



DOING MILK DIFFERENTLY FOR A HEALTHIER WORLD

Integrated Climate
Report 2024

Synlait



FOREWORD

This is the first Integrated Climate Report from Synlait Milk Limited (Synlait). It incorporates Synlait's mandated climate-related disclosure, sustainability report and greenhouse gas inventory for the 2024 financial year (FY24) which ran from 1 August 2023 to 31 July 2024. This report covers all Synlait subsidiaries including Dairyworks Limited and Synlait Milk (Dunsandel Farms) Limited, both wholly owned subsidiaries of Synlait. It excludes companies or investments that Synlait does not hold a majority ownership stake in.

Aspects of this report have been produced to align with the Aotearoa New Zealand Climate Standards (NZ CS 1, NZ CS 2 and NZ CS 3). A climate-related disclosure (CRD) requirement matrix has been provided.

In compliance with the Aotearoa New Zealand Climate Standards, we have conducted a scenario analysis which is contained within this report. A scenario is a believable but hypothetical sequence of events leading to a plausible future outcome. It is important to note that scenarios are not forecasts and do not necessarily represent management's performance expectations for Synlait. The scenarios cannot, and should not be relied upon as fact and may be subject to change due to circumstances unforeseen at the time of analysis. Scenario analysis offers a potential path to the future to help assess our business model and strategy's resilience while identifying climate-related risks and opportunities. Any risks or opportunities outlined in this document are intended for guidance purposes and not as predictive forecasts.

Deloitte has provided a reasonable assurance (Scope 1 and 2) and limited assurance (Scope 3) over our greenhouse gas data (GHG). However, this applies only to the GHG Inventory report. The GHG Inventory report and assurance opinion can be found on pages 42 to 54.

REPORTING

Synlait takes a proactive approach to sustainability reporting.

This Integrated Climate Report will be produced annually, as is our Annual Report. Work is also well underway on the company's first Modern Slavery Statement which will be published in early 2025.

A copy of this report (as well as previous annual, interim and sustainability reports) is available at: synlait.com/investors/

Previous greenhouse gas inventory reports are available at: synlait.com/sustainability/

Synlait's biodiversity programme, Whakapuāwai, based at the company's Dunsandel headquarters.

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STATEMENT OF COMPLIANCE

Synlait’s climate-related disclosure (CRD) complies with the Aotearoa New Zealand Climate Standards (NZ CS) issued by the External Reporting Board (XRB). Information about the adoption provisions Synlait has elected to use is located in the appendices.

Our sustainability approach is underpinned by:



We are committed to:



Synlait

ACTING CEO WELCOME



“Being able to show that we can help global businesses meet their greenhouse gas reduction targets, gives Synlait a competitive advantage.”

I am pleased to welcome you to Synlait’s first Integrated Climate Report, incorporating our sustainability report, our first climate-related disclosure and our greenhouse gas inventory for FY24.

FY24 was one of the most challenging times in Synlait’s history. It is often during such times, that organisations can back away from delivering corporate social responsibility or sustainability commitments.

That was not the case for Synlait.

Our team will always focus on what more our company could have done in FY24. However, the fact we managed to take steps forward in our sustainability journey despite facing high-profile crises is significant.

This shows sustainability is embedded in Synlait. If we can inch closer to our ambition

to be ‘net positive for the planet’ during the disruption of FY24, there should be no doubt that we will get there in the future.

That is commercially smart.

Going above and beyond

Parts of this report fulfil our requirements under the Aotearoa New Zealand Climate Standards (NZCS). These standards, mandated under the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021, provide a crucial framework for us to navigate climate-related risks and opportunities. Since coming into effect on 1 January 2023, we have diligently worked to ensure compliance with these standards.

However, our commitment to sustainability and climate action predates any regulatory requirement. We

have been on this journey for quite some time, driven not just by obligation, but by a genuine desire to do what’s right.

As a climate reporting entity, we understand the importance of transparency and accountability which is why we have publicly released sustainability reports since 2018 and greenhouse gas inventories since 2020.

This report is more than just a legal obligation – it is testament to our ongoing efforts to integrate sustainability into every aspect of our business.

FY24 metrics

FY24 saw a 20.0% drop in our Scope 1 greenhouse gas emissions (excluding Synlait Farms) compared to FY20. This has largely been achieved through efficiencies such as increasing use of biomass instead of coal to fuel our boilers.

Our Scope 2 emissions (excluding Synlait Farms) increased by 5.1% in FY24 (compared to FY20). These emissions result from our use of electricity and this growth is explained by the increasing use of our electrode boiler at Dunsandel.

Synlait has long been committed to reducing the emissions attached to our value chain (Scope 3). Our largest source of these are from our 250+ farmer suppliers. Thankfully, our suppliers are forward-thinking farmers who care about the environment and they are making progress. Since FY18 the modelled nitrogen loss off our suppliers’ farms has decreased by 40.1% while Scope 3 on-farm emissions per kilo of milk solids was 9.2% lower in FY24 than in FY20 (when we onboarded milk supply in the North Island).

Synlait was the first dairy processor in New Zealand to financially incentivise

farmers to improve outcomes for the environment, animals, people and the milk they produce. It is great to see the hard work by our farmers reflected in these results.

Other achievements showcased in this report include:

- our increased B Corp™ score.
- a new partnership with Nestlé to further lift on-farm sustainability.
- improvements to our on-farm greenhouse gas emission measurement.

Finally, I would like to acknowledge the team behind our environmental programme Whakapuāwai. FY24 saw the programme distribute its 250,000th native plant. These native seedlings

have been used in on-farm or community planting projects which sequester carbon and protect waterways.

Whakapuāwai translates as ‘to cause something to blossom, flourish or thrive’. This programme is a living example of Synlait’s B Corp™ commitment to use business as a force for good.

The Synlait team will always want to do even more for people and planet. However, Synlait distributing a quarter of a million native plants across Canterbury through Whakapuāwai is a standout achievement we can all be proud of.

Tim Carter
Acting CEO

SUSTAINABILITY METRICS

Synlait began FY24 with too much production capacity across its facilities, unsustainably high levels of debt, significantly higher interest rates, and sharply declining demand for infant formula at a macro level.

These challenges were evident in FY24's financial result.

While revenue was up 2% to \$1.64 billion, a \$114.6 million impairment against our North Island assets due to underutilisation, coupled with foreign exchange impacts, increased financing, legal and consultancy costs (attached to deleveraging and The a2 Milk Company disputes), and softening global demand for lactoferrin contributed to an overall net loss after tax of \$182.1 million.

The financial result was disappointing. However, the metrics on this page are numbers we can be proud of.

They show sustainability is embedded in our business and, that even during challenging times, Synlait makes progress towards our ambition of being 'net positive for the planet'.



▼ **20.0%**

SCOPE 1 GHG EMISSIONS COMPARED TO FY20 (EXCLUDING SYNLAIT FARMS)



99.7%

SYNLAIT PRODUCT PACKAGING REUSABLE, RECYCLABLE OR COMPOSTABLE



▲ **5.1%***

SCOPE 2 GHG EMISSIONS COMPARED TO FY20 (EXCLUDING SYNLAIT FARMS)



11.5 TONNES

PLASTIC REMOVED FROM DAIRYWORKS' PACKAGING (AND LANDFILL) EVERY YEAR



▼ **9.2%**

ON-FARM GHG EMISSIONS PER TONNE OF MILK SOLIDS COMPARED TO FY20



77%

FARMER SUPPLIERS LEAD WITH PRIDE™ CERTIFIED



▼ **15%**

IN COAL USE PER TONNE OF PRODUCT COMPARED TO FY23



99.25%

THE SCORE SYNLAIT'S DUNSANDEL TWO FARM ACHIEVED IN ITS LEAD WITH PRIDE™ AUDIT



250,000

PLANTS DISTRIBUTED BY SYNLAIT SINCE WHAKAPUĀWAI WAS LAUNCHED IN 2019



▼ **40.1%**

IN MODELLED NITROGEN LOSS ON-FARM COMPARED TO FY18.

*largely due to increasing use of the electrode boiler at Dunsandel.

CHAPTER ONE

SUSTAINABILITY REPORT

REFRESHING OUR STRATEGY

FY24 marked the halfway point for Synlait's 10-year Sustainability Strategy.

A lot has changed in the world since it was introduced in 2018. Ensuring the company is still focussing on the right goals to achieve its ambition to be 'net positive for the planet' is important so FY24 saw the sustainability team lead a strategy refresh.

This started with listening. We interviewed 62 stakeholders, including customers, farmer suppliers, in-house subject-matter experts, Board members, investors and key partners on what they felt were the material issues facing Synlait.

As well as Synlait taking broader responsibility for sustainability across its value chain, the top priorities identified were:

- Wellbeing of people and communities
- Animal welfare
- Circular economy (waste and packaging)
- Climate change
- Water
- Resilience (business, supply chain and farm)

This led to the development of three new pillars for Synlait's sustainability efforts.

 <p>PILLAR 1: CLIMATE</p>	 <p>PILLAR 2: NATURE</p>	 <p>PILLAR 3: WELLBEING</p>
<p>Mitigation and Adaptation</p> <p>Climate change is one of the biggest issues facing the planet. Synlait has set science-based targets to cut business and on-farm emissions and is working to ensure supply chain resilience.</p> <p>Page 11</p>	<p>Biodiversity and Soil Health, Water and Waste/Circular Economy</p> <p>As a business closely connected to New Zealand's whenua (land), Synlait is committed to improving biodiversity, soil health, and water while embracing the circular economy.</p> <p>Page 15</p>	<p>People and Animal</p> <p>The wellbeing of both people and animals is important to our business. Synlait takes a leadership approach to caring for both across our value chain.</p> <p>Page 18</p>

MORE TARGETED PROGRESS

Previously, Synlait included approximately 100 commitments and key performance indicators (KPIs) in its Sustainability Strategy.

Our stakeholder review identified an urgent need to more effectively target action. This is about delivery – ensuring we have the resources in the right place to deliver on our commitments. As part of this review, we made some strategic decisions on where Synlait should take a market leadership, or 'first-mover' approach, and where we will align to industry best practice.

