on their behalf if they cannot attend the meeting.

You may cast your vote in one of the ways described below. You may abstain from voting on one or more of the Resolutions.

- a) Attending the meeting and voting in person; or**
- b) Attending the meeting and voting online; or**
- c) Casting a postal vote:** The Board has determined that postal voting is permitted. Postal voting instructions are included in the Proxy/Voting Form which accompanies this Notice of Annual Meeting. You can cast a postal vote online, or complete and send the Proxy/Voting Form by post or fax, so that your vote is received by the share registrar no later than 3.30pm on Sunday, 8 June 2025.

The Chief Financial Officer, Steve Kennelly, has been authorised by the Board to receive and count postal votes at the meeting.

- d) Appointing a proxy (or representative) to attend and vote in your place:** The proxy need not be a shareholder of Scales. The form of appointment of a proxy and voting instructions accompany this Notice of Annual Meeting. You can appoint a proxy online, or complete and return the Proxy/Voting Form by post or fax, so that it is received by the share registrar by no later than 3.30 pm on Sunday, 8 June 2025.

You may appoint the Chair of the meeting as your proxy. The Chair of the meeting intends to vote any discretionary proxies in favour of the Resolutions other than Resolution 4, in respect of which voting restrictions apply. If your named proxy does not attend the meeting or you have ticked the proxy discretion box but not named a proxy, you will be deemed to have appointed the Chair of the meeting as your proxy.

- e) Online voting:** Lodge your postal vote or proxy online at [www.investorvote.co.nz](http://www.investorvote.co.nz)

**Eligibility to Vote**

Any Shareholder whose name is recorded in the Scales share register at 3.30pm NZT on Friday, 6 June 2025 is entitled to vote, either by attending the Annual Meeting and voting in person or online, or by postal or proxy voting (subject to the time limits for returning Proxy/Voting forms).

**Ordinary resolutions of shareholders**

An ordinary resolution is a resolution approved by a majority of more than 50% of votes of those shareholders entitled to vote and voting on the resolution.

**Questions in advance of the meeting**

To assist the Board to provide answers to questions from Shareholders, Scales is offering the option for Shareholders to submit questions in advance of the Annual Meeting. Questions should relate to matters that are relevant to the Annual Meeting including matters arising from the financial reports and any general questions regarding the performance of Scales.

Individual responses to questions will not be provided, but at the meeting the Chair will endeavour to address commonly raised questions. Questions can be submitted in writing with Proxy/Voting forms. Alternatively, you can email your questions to: [info@scalescorporation.co.nz](mailto:info@scalescorporation.co.nz).

**Virtual Attendance**

All Shareholders will have the opportunity to attend and participate in the 2025 Annual Meeting online via an internet connection (using a computer, laptop, tablet or smartphone).

Virtual meetings will be accessible on both desktop and mobile devices. In order to participate remotely you will need to:

- Visit [www.meetnow.global/nz](http://www.meetnow.global/nz) on your desktop or mobile device. Ensure that your browser is compatible – you will need the latest version of Chrome, Safari or Edge.
- If you have any questions, or need assistance with the online process, please contact Computershare on +64 9 488 8777 between 8.30am and 5.00pm Monday to Friday.

Audio will stream through the selected device, so Shareholders will need to ensure that they have the volume control on their headphones or device turned up.

Shareholders will be able to view the presentations, vote on the resolutions to be put to Shareholders and ask questions, by using their own computers or mobile devices. Shareholders will still be able to appoint a proxy to vote for them or send a postal vote, as they otherwise would, by following the instructions on the proxy form and this Notice of Annual Meeting.

Details of how to participate 'virtually' are provided in the accompanying Virtual Meeting Guide, including instructions for accessing the virtual meeting. Shareholders are encouraged to review this guide prior to the Annual Meeting.