Synlait's strength in our approach is via our on-farm connection to nature and through our market leading Lead With Pride™ programme, where we can leverage our existing strengths to best serve our customers, farmers and planet, and support the business overall.

Like many other businesses, Synlait is facing financial pressures so, to ensure shareholder support, we ensured our sustainability initiatives aligned to commercial drivers. That is, they give us a right to play with customers, add value to our farmer suppliers and a right to win commercial opportunities and revenue drivers.

Our key commitments, which have an end date of FY28, have not changed. They are:

- **30% intensity reduction in on-farm emissions¹**
- **45% absolute reduction in Scope 1 and 2 emissions¹**
- **20% reduction in water use per tonne of product²**
- **20% reduction of nitrogen discharge per tonne of product²**
- **99% of total non-hazardous manufacturing waste diverted from landfill**

¹ From a baseline year of FY20

² From a baseline year of FY18 in Dunsandel

OUR REFRESHED COMMITMENTS

Our revised sustainability strategy has 35 commitments and KPIs that are focused on key areas where Synlait can make an impact. These include our science-based targets on greenhouse gas (GHG) commitments.

		CLIMATE		NATURE			WELLBEING		
		Mitigation	Adaptation	Biodiversity and Soil Health	Water	Waste/Circular Economy	People	Animal	
On-Farm		<ul style="list-style-type: none"> 30% reduction in GHG On-Farm per kgMS by FY28 from a FY20 base year. Establish a Science-based Targets initiative (SBTi) Forestry, Land and Agriculture (FLAG) target for on-farm emissions. 	<ul style="list-style-type: none"> 100% of Lead With Pride™ farms have a farm resilience plan incorporating climate adaptation. 	<ul style="list-style-type: none"> Establish a science-based target for biodiversity and soil health with agreed roadmap and action strategy. 100% of Lead With Pride™ farms have a farm resilience plan incorporating biodiversity and soil health. 	<ul style="list-style-type: none"> Quantity: Demonstrating an improvement in water use efficiency across our entire supply base. Quality: 100% of farms taking action to achieve catchment specific water quality objectives. 45% reduction in nitrogen loss to waterways per kilogram of milk solids by 2028 from a FY18 base year. Establish a science-based approach to on-farm water. 	<ul style="list-style-type: none"> 100% of Lead With Pride™ farms have a farm resilience plan incorporating waste reduction initiatives. 	<ul style="list-style-type: none"> Execute Social Responsibility Strategy 2.0 across 100% of Lead With Pride™ farms. Top quartile supplier Net Promoter Score. 	<ul style="list-style-type: none"> 100% of Lead With Pride™ farms have an Animal Health and Welfare Plan in action. 	
	Operations		<ul style="list-style-type: none"> 45% absolute reduction in Scope 1 and 2 emissions by FY28 from a FY20 base year. 	<ul style="list-style-type: none"> Climate adaptation integrated into 10 Year Asset Plan and management decision making. 	<ul style="list-style-type: none"> Broadening Whakapuāwai into an ecological centre of excellence, that is significantly contributing to restoring biodiversity and contributing to cutting edge ecological projects. Nature targets and accounting are managed across the Synlait business. 	<ul style="list-style-type: none"> 20% reduction in water use per tonne of product by FY28, from a FY18 base year for our Dunsandel site. 20% reduction of nitrogen discharge per tonne of product by FY28 from a FY18 base year for our Dunsandel site. 	<ul style="list-style-type: none"> 99% of total non-hazardous manufacturing waste will be diverted from landfill by 2028. 100% of product packaging will be reusable, recyclable, or compostable. At least 50% recycled content in all packaging. 	<ul style="list-style-type: none"> Total Recordable Injury Frequency Rate below five. Positive net wellbeing score across business. 40% to 50% women as managers or senior specialists (remuneration grade 16 and above.) Gender pay gap <8% by FY26. 	<ul style="list-style-type: none"> Animal Health and Welfare Plan in action across all Synlait farms.
		Supply Chain	<ul style="list-style-type: none"> 100% high value/high risk contracts with GHG criteria. 	<ul style="list-style-type: none"> Business continuity and resilience assessments complete across key markets. 	<ul style="list-style-type: none"> 100% high value/high risk contracts with biodiversity and soil health criteria. 	<ul style="list-style-type: none"> 100% high value/high risk contracts with water criteria. 	<ul style="list-style-type: none"> 100% high value/high risk contracts with waste and circular economy criteria. 	<ul style="list-style-type: none"> Establish a Modern Slavery Policy and Management Plan. 100% high value/high risk contracts with wellbeing criteria. 	<ul style="list-style-type: none"> 100% high value/high risk contracts with animal wellbeing criteria.

OUR REFRESHED SUSTAINABILITY STRATEGY

AMBITION TO FY29



100% of product packaging reusable, recyclable or compostable



-30% GHG on-farm per kgMS by FY28



-45% GHG absolute Scope 1 and 2 by FY28



B Corp™ Score of 105



-20% water use and N discharge by FY28



99% of non-hazardous waste diverted from landfill by FY28

RIGHT TO PLAY OUR STRONG FOUNDATIONS



Sustainability progress, reporting and credentials



Value chain – balanced nature, climate, financial procurement



Lead With Pride™ farmer leadership



Science-based nature targets for water, biodiversity and soil



Mentally safe environment for our people to thrive



Whakapuāwai ecological centre of excellence

OUR OPPORTUNITIES RESPONDING TO OUR CUSTOMERS



Natural ecosystems and biodiversity



Regenerative agriculture and soil health



Water stewardship



Roadmap to net zero emissions



B Corp™



Value chain collaboration

RIGHT TO WIN OUR COMPETITIVE ADVANTAGE MODELS

1 SPECIALTY MILK PREMIUMS

2 FARMER SUPPLIER BUSINESS RESILIENCE SUPPORT

3 LEAD WITH PRIDE™

4 NATURE LEADERSHIP

5 LOW CARBON MILK

6 BEST IN CLASS CUSTOMER MANAGEMENT

8 WHAKAPUĀWAI

7 B CORP™ CERTIFICATION

KEY ENABLERS OF EXECUTION



Business commitment



Lead With Pride™



Customer relationships



Integrated sustainability throughout all Synlait functions



Whakapuāwai



World-class manufacturing and supply chain



**B CORP™:
UNDERPINNING OUR
COMMITMENTS**

Synlait’s mission to be a catalyst for change means we are pioneers who are not afraid to be the first and set the bar for other businesses.

In 2020, we became the first New Zealand-headquartered dairy processor to be certified as a B Corp™.

B Corp™ certification means a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials.

Our score in 2020 was 80.4. We were recertified in December 2023 and, because we are always challenging ourselves to be even better, have lifted our score from 80.4 to 97.7 – a lift of 21.5%.

As a group, Synlait and Dairyworks’ combined score is now 89.5 having lifted from 80.4 in 2020.

The improvements came from changing our constitution to include purpose and stakeholder consideration clauses while improving the measurement and management of the greenhouse gas footprint across our value chain.

Our sustainability credentials are increasingly requested by our key global customers so our B Corp™ accreditation is a valuable competitive differentiator for Synlait. Our B Corp™ recertification proves that Synlait meets the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

It is completely aligned with our purpose: *Doing Milk Differently for a Healthier World.*



**PROMOTING EQUITABLE
LEADERSHIP THROUGH
AGRIZERO^{NZ}**

Synlait is one of the founding shareholders of AgriZero^{NZ}, a world-first investment fund established between Government and major agribusiness companies to help pasture-based farmers in Aotearoa New Zealand reduce their agricultural emissions.

AgriZero^{NZ} has a bold ambition to ensure all farmers have equitable access to affordable, effective tools to reduce biogenic methane and nitrous oxide emissions, supporting a 30% reduction in emissions by 2030 and enabling development and adoption of solutions to drive towards ‘near zero’ by 2040.

Since its inception in February 2023, the partnership has invested more than \$34 million in multiple companies developing practical solutions to reduce agricultural emissions, to accelerate the development with a focus on pastoral farming and to bring the tools to New Zealand farmers. This includes novel probiotics, low emissions pasture, a methane-reducing daffodil extract and two methane vaccine development programmes.

AgriZero^{NZ} also has over 80 other potential investment opportunities on its radar, as it continues to scan the globe for solutions that will work on pastoral farms.

 **PILLER 1:**
CLIMATE

Climate change is one of the biggest issues we face as a planet and Synlait is dedicated to meeting our commitments here. Our science-based targets remain unchanged, we have roadmaps established, and we are dedicated to meeting these by 2028.

Our climate strategy is bigger than just meeting our targets. We are committed to:

- **Reduction in coal use:** Investing in our assets to allow us to remove coal as a fuel in our processes by 2030 and reduce our Scope 1 and 2 GHG Emissions by 45% by 2028.
- **GHG on-farm:** Utilising Lead With Pride™ and our customised greenhouse gas tool to support and incentivise our farmers to reduce GHG on-farm. We are also working closely with farmer suppliers to implement new technologies and change our farming systems to reduce GHG on-farm.
- **Climate adaptation:** The effects of climate change will produce more extreme weather events, and our focus has to be on building resilience across our business and our farmer suppliers. We are integrating climate adaptation strategies across the business to offset the potential physical impacts.
- **Sustainable procurement:** Our climate change responsibility extends through our value chain, and we are focused on how we can make more sustainable choices in our procurement, incorporating a balanced climate and financial approach to procurement contracts, such as optimising shipping and sourcing to reduce GHG.
- **Whakapuāwai nursery:** Our biodiversity programme, Whakapuāwai grows over 60,000 native plants each year. We provide these to our farmers and community groups for planting projects. FY24 saw us distribute our 250,000th plant. We now have years of plant growing expertise to support our farmer suppliers to sequester carbon on their farms.
- **Net Zero:** We are committed to setting our long-term Net Zero target during this period.



Synlait's Dunsandel facility is home to New Zealand's first large-scale electrode boiler

CLIMATE TARGETS

On-Farm

Mitigation:

- 30% reduction in GHG On-Farm per kgMS by FY28 from a FY20 base year.
- Establish a Science-based Targets initiative (SBTi) Forestry, Land and Agriculture (FLAG) target for on-farm emissions.

Adaptation:

- 100% of Lead With Pride™ farms have a farm resilience plan incorporating climate adaptation.

Operations

Mitigation:

- 45% absolute reduction in Scope 1 and 2 emissions by FY28 from a FY20 base year.

Adaptation:

- Climate adaptation integrated into 10 Year Asset Plan and management decision making.

Supply Chain

Mitigation:

- 100% high value/high risk contracts with GHG criteria.

Adaptation:

- Business continuity and resilience assessments complete across key markets.

CLIMATE KEY INITIATIVES AND RESULTS

Key achievements in FY24 were a 20.01% decrease in our Scope 1 emissions against FY20, which was the year we introduced our North Island milk supply. Scope 2 emissions increased 5.1% largely due to increased use of the electrode boiler at Dunsandel and Scope 3 on-farm emissions were down 9.2% per tonne of milk solids against FY20.

In addition, we introduced a new AgResearch tool Life Cycle Assessment, to improve how we measure on-farm emissions. We now have increased rigour around the data we report due to a widening of the factors being taken into account. For example, we now incorporate how our farmers manage livestock over winter, soil types and any change in their land use (including deforestation).

Lead with Pride™

Lead With Pride™ is Synlait's dairy farm assurance system where farmers are independently assessed across four essential areas: Environment, Animal Health, Milk Quality, and Social Responsibility. Certified farmers receive financial incentives on top of milk prices.

FY24 saw the number of Synlait farmer suppliers that are certified reach 77%. It also saw significant changes to the programme including:

- Better measurement of how feed choice impacts deforestation
- Increased incentive to irrigate efficiently
- Recognising the value of biodiversity and climate adaptation plans
- Encouraging the replacement of high emissions refrigerants

Coal Boiler CO Sensors

FY24 saw us install carbon monoxide sensors on our coal boilers at Dunsandel. The system improves combustion efficiency through oxygen regulation. This decreases the amount of fuel required and is expected to lower each boiler's emissions by between 1 and 2%.

All terrain e-bikes

Early in FY24, Synlait's Dunsandel farms welcomed a fleet of UBCO electric bikes. These rugged, all-terrain e-bikes provide a quiet, emissions-free alternative to traditional farm vehicles, allowing staff to quickly and efficiently move around the property while minimising our carbon footprint.

One of the fleet of all-terrain e-bikes introduced at Synlait's Dunsandel Farms.



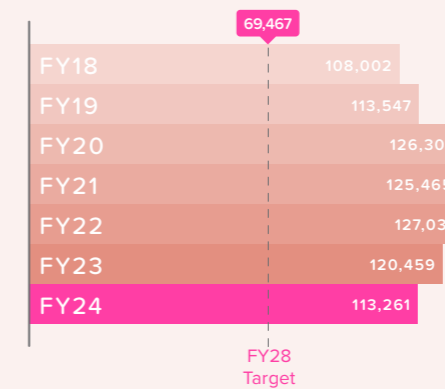
FY24 MITIGATION RESULTS – ON-FARM

Description of metric/target	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Scope 3 total on-farm GHG emissions (tCO ₂ e)	705,259	700,838	1,024,629	1,122,363	1,082,651	1,033,575	1,090,931
Scope 3 GHG emissions on-farm per kg/ms	11.95	11.59	13.73	13.13	13.27	13.06	12.47

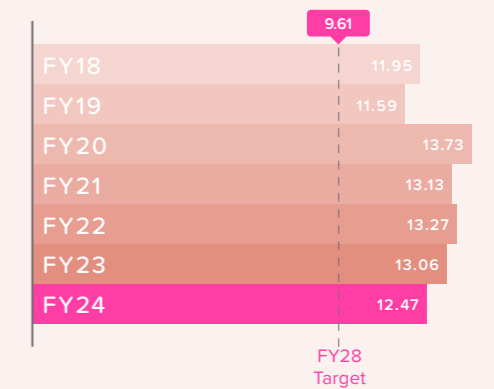
FY24 MITIGATION RESULTS – OPERATIONS AND SUPPLY CHAIN

Description of metric/target	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Absolute scope 1+2 GHG emissions (tCO ₂ e)	108,002	113,547	126,304	125,465	127,036	120,459	113,261
Total scope 1+2 excluding Synlait Farms	108,002	113,547	126,304	125,465	126,862	113,572	103,228

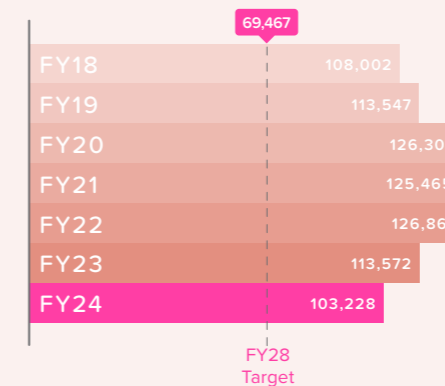
Absolute scope 1+2 GHG emissions (tCO₂e)



Scope 3 GHG emissions on-farm per kg/ms



Total scope 1+2 excluding Synlait's farms (tCO₂e)



CASE STUDY

BELLBIRDS AND BIODIVERSITY: THE BENEFITS OF SYNLAIT'S WHAKAPUĀWAI

Synlait launched one of its most ambitious projects for the environment in 2019. Whakapuāwai is a wide-reaching biodiversity programme.

Over the past five years, more than 250,000 seedlings grown at Whakapuāwai have been distributed to farms and community projects across Canterbury.

More than 55% of Synlait's farmer suppliers now have Whakapuāwai plantings on their properties – many providing valuable protection to riparian waterways.

Synlait supplier Jeanie Sanford's family farm at Greendale has extensive native plantings.

"We began by planting a one kilometre stretch alongside the Horarata River and Bealey Stream as part of conditions for a water consent back in 2011 and now have tens of thousands of native plants across multiple sites on the farm. Visitors often

remark on what a beautiful farm it is and we love it. It looks great and has brought the birdlife back – we have bellbirds now."

Sustainability Advisor Nick Vernon says Whakapuāwai helps remove one of the biggest barriers for farmers to undertake native planting projects – cost.

"The reality is when you have a lot of land to plant, you need a lot of seedlings. Whakapuāwai makes that affordable."

Jeanie Sanford agrees.

"Synlait's support has been amazing. It's really helped us enhance our property and protect its waterways while giving us a real sense of accomplishment."

FY24 saw Synlait employ Sarah Mason as On-Farm Biodiversity Lead.

"My role is about ensuring we get the right plants in the right place for our

farmers so we lift the value they get out of the programme," says Sarah.

Nick Vernon says Synlait has learnt a lot over the past five years.

"We've learnt a lot about the variety of ecosystems across Canterbury and are now ecosourcing seeds for key planting projects. We go out to the site that will be planted, collect seeds from the area which are grown into seedlings at the nursery. That means we're planting natives that are right for the site and won't disrupt the ecosystem there."

FY25 will see a focus on creating a long-term plan to develop the Whakapuāwai site at Synlait's Dunsandel facility.

"That's an important future step," says Sarah. "We want to develop the site so we can grow more plants on-site and ensure farmers and community groups have a place they can come for relevant advice on biodiversity projects."

"It looks great and has brought the birdlife back – we have bellbirds now."

FIVE TIPS FOR FARM PLANTING PROJECTS:

1. Look around to see what grants are available for your project. The Department of Conservation (DOC), regional and local councils often offer funding for fencing or pest control for biodiversity projects.
2. Plan your project for areas that are not covered by pivots as they deliver lower economic returns for your business.
3. Talk to your neighbours and see if they are also interested in having a planting project. Projects that span multiple properties have greater biodiversity benefits.
4. Reach out to see if local community and iwi are keen to be involved in your project – they often are and an additional 5 or 6 people can make a big difference on planting day.
5. Factor in maintenance time to your farming calendar. The more weeds are kept under control, the faster the project will grow.



Synlait's Whakapuāwai biodiversity programme grows around 40 species of native seedlings.

CASE STUDY

CELEBRATION FOR SYNLAIT'S DUNSANDEL FARMS

397 out of a possible 400 points is a score anyone would be proud of so Nicky Halley, the operations manager of Synlait's Dunsandel Farms, was chuffed when he saw the Lead With Pride™ audit result for the 'Dunsandel Two' farm.

"I was actually relieved it wasn't a perfect score as I knew I'd get falsely accused of rigging the system at the pub if that was the case," laughs Nicky.

Synlait farms Dunsandel One and Dunsandel Two both became Lead with Pride™ certified during FY24, a process Nicky says was the end of a long journey.

"Both farms were vacant and had very old equipment when they were purchased in 2020. We have worked hard to bring the infrastructure up to scratch, get our team in place, establish our herds (which came from ten North Island farms) and our SOPs (standard operating procedures)."

Nicky says undertaking the certification process was worth it.

"The programme contains a lot of valuable insight. I learnt a lot about animal health metrics, particularly around scoring pre-mating and pre-calving body conditions. It was good to have access to industry benchmarks so I could assess our performance."

"The whole team was involved in attaining certification. There was a lot of work to do – from ensuring maintenance records are accurate to establishing functional recycling systems."

Nicky says the focus now is on ensuring they keep striving for excellence.

"I know we'll do that. The certification process created a mindset change in the team – everyone wanted to get Lead With Pride™ certified and was proud when we did it. We like knowing we're reaching best practice and the resulting cost savings have made it worth it too."

Nicky Halley (left) and the team at one of Synlait's Dunsandel farms.





PILLER 2: NATURE

Synlait is a business with strong links to New Zealand’s whenua (land) so ensuring our sustainability strategy has a focus on biodiversity, soil health and water makes sense.

Our intention is to set science-based targets and action roadmaps for water, biodiversity and soil health and prepare for nature-based disclosures.

Water: Rather than have one target for everyone, our new on-farm water quality targets are focused on supporting our farmers to take action on issues specific to their catchment. As such, our on-farm water quantity target has changed. Our prior target was affected heavily by seasonal variations which meant that, although we have achieved our targets every year since 2020, this was mostly because of seasonal factors not through actions. We have changed this passive target to be more focussed on taking action.

Whakapuāwai: Our biodiversity programme has made a significant contribution to water quality via riparian planting on farms since it was first launched in 2020. We intend to utilise Whakapuāwai even more powerfully going forward. Our intention is to broaden its purpose to focus on biodiversity and soil health and become an ‘ecological centre of excellence’ focussed on world leading on-farm initiatives.

Circular Economy: We have a responsibility to ensure any negative impacts on the nature from the waste and packaging of the products we produce. Here we have maintained our target to divert 99% of non-hazardous waste from landfill. We’ve also maintained our intention for 100% of product packaging to be reusable, recyclable or compostable. Currently we are sitting at 99.7%, which is a big achievement, and we will keep this target for any new products we add. We’ve also broadened our commitment to recycled content from 100% of milk bottles to 50% recycled content right across our packaging range.

These commitments will extend right throughout our value chain.



NATURE TARGETS

On-Farm

Biodiversity and Soil Health:

- Establish a science-based target for biodiversity and soil health with agreed roadmap and action strategy.
- 100% of Lead With Pride™ farms have a farm resilience plan incorporating biodiversity and soil health.

Water:

- Quantity: Demonstrating an improvement in water use efficiency across our entire supply base.
- Quality: 100% of farms taking action to achieve catchment specific water quality objectives.
- 45% reduction in nitrogen loss to waterways per kilogram of milk solids by 2028 from a FY18 base year.

- Establish a science-based approach to on-farm water.

Waste/Circular Economy:

- 100% of Lead With Pride™ farms have a farm resilience plan incorporating waste reduction initiatives.

Operations

Biodiversity and Soil Health:

- Broadening Whakapuāwai into an ecological centre of excellence, that is significantly contributing to restoring biodiversity and contributing to cutting edge ecological projects.
- Nature targets and accounting are managed across the Synlait business.

Water:

- 20% reduction in water use per tonne of product by FY28, from a FY18 base year for our Dunsandel site.
- 20% reduction of nitrogen discharge per tonne of product by FY28 from a FY18 base year for our Dunsandel site.

Waste/Circular Economy:

- 99% of total non-hazardous manufacturing waste will be diverted from landfill by 2028.
- 100% of product packaging will be reusable, recyclable, or compostable.
- At least 50% recycled content in all packaging.

Supply Chain

Biodiversity and Soil Health:

- 100% high value/high risk contracts with biodiversity and soil health criteria.

Water:

- 100% high value/high risk contracts with water criteria.

Waste/Circular Economy:

- 100% high value/high risk contracts with waste and circular economy criteria.

NATURE

KEY INITIATIVES AND RESULTS

Circular economy

99.7% of Synlait’s packaging is now reusable, compostable or recyclable and FY24 saw Dairyworks make great gains in this sphere too.

Over 80% of Dairyworks’ packaging is now either soft plastic or kerbside recyclable – the remainder is due to be transitioned during FY25. To date this work has potentially removed approximately 11,500 kg or 11.5 tonnes of plastic from landfill every year.

Overall, Dairyworks continues to investigate and trial new packaging technology and monitor the infrastructure available within Australia and New Zealand for processing different packaging materials.

Whakapuāwai

Our Whakapuāwai environmental programme continues to grow with another 80,000 native seedlings dispatched during FY24.

Established as part of our commitment to restoring and regenerating native ecosystems and boosting biodiversity, Whakapuāwai is now in its sixth year.

Each year the programme grows up to 40 varieties of native seedlings which are planted on Synlait farms and community projects.

FY24 saw the project reach farms north of the Waimakariri River and in South Canterbury for the first time making it widespread across the Canterbury region.



WATER

FY24 WATER RESULTS – ON-FARM

Description of metric/target	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Nitrogen loss to waterways grams per kilogram of milk solids	41.4	40.5	33.4	31.2	29.1	28.7	24.8

FY24 WATER RESULTS – OFF-FARM

Description of metric/target	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Off-Farm Water Use Per Tonne of Product (DUN)	13.86	14.36	14.62	12.27	12.99	12.46	16.06
Nitrogen (in KG) Discharged per Tonne of Product (DUN & POK)	0.28	0.32	0.38	0.31	0.27	0.36	0.45

CIRCULAR ECONOMY

FY24 CIRCULAR ECONOMY RESULTS – OFF-FARM

Description of metric/target	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Non-Hazardous Waste Recycled	84%	78%	79%	80%	85%	71%	82%
Product Packaging that is Reusable, Recyclable, or Compostable - Synlait	-	-	99.3%	99.1%	99.2%	99.7%	99.6%
Product Packaging that is Reusable, Recyclable, or Compostable - Dairyworks	-	-	-	-	-	-	80%
Recycled Content Across Product Packaging - Synlait	-	-	-	-	-	-	14.7%

BIODIVERSITY

FY24 BIODIVERSITY RESULTS

Description of metric/target	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Number of Native Trees and Shrubs Supplied by Whakapuāwai	-	-	-	54,290	44,664	61,666	86,969
- To Dunsandel Site	-	-	-	168	144	-	-
- To Synlait Dairy Farms	-	-	-	52,802	40,900	51,336	53,481
- To Other Community Areas	-	-	-	1,320	3,620	10,330	33,488

CASE STUDY

USING MOSS TO SAVE WATER

A New Zealand-grown moss has saved Synlait enough water to fill two-thirds of an Olympic-size swimming pool this year.

A ProMoss chamber has been successfully trialled to treat the water used by one of the cooling towers (Chiller 2) at our Dunsandel facility.

The chamber is filled with compressed blocks of dried sphagnum moss that is grown on the West Coast. The moss naturally removes metal ions, absorbs oil and grease, reduces corrosion and scale formation while decreasing organic growths (including legionella).

Traditionally, chemicals are used to treat cooling tower water to stop the growth of algae and bacteria. Throughout the four month trial, chemical use on the chiller 2 tower decreased by 95%.

Testing showed zero positive results for legionella, no visible algae and less than detectable levels of HPC bacteria. There was no downtime for the tower, much lower levels of corrosion and it was much cleaner during the off-season.

Another excellent outcome was significant water savings. Post-trial analysis shows that ProMoss decreases the amount of water each cooling tower uses by up to five cubic metres per day.

This means that, when ProMoss is rolled out to all Synlait's cooling towers, it could save nearly six Olympic-size swimming pools worth of water every year.





PILLER 3:
WELLBEING

When Synlait talks about wellbeing, we are referring to both people and animals. We see it as our responsibility to care for both – right throughout our value chain.

On farm, our Lead With Pride™ programme has ensured Synlait has taken a leadership position on animal wellbeing since 2018. We are now developing a Social Responsibility Strategy and will be working with all of our Lead With Pride™ farmers on a customised Animal Health and Welfare Plan.

Our Gender Pay Gap is one key objective that has not met expectations to date. We had intended to close the gender pay gap to less than 5% by FY23 however financial constraints in the past three years has meant we have not made the progress we had intended. We have reset this roadmap and maintain our intention to close this gap.

Within our Synlait business we will be releasing a Wellbeing Roadmap and Wellbeing Scoring system in FY25 which will guide actions to improve wellbeing going forward. This roadmap will focus on meaningful work, work design, connectedness and diversity (including neuro, gender and cultural diversity).

Finally, we remain committed to the Health and Safety of our people and will continue to dedicate ourselves to driving our Total Recordable Injury Frequency Rate down to below five by 2029.

From a gender perspective, we have already achieved our target of having between 40% and 50% of our senior managers or specialists as women. We will retain this target in order to ensure we continue to track to this.

From a value chain perspective, we have begun work on our Modern Slavery Statement and will be integrating animal and people wellbeing factors throughout our high value/high risk procurement.



WELLBEING TARGETS

On-Farm

People:

- Execute Social Responsibility Strategy 2.0 across 100% of Lead With Pride™ farms.
- Top quartile supplier Net Promoter Score.

Animal:

- 100% of Lead With Pride™ farms have an Animal Health and Welfare Plan in action.

Operations

People:

- Total Recordable Injury Frequency Rate below five.
- Positive net wellbeing score across business.
- 40% to 50% women as managers or senior specialists (remuneration grade 16 and above.)
- Gender pay gap <8% by FY26.

Animal:

- Animal Health and Welfare Plan in action across all Synlait farms.

Supply Chain

People:

- Establish a Modern Slavery Policy and Management Plan.
- 100% high value/high risk contracts with wellbeing criteria.

Animal:

- 100% high value/high risk contracts with animal wellbeing criteria.

WELLBEING

KEY INITIATIVES AND RESULTS

FY24 was a challenging year for business performance which saw us take a backwards step in our journey to Synlait Safe. Our Total Recordable Injury Frequency Rate (TRIFR) for FY24 was 15.0 versus a target of 9.0.

We made gains across a number of areas:

- Improving our process for prompt treatment and management of injuries, reducing the overall severity rate of these injuries once reported.
- We designed and delivered our own behavioural safety programme, Synlait Safe Mindsets, which had an immediate impact.
- We partnered with Southern Cross Health Insurance and piloted a Bowel Cancer screening programme (for 45-60 year olds) which identified 22 employees with at-risk results, and provided proactive surgery intervention, ultimately saving lives.

- We implemented our Critical Risk Framework, and engaged our leaders in conducting Critical Control Checks to verify the effectiveness of controls or 'Safety Essentials' designed to save our people from a Life-altering Injury or Fatality Event (LIFE).

- Our Synlait Safe programme has been reset. We have a new roadmap of activities for FY25, and continue to work on developing our cultural maturity and effectiveness at eliminating harm.

Our farmer suppliers continue to go above and beyond to look after animal wellbeing. with 77% now Lead With Pride™ certified.

Modern Slavery Statement

Our Modern Slavery Statement is currently being created and, once approved by our Board, will be published on our external website. We expect that to take place in early 2025.

PEOPLE

FY24 PEOPLE WELLBEING RESULTS

Description of metric/target	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Gender Pay Gap - Synlait	18%	13%	13%	10%	14%	13%	11%
Gender Pay Gap - Dairyworks	-	-	-	32%	29%	29%	30%
Total Recordable Injury Frequency Rate (TRIFR)* - Synlait	18.9	13.7	9.9	21.0	14.9	10.6	15.0
Women as Managers and Senior Specialists - Synlait	34%	36%	37%	36%	37%	40%	43%
Women as Managers and Senior Specialists - Dairyworks	-	-	-	24%	25%	39%	35%

* TRIFR - Total Recordable Injury Frequency Rate (TRIFR) is calculated as (annual total of recordable injuries (medical and lost time) x 1,000,000 hours) / actual employee hours worked.

ANIMAL

FY24 ANIMAL WELLBEING RESULTS

Description of metric/target	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Somatic Cell Count (SCC)	155,000	152,700	148,219	146,218	147,000	147,000	145,063
Average Length of Farmer Partnership with Synlait in Years							
- South Island*	-	6.8	7.8	8.0	8.9	9.7	9.7
- North Island*	-	-	1.0	1.9	2.7	2.8	3.6
Lead With Pride™ Certified Farmer Suppliers*	28%	49%	57%	62%	69%	77%	77%

* as of 31 May 2024

CASE STUDY

BOWEL CANCER PILOT DELIVERS PEACE OF MIND AND WAKE UP CALLS

FY24 saw Synlait partner with Southern Cross to pilot a Bowel Cancer screening programme for 45 to 60 year olds.

131 staff registered to be part of the pilot and were sent Faecal Immunochemical Test (FIT) kits (similar to a COVID-19 RAT test) that they could do at home. 117 employees sent in results, 22 were found to be 'at-risk' and were referred to their GP or for a colonoscopy.

Eighteen colonoscopies were completed with four of our team presenting "significant finds".

One of those, who wishes to remain anonymous, was shocked to find they had seven polyps in their bowel – two of which had grown to more than 7mm.

"All seven were removed during the colonoscopy. I was told the larger ones would have been growing for around five years. It made me look at my whole life and realise that I need to look after myself so I'm here to support, guide and coach those in my circle – both family and friends. It is so good to know I now have a clean Warrant of Fitness now."

Synlait's Head of Health and Safety Anthony Butcher is pleased with how the pilot went.

"It had a life-changing impact on the four people with significant finds but it also brought peace of mind to more than 100 others whose results were clear. Synlait has already lost one employee, the lovely Tony Thorpe, to bowel cancer – I think he would be pleased we put the pilot in place."

For the employee, who is in their 50s, the find was eye-opening.

"I had had no symptoms at all – no bleeding or irregular bowel motions. I just took the opportunity to be part of the pilot. The test detects blood in stools that is not visible to the eye and I was really surprised at the result. If it hadn't been for Synlait instigating the pilot, I'd be on-track to develop bowel cancer."

"If it hadn't been for Synlait instigating the pilot, I'd be on-track to develop bowel cancer."

The New Zealand flag at Synlait's Dunsandel site at half-mast in honour of employee Tony Thorpe, who passed away from bowel cancer.



CASE STUDY

CREATING HEALTHIER HERDS

Ruurd and Rachel Lieuwes are in their 10th season dairy farming for themselves as an owner-operator business. They began laying the foundation for a herd with low somatic cell counts before they delivered their first milk.

“We were very careful as to what we bought,” says Ruurd. “High cell counts generally don’t come down, so we reviewed a lot of data before buying cows to make up the herd.”

The Synlait suppliers’ Hororata farm is known for delivering exceptional milk quality and regularly having the lowest somatic cell count (SCC) in the company – averaging around 50,000.

Rachel says consistent commitment delivers their success.

“Ruurd is in the shed every milking, he knows the cows and he’s always checking each udder to ensure the cow is properly milked out. Sticking with manual teat spraying has helped us ensure good coverage both from a teat condition and an antibacterial point of view. Given our farm is quite windy, automatic teat spraying would be much less effective.”

They use TeatX and usually add higher rates of glycerine during spring.

“It’s all about keeping the teats in good condition to reduce the risk of infection,” says Ruurd. “We also pre-spray and wipe down all the fresh calved cows and teat spray the colostrums before and after milking to try to reduce the incidence of mastitis.”

Actively watching the milk quality results is another key to success.

“Our milk is collected every day and I always look forward to reviewing the result. If I see it’s crept up, I know there’s a problem so I act on it. Because our average SCC is low, a single infected cow can increase it. Sometimes these cows aren’t very obvious and finding them can involve quite a lot of extra stripping.”

The Lieuwes herd test four times a year and that also provides a lot of useful information.

“As well as that, we teat seal every cow at the end of the season and give dry cow antibiotic to any that have been infected or have a high SCC. It’s all about attention to detail and a proactive approach to keep the SCC low,” says Rachel.

“Reducing the numbers of high SCC cows in the herd mainly comes down to identifying and making good decisions

to test and cull those cows which have staph aureus. This will often be the biggest driver of overall SCC.”

Ruurd and Rachel say they are lucky that they have a very simple De Laval swing over 24 AS herringbone plant with cup removers which milks the cows very effectively and cleans well.

“We invested in some quality milking equipment and have Boumatic flowstar max clusters – the high volume bowls reduce the risk of cross contamination between quarters by stopping back flush.”

The couple also say their use of ultra lightweight vented Milkrite shells with triangular liners contributes to their success.

“This optimises the milking experience for the cows and ensures they are milked out well – even for cows with poor teat placement. The way the liners collapse still maintains blood flow in the teat which is great for comfort and teat condition.”



Synlait suppliers Ruurd and Rachel Lieuwes at their Hororata farm.

SOMATIC CELL COUNTS ARE AN IMPORTANT MEASURE OF ANIMAL HEALTH AND MILK QUALITY:

< 100,000* indicates a healthy cow

200,000*+ is a potential mastitis case

300,000*+ is potentially a pathogen infection

*that is the number of somatic cells per millilitre of milk.

CHAPTER TWO

CLIMATE-RELATED DISCLOSURES



LEADING WITH PRIDE: A WORD FROM OUR CHAIR

As the global and domestic economy transitions towards a low-emissions, climate-resilient future, it is essential for all companies in New Zealand, especially in the agricultural sector, to become leaders in sustainability and environmental stewardship.

Agriculture is New Zealand's largest source of greenhouse gas emissions – Synlait has never shied away from our responsibility to work to address that.

Like our innovative and progressive farmer suppliers, we are proud of New Zealand's unique environment and know that for dairy farming to be sustainable, our industry's environmental practices must be sustainable too.

That is why, more than a decade ago, Synlait became the first dairy company in New Zealand to recognise and financially incentivise farmers who lower their environmental impact.

We introduced Lead With Pride™ in 2013. It was Australasia's first internationally accredited dairy farm assurance system that enables our farmers to be independently assessed to ensure they

are achieving dairy farming best practice across four pillars – environment, animal health and welfare, milk quality and social responsibility.

Today 77% of our farmer suppliers are Lead With Pride™ certified.

Lead With Pride™ is one of the many ways Synlait has disrupted New Zealand's dairy industry and inspired our competitors to follow in our footsteps.

Working together is equally powerful, which is why Synlait is one of the founding shareholders of AgriZero^{NZ} investing in the public-private partnership's game-changing efforts to help pasture-based farmers reduce emissions.

Synlait will always look for ways to lift the bar even higher – not because we are legally required to do so, but because it is in our DNA.

This is the company's first climate-related disclosure report. We hope it (and our wider Integrated Climate Report) demonstrates Synlait's long-standing commitment to helping New Zealand meet its net zero goals.

We also hope it inspires change in other businesses (just as they inspire change in ours). After all, to address the climate issues facing our planet, we must work together.

George Adams
Chair

SECTION ONE

SYNLAIT CLIMATE GOVERNANCE FRAMEWORK

1.1 BOARD OVERSIGHT AND GOVERNANCE

The Synlait Board of Directors is responsible for the overall governance of the company, including the oversight of climate-related risks and opportunities. This involves setting strategic priorities, ensuring compliance with environmental regulations, and integrating sustainable practices into the company's operations. The Board considers and addresses all significant matters impacting Synlait. The Board Charter, which is available on our website, details its role and responsibilities. These include strategic planning, financial performance, executive management, audit and risk management, corporate governance, performance evaluation, workplace health and safety, ethical conduct, and climate-related risks and opportunities.

Governance and operations: The Board is the ultimate decision-making body of Synlait and is accountable to shareholders for the company's performance in building sustainable value. It advances the interests of shareholders, employees, customers, and other key stakeholders by acting honestly, faithfully, intelligently, and in accordance with applicable laws.

The Board sets the overall tone for the culture, performance, and accountability of Synlait. We are committed to maintaining high standards of corporate governance and regularly review our performance with best practice guidelines.

Climate-related responsibilities: The Board's climate-related responsibilities include endorsing the company's Sustainability Strategy and key initiatives, as well as non-financial success measures such as climate and nature frameworks, metrics, commitments, targets, and policies. The Board monitors the company's exposure to climate-related risks and opportunities, ensuring the resilience of the company's strategy and value chain to climate impacts, and evaluating the financial implications of climate-related risks and opportunities.

Delegation of Responsibilities: The Board delegates certain functions to its committees who oversee specific areas of the business and report back to the Board after each meeting. Additionally, the Board delegates the day-to-day running of the company to the CEO, who works closely with the Executive Leadership Team (ELT). The ELT briefs the Board on sustainability issues, including climate-related risks and opportunities, throughout the year.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for monitoring the company's performance against its Sustainability Strategy and targets, particularly those related to climate change. This includes assessing progress towards sustainability goals, ensuring adherence to climate-related targets, and regularly reviewing compliance with relevant laws and regulations. The Committee focuses on identifying, assessing, and mitigating environmental and climate-related risks, reviewing climate-related disclosures for legislative and regulatory adherence, monitoring performance against climate initiatives, and evaluating capital allocation decisions to ensure alignment with climate targets.

Key highlights

- **Composition:** Consists of a majority of independent directors, including the Chair. The CEO, CFO, Head of Legal and Governance (also the Company Secretary), and Senior Independent Assurance, Risk and Compliance Manager have standing invitations to attend the meetings.

- **Meetings:** At least five times throughout the year, with updates provided to the Board.
- **Committee Papers:** Compliance Reports are standing agenda items. The report covers key reporting on environmental laws and regulations and other areas of compliance and concern across Synlait's operating business. All Board members have access to the Audit and Risk Committee papers to ensure appropriate oversight and provide all directors with key information.
- **Enterprise and Strategic Risk Management:** The Committee oversees enterprise risk and strategic risk management. This function is run in conjunction with the ELT and Synlait's Senior Independent Assurance, Risk and Compliance Manager. Key workstreams are dedicated to identifying and monitoring risks in this space. In addition, the Board recently held a workshop with ELT on strategic risks. This workshop considered climate-related risks and opportunities, and the outcomes are now embedded in Synlait's risk management framework.

PEOPLE, ENVIRONMENT AND GOVERNANCE COMMITTEE

The People, Environment, and Governance Committee is responsible for overseeing the company's sustainability initiatives, with a focus on social and environmental governance. This includes managing the company's approach to climate-related risks and promoting ethical practices. The Committee works to integrate sustainable practices into the company's culture and operations, fostering a commitment to environmental stewardship and social responsibility. Additionally, the Committee monitors progress towards sustainability goals and ensures alignment with the company's broader Sustainability Strategy.

Key committee highlights

- **Composition:** Consists of a majority of independent directors. The CEO, CFO, Head of Legal and Governance (also the Company Secretary), and Senior Independent Assurance, Risk and Compliance Manager have standing invitations to attend the meetings.
- **Meetings:** At least five times throughout the year, with updates provided to the Board.

- **Committee Papers:** Sustainability Dashboard and Sustainability Update papers are standing agenda items. In addition, the ELT presents a variety of other sustainability or compliance-related papers and deep dive topics across the year. All Board members have access to the People, Environment and Governance Committee papers to ensure appropriate oversight and provide all directors with key information.

1.2 BOARD SKILLS AND CAPABILITIES

- A skills matrix ensures the Board has the appropriate skills and competencies for oversight.
- The Board skills matrix evaluates understanding and identification of climate-related risks and opportunities.
- Regular updates and training enhance the Board’s capability in managing climate-related issues.

NEW APPOINTMENTS AND ENHANCEMENTS

- Recent Board appointments have strengthened expertise in climate-related risks and opportunities.
- The Nominations Sub-Committee, part of the People, Environment and Governance Committee, recommends candidates for key management roles or Board appointments, considering experience, qualifications, and diversity.
- The ELT and human resources team have refreshed the recruitment and talent framework to attract the right talent for key roles that are required to manage climate-related risks.

REMUNERATION

- Board remuneration is independently assessed, and ELT remuneration is linked to financial outcomes and sharemarket performance.
- Currently, remuneration is not linked to climate metrics.

This integrated framework ensures that climate-related risks and opportunities are managed effectively across all levels of Synlait, aligning with both strategic goals and regulatory requirements.

BOARD SKILLS MATRIX

		Number of Directors (Total 7)	
		Level of capability	
Capability	Description	High	Medium
Consumer Products	Experience as a senior executive in, or as a professional advisor to, consumer products businesses, including sales and marketing, product innovation and supply chain.	● ● ●	● ● ●
Data and Technology	Experience in the implementation of digital transformation or new digital product development, including digital marketing and commerce, and leveraging data and technology in a consumer products business.	● ●	● ● ●
Financial Acumen	Understanding of financial statements and reporting, key drivers of financial performance, corporate finance and internal controls.	● ● ● ● ●	● ●
Food and Manufacturing Safety and Quality	Technical or managerial experience relating to food, food product development and the development and/or implementation and management of safe practices for the sourcing, production, transport and distribution of food.	● ● ● ●	● ● ● ● ●
Governance	Experience in and commitment to the highest standards of corporate governance, including as a non-executive director of a listed company, large or complex organisation or government body, or through former C-suite executive experience in a large organisation.	● ● ● ● ●	● ●
International Business Experience	Experience as a senior executive in, or as a professional to, international businesses with exposure to global markets and a range of different political, regulatory and business environments.	● ● ● ● ●	● ●
Leadership	Experience in a senior management position in a listed company, large or complex organisation or government body, including experience in leading strategy development and execution.	● ● ● ● ●	●
Health and Safety	Experience in the development of health, safety and wellbeing frameworks and risk-management tools at large organisations, or experience in health & safety leadership positions.	● ●	●
People and Culture	Leadership experience in the oversight, development and implementation of people and culture programmes at large organisations, people management, development and succession planning, setting remuneration frameworks and promoting diversity and inclusion.	● ● ● ●	●
Risk Management	Experience in identification, assessment, monitoring and management of material financial and non-financial risks and understanding, implementation and oversight of risk management frameworks and controls.	● ● ● ●	● ●
Strategy	Experience in strategic oversight, including the development and implementation of strategic plans for organisations of similar scale and complexity to Synlait.	● ● ● ● ● ●	●
Sustainability	Knowledge, understanding or experience in sustainable practices to manage the impact of business operations on the environment and community and the impact of climate change on the company.	● ●	●
Industry Involvement and Advocacy	Experience in being a leading voice within the food or consumer goods industry.	● ● ● ●	●

● = one director

1.3 EXECUTIVE LEADERSHIP TEAM

The ELT is responsible for monitoring and managing the company’s climate-related risks and developing the Sustainability Strategy. This includes setting and achieving specific targets, integrating sustainable practices into all aspects of the business, ensuring compliance with environmental regulations, and fostering a culture of sustainability throughout the organisation.

Synlait has an internal strategic and goal-focused accountability framework that starts with the ELT. This framework involves setting annual targets for strategic objectives in a 6- and 12-month gameplan, which then cascades down to individual goals for team members. One of five key priority pillars in this framework includes On-Farm Excellence and Sustainability targets.

RESPONSIBILITIES:

- Monitors and manages climate-related risks.
- Develops and implements the sustainability strategy.
- Reports progress on climate strategy and targets to the Board, Audit and Risk Committee, and the People, Environment and Governance Committee.

COMPOSITION:

- Led by the CEO and includes key executives responsible for various aspects of the business.

CLIMATE-RELATED RESPONSIBILITIES:

- The CEO ensures alignment with the company’s sustainability goals.
- Key executives oversee specific climate-related responsibilities, such as milk supply, sustainability initiatives, and financial strategy.
- ELT members meet with the Board and its committees at least 12 times a year through either attending meetings or presenting board papers.
- Each ELT member manages teams that inform them of matters material to climate risk and opportunity. The ELT monitors relevant KPIs depending on their role. They are informed of updates by their team through meetings, reports, escalation processes, or less formally if relevant. The frequency of this is determined on a team-by-team basis.
- ELT members are delegated decision-making power by the Board to address climate-related risks and opportunities.

BUSINESS UNITS AND KEY MANAGEMENT FUNCTIONS

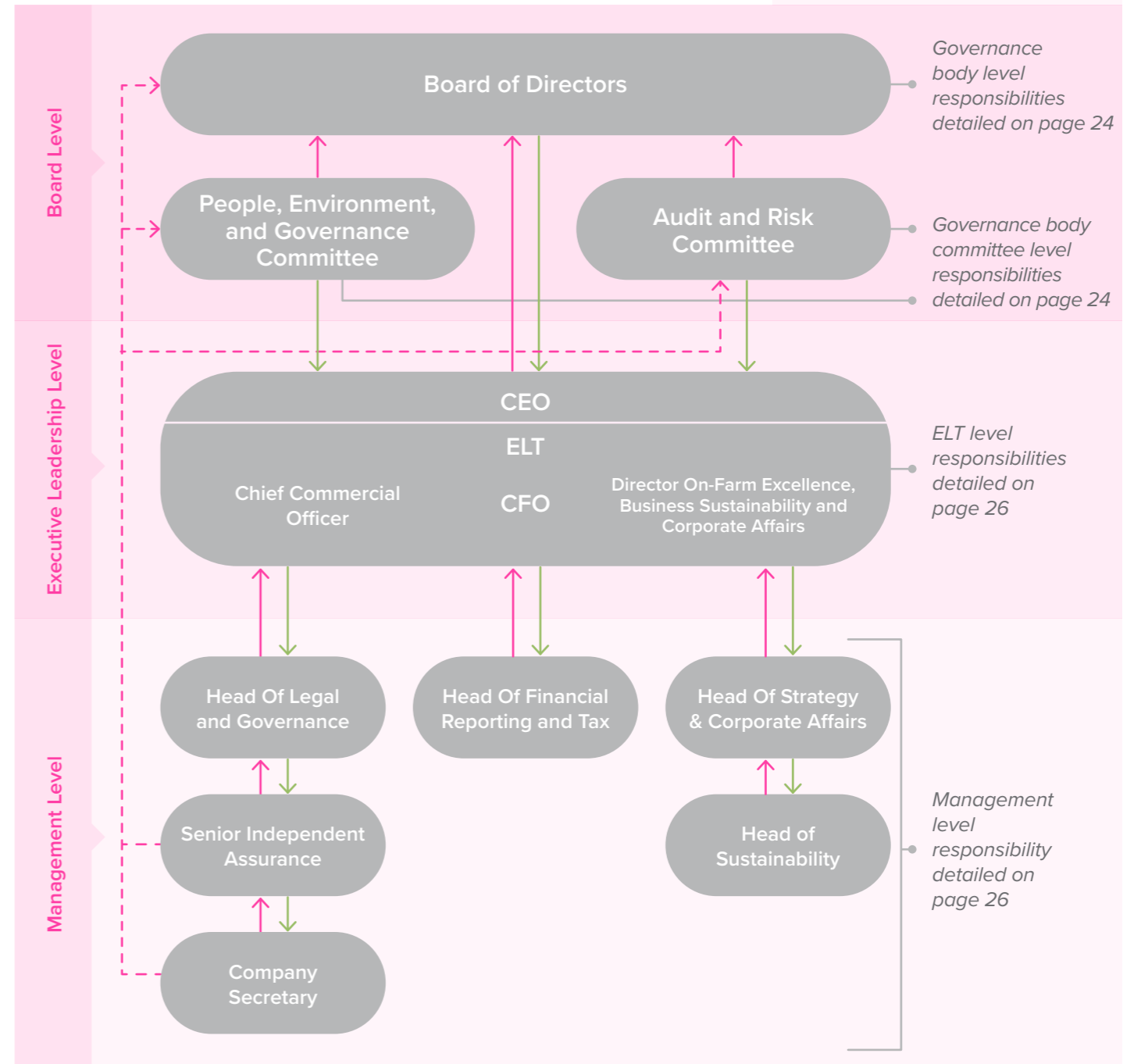
Several key management functions play significant roles in managing Synlait’s climate-related risks and opportunities. These include:

- **Business Sustainability & On-Farm Excellence Teams:** Led by the Director

of On-Farm Excellence, Business Sustainability & Corporate Affairs, the sustainability team implements and advances the company’s sustainability initiatives. This includes managing climate-related risks, developing and executing sustainability strategies, and setting measurable targets. The team ensures compliance with environmental regulations and promotes a culture of sustainability. They collaborate with stakeholders to drive continuous improvement in environmental stewardship and corporate social responsibility. The On-Farm Excellence Team focuses on Synlait’s farmer supplier base, ensuring competitiveness and accelerating environmental and greenhouse gas reduction targets. A key feature is the Lead with Pride™ program, run with farmer suppliers.

- **Chief Financial Officer (CFO):** Integrates climate-related risks into the long-term financial strategy, using financial modelling and scenario analysis. Oversees reporting on climate-related risks and opportunities. The Head of Financial Reporting and Tax assists the CFO in these obligations.
- **Chief Commercial Officer (CCO):** Reporting to the CCO, the Senior Independent Assurance, Risk & Compliance Manager supports the business and Board by ensuring audits of sustainability reporting and climate-related risks. Together with the Head of Legal and Governance and Company Secretary, this function monitors compliance with laws and regulations.

GOVERNANCE STRUCTURE



SECTION TWO

STRATEGY

Synlait combines expert farming with state-of-the-art processing to produce a range of nutritional products for global customers that provide genuine benefits for health and wellbeing.

Our corporate strategy was refreshed in 2023. Our ELT and Board were actively involved with our strategy refresh and reviewed again in 2024 as part of our annual planning cycle. The Board took time to determine and examine

Synlait's Strategic Risks during this process.

As a part of this, we made the decision to double down on our value-add B2B businesses, Advanced Nutrition and Foodservice, where we have a clear competitive advantage and right to win.

The refreshed strategy created a more focused Synlait. Our five-year strategy is detailed in appendix six and includes seven

sections. It is designed to be a simple story that sets out our ambitions and the focus areas for Synlait during the coming years.

In 2024 we refreshed our Sustainability Strategy, focusing our commitments and KPIs to three new pillars - Nature, Wellbeing and Climate.

More information on the Sustainability Strategy is contained in the first section of this report.

2.1 CURRENT IMPACTS AND MITIGATIONS

The following list details the physical and transition risks and opportunities currently faced by Synlait. These were identified by a diverse panel of stakeholders who were considered subject matter experts in their business areas.

- Increasing occurrence of extreme weather events like hot days, drought, high rainfall, high winds and flooding events causing operational pressure and rising costs for farmers.

- Increased customer pressure to meet carbon reduction targets.
- Extreme weather events disrupting the importation and delivery of critical ingredients and key inputs, leading to unplanned site shutdowns, reduced productivity, and revenue loss.
- Increased regulatory pressure to transition to low carbon fuel causing increased capital and operational expenditure to convert assets to low carbon alternatives.

Our strategic mitigations, outlined in the adjacent diagram, show Synlait is already reacting to current impacts and positioning itself for a low-emissions, climate resilient future. Our transition plan, which we will develop further in FY25, will show how we plan to continue making progress on this work into the future.

STRATEGIC MITIGATIONS



Science Based Targets - Synlait set Science Based Targets (SBTi) in 2020 and we remain committed to achieving them. Our commitments include achieving a 30% reduction in GHG On-Farm per kgMS by FY28 and a 45% absolute reduction in Scope 1 and 2 emissions by FY28.



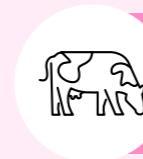
Greenhouse Gas Reduction Roadmaps - Our GHG Reduction Roadmaps detailed on page 34 demonstrate the steps we have taken and the steps we will take in the future to ensure we meet our GHG reduction commitments.



AgriZero^{NZ} Investment - As founding shareholders in this public-private partnership, Synlait is investing in and supporting AgriZero^{NZ} to ensure Aotearoa has access to methane and nitrous oxide technology solutions.



Farm & Business Resilience Planning - The effects of climate change will produce more extreme weather events. This requires us to build resilience across our business and our farmer suppliers. We are supporting our farmers to develop resilience plans which incorporate climate impacts and integrate climate risk (and risk assessment) into their business and asset planning.



Lead With PrideTM - Utilising our market leading Lead With PrideTM program, and greenhouse gas tool, Synlait is committed to supporting our farmers to reduce GHG on-farm, paying a specific GHG Incentive to farmers who act on-farm.



Whakapuāwai - Our biodiversity programme, Whakapuāwai distributed 80,000 native plants during FY24. These were used by farmers and community groups for planting projects. Since its inception, Whakapuāwai has distributed 250,000 native seedlings and grown Synlait's expertise in plant growing enabling us to support farmers to sequester carbon on their farms.



Value Chain Partners - Building on our collaborative value-chain partnerships is a significant opportunity for Synlait as customer and market preferences change. It is through collaborative partnerships with our customers and farmer suppliers that we will reach our collective goals to reduce greenhouse gas emissions throughout our value chains and consequently reduce the impact of climate change. As a business, we are also working on optimising international shipping and sourcing to reduce GHG within our procurement and value chain.

CASE STUDY

TRANSFORMING CUSTOMER PREFERENCES INTO SUSTAINABLE GROWTH

Changing customer requirements was identified as a material climate-related risk through the scenario analysis Synlait conducted in 2023.

The company has chosen to see this as an opportunity to work in new ways with our customers and FY24 saw Synlait join Nestlé in a unique three-way partnership with our farmer suppliers.

The partnership is focused on pragmatic on-farm solutions that improve efficiency, such as effluent management systems, emissions-friendly feed options, advanced soil testing, alternative fertilisers, and tree planting. It shares the anticipated investment three ways – between Nestlé, Synlait and its farmer suppliers across a seven-year period.

This new kind of customer partnership will help Synlait reach its greenhouse gas emission targets, as well as opening potential new commercial opportunities to work with Nestlé.

Synlait CEO Grant Watson says the partnership aims to accelerate farmers' adoption of emissions reductions tools and reduce the cost of implementation for them.

"It's leveraging technologies that are available in market right now and will expand over time to include emerging technologies as they become available. This kind of partnership also opens potential new opportunities to work together in other areas, and we look forward to a long and fruitful partnership with Nestlé."

Nestlé Global Chief Procurement Officer Patricia Stroup, speaking on a visit to New Zealand, said that partnerships of this kind which bring Nestlé together with farmers and processors, are instrumental in all parties reaching their greenhouse gas emission targets.

"Dairy is both our single biggest ingredient by volume, and our largest

source of Scope 3 greenhouse gas emissions, accounting for around 21% of our total emissions. None of us can do this alone. Knowing this drives us to find new ways of working together, and means we need to collaborate with our dairy suppliers to adopt new ways to reduce emissions, and with farmers to create plans for climate, methane, and regenerative agriculture.

The partnership is a good example of the importance Synlait's global customers place on sustainability across their supply chain.



Then Synlait CEO Grant Watson and Nestlé former Global Chief Procurement Officer Patricia Stroup at the partnership launch.

2.2 SCENARIOS

To assess our exposure to transition risks, we adopted the SSP1-1.9; SSP2-2.6; and SSP5-8.5 scenarios.

To assess our exposure to physical risks, we adopted the RCP2.6, RCP4.5 and RCP8.5 scenarios down-scaled from AR5, as this was the only New Zealand down-scaled data available at the time of assessment for the purposes of a physical risk assessment. The reason we used down-scaled climate data for our physical risk assessment is due to the regional variations in climate impacts. These then fed into our three Synlait scenarios (Orderly, Disorderly and Hot House World) to contextualise the future under different warming scenarios and timeframes.

These narratives helped to focus our subject matter experts, and they were able to produce a list of risks and

opportunities that could reasonably be expected under these scenarios.

After being evaluated, the most material risks and opportunities were identified and are listed on the following pages.

We believe these scenarios are relevant and appropriate to assessing the resilience of Synlait’s business model and strategy to respond to climate-related risks and opportunities because they align with the guidance provided by The Aotearoa Circle for the purpose of sector level scenario analysis; the availability of data from NIWA; alignment with NZCS1 standard (paragraph 13) and comparability of the result with peers.

More information about the full scenario analysis process is available in the Risk Management section. Full descriptions of each scenario are available in appendix four.

TIME HORIZONS

Synlait nominated three time horizons to assess our risks and opportunities against each of our three warming scenarios (orderly, disorderly and hot house).

Timeframe Definitions and Alignments		
Short	Current Day - 2025	Aligns with and incorporates our corporate strategy and short-term sustainability goals (such as our science-based targets).
Medium	2025 - 2035	Aligns with our 10-year asset planning cycle and capital deployment plans.
Long	2035 - 2050	Aligns with our long-term strategic planning cycles.



SCENARIO ARCHITECTURE

	ORDERLY – PRESENT TO 2030	DISORDERLY – 2030 TO 2050	HOT HOUSE WORLD – 2050 TO 2100
	<ul style="list-style-type: none"> Network for Greening the Financial System (NGFS) - Net zero by 2050 Shared socioeconomic pathway SSP1-1.9, 1.4°C Climate Change Commission - Tailwinds 	<ul style="list-style-type: none"> NGFS - Delayed Transition (1.8°C) SSP1-2.6, 1.8°C NIWA RCP2.6 Climate Change Commission - Headwinds 	<ul style="list-style-type: none"> NGFS - Current Policies - Hothouse World (3°C+) IPCC SSP5-28.5, 4.4°C NIWA RCP8.5 Climate Change Commission - Current Policies
	<div style="display: flex; justify-content: space-around; text-align: center;"> <div> Policy ambition 1.4°C</div> <div> Policy reaction Immediate and smooth</div> <div> Technology change Fast change</div> <div> CDR (CO₂ removal) Medium-high use</div> <div> Regional policy variation Medium variation</div> </div>	<div style="display: flex; justify-content: space-around; text-align: center;"> <div> Policy ambition 1.8°C</div> <div> Policy reaction Delayed</div> <div> Technology change Slow/fast change</div> <div> CDR (CO₂ removal) Medium use</div> <div> Regional policy variation High variation</div> </div>	<div style="display: flex; justify-content: space-around; text-align: center;"> <div> Policy ambition 3°C+</div> <div> Policy reaction None - current policies</div> <div> Technology change Slow change</div> <div> CDR (CO₂ removal) Low use</div> <div> Regional policy variation Low variation</div> </div>
Short-term Present day to 2030	Early implementation of policies Physical: Low Transition: Medium	Delayed policies Physical: Low Transition: Low	Current policies - limited ambition Physical: Low Transition: Low
Medium-term 2030 to 2050	Ambitious decarbonisation goals and policies are introduced immediately, and emissions decline rapidly and steadily to halve global emissions by 2030 and achieve net zero by 2050. Physical: Low Transition: Medium	Significant decarbonisation is delayed until the mid-2030s. There is high transition risk due to a global run on resources in the 2040s, with punitive policies and measures introduced to achieve net zero 2050 targets. Physical: Medium Transition: High	No additional policies are introduced to curb emissions, and emissions continue to rise. Warming reaching >3°C. Physical: Low Transition: Low
Long-term 2050 to 2100	Net zero achieved Relatively low exposure to physical climate-related risks. The transition is orderly and minimises social and economic costs. Physical: Low Transition: Low	Slight overshoot of net zero by 2050 target. High social and economic costs are incurred, due to resource scarcity driven by demand shocks and moderately higher exposure to physical risk. Physical: Medium Transition: Low	Overshoot of net zero by 2050 target. Severe resource scarcity due to supply shocks relating to climate events. Extreme exposure to physical risks but limited exposure to transition risks. Physical: High Transition: Low
Characterised by	1.4°C is the IPCC's best estimate for long-term (2081-2100) warming (high confidence). This scenario is characterised by: <ul style="list-style-type: none"> political stability robust policies incentives for investment in low carbon tech capital moves towards sustainable farming divestment from fossil fuels strong social consensus consumer demand for sustainability. 	Three scenarios were adopted to assess exposure to physical and transition risks, respectively. SSP2-4.5 was applied to assess physical risks. Characterised by: <ul style="list-style-type: none"> political division uneven climate action and land use planning delayed introduction of carbon border adjustment mechanisms softening trade agreements little or no incentives for sustainable farming slow adoption of sustainability measures tensions between urban and rural communities. 	Characterised by: <ul style="list-style-type: none"> stagnant policies missed emissions targets severe climate impacts economic gain over sustainability industrialised farming relaxed food safety standards no emissions trading scheme poor labour conditions environmental degradation public backlash.

2.3 PHYSICAL CLIMATE-RELATED RISKS

The following list details the most material physical risks faced by Synlait. These risks were identified by a diverse panel of stakeholders who were considered subject matter experts in their areas

Risk	Description	Risk Type	Location	Anticipated Impacts	Financial Impacts	Time Horizon	Strategic Mitigations
Physical climate impacts disrupt Synlait's supply chain, leading to increased market and product risk.	Increasing occurrence of extreme weather events may disrupt key logistics and supply chain delivery routes and pose challenges for Synlait increasing the risk of product spoilage, raising inventory storage costs, causing reputation damage, logistical disruptions, and limiting product availability.	Physical	See Footnote 1	Increased hot days may increase milk spoilage due to an inability to store milk at required temperature. Landslides, coastal inundation, and extreme weather events globally may disrupt logistics and shipping and prevent Synlait from shipping product to market.	See Footnote 2	Medium ³ Medium ³	Continue to upgrade our inbound coolchain logistics to better respond to hot days. Conduct an outbound logistics and supply chain risk assessment to determine key risk areas to develop mitigation strategies.
Physical climate impacts disrupt Synlait's milk suppliers' operations on-farm.	Increasing occurrence of climate impacts such as drought, high rainfall and flooding events may disrupt farm operations and critical infrastructure. These factors may contribute to increased operational pressure and rising costs for farmers and may result in reduced milk supply and quality while increasing costs per unit of milk.	Physical	See Footnote 1	Drought and reduced frost days may hinder feed production resulting in increased feed costs for farmers. An increase in invasive pests may cause animal welfare issues. Increasing extreme weather events may damage farm plant and machinery.	See Footnote 2	Medium ^{3,4} Long ^{3,4} Short ⁵	Support our Synlait suppliers with customised farm resilience plans incorporating climate adaptation. Continue to support Synlait Suppliers through our Lead with Pride™ programme and payments.
Physical climate impacts disrupt Synlait's operations and assets, causing asset damage, downtime, inbound supply chain issues, and workforce challenges.	Increasing occurrence of extreme weather events and number of hot days may cause asset damage, disrupt inbound supply chain, challenge workforce availability, and disrupt plant operations. This may necessitate inventory write-offs and higher capital expenditure, and impact productivity and revenue.	Physical	See Footnote 1	Extreme weather events may disrupt the importation and delivery of critical ingredients and key inputs, leading to unplanned site shutdowns, reduced productivity, and revenue loss for Synlait. Extreme weather could challenge workforce availability due to illness outbreaks or accessibility issues which could further exacerbate potential site closures and productivity. Increasing number of hot days may necessitate a shortened asset design life, damage to roading at manufacturing sites and increasing occurrence of brown outs as the demand for electricity on HVAC increases.	See Footnote 2	Short ⁵ Long ^{3,4} Medium ^{3,4}	Integrate climate impacts into Synlait's 10 Year Asset Planning framework. Ensure Synlait has robust remote working systems and processes in place wherever practical to enable employees to work from home/other locations. Ensure Synlait has robust Risk Organism Response Plans in place in the event of an outbreak. Conduct an inbound logistics and supply chain risk assessment to determine key risk areas to develop mitigation strategies.

1. Specific locations will be updated in the FY25 edition of this report
 2. The financial cost anticipated from these impacts is currently being calculated and understood – we plan to provide an update in our FY25 disclosure
 3. RCP 8.5
 4. RCP 4.5
 5. Present Day

2.4 TRANSITION-RELATED RISKS

The following list details the most material transition risks faced by Synlait. These risks were identified by a diverse panel of stakeholders who were considered subject matter experts in their areas.

Risk	Description	Risk Type	Location	Anticipated Impacts	Financial Impacts	Time Horizon	Strategic Mitigations
Market risks – changing market and customer expectations	Increased customer pressure to meet carbon reduction targets could lead to market exclusion and financial penalties if not met. Additionally, inadequate emissions tracking, and logistical challenges may further jeopardise revenue and market access.	Transition	See Footnote 1	<p>A failure by Synlait to reduce its carbon emissions and the relative carbon footprint of milk may result in Synlait being excluded from key export markets by its customers.</p> <p>Failure by Synlait to accurately quantify and track carbon emissions inventory due to inadequate systems could result in green-washing allegations and/or financial penalties, consumer defection, and loss of revenue.</p> <p>Failure by Synlait to reduce carbon emissions and the relative carbon footprint of milk exports could result in exposure to carbon border taxes and an inability to retain market access.</p>	See Footnote 2	Short ⁴ Short ⁴ Short ⁴	<p>Deliver year on year GHG Reductions in Scope 1, 2 & 3.</p> <p>Deliver on our roadmap to meet Synlait's SBTi Targets of –45% reduction in Scope 1 & 2 and –30% reduction in Scope 3.</p> <p>Continue external review and verification of GHG Reporting.</p>
Regulatory and legal risks	Synlait's ability to meet its emissions reduction targets could lead to costly liabilities, increased compliance costs, missed tax incentives, Directors' fiduciary duty risk and potential litigation costs.	Transition	See Footnote 1	<p>A perceived failure to decarbonise may result in Synlait Directors being at risk of penalties and fines for failing to discharge fiduciary duties relating to managing the impacts of climate change.</p> <p>Increased regulatory pressure to transition to low carbon fuel may present a risk of increased capital and operational expenditure to convert assets to low carbon alternatives and a risk Synlait being left with sunk asset investments.</p> <p>Tax incentives may be missed if GHG emissions reduction targets are not met.</p> <p>Synlait may be exposed to legislative risk if it fails to meet its disclosure requirements in a timely manner.</p>	See Footnote 2	Short ⁴ Short ⁴ Short ⁴ Short ⁴	<p>Continue to monitor availability of low carbon fuel and regulatory GHG reduction requirements.</p> <p>Deliver on our roadmap to meet Synlait's SBTi Targets of –45% reduction in Scope 1 & 2 and –30% reduction in Scope 3.</p>
Technology risks	Technological limitations within the New Zealand and pastoral farming context may increase liability and Synlait's ability to meet its carbon reduction obligations.	Transition	See Footnote 1	<p>Reliance on methane inhibitor technology that may not be adopted quickly enough compared to other markets could delay Synlait's ability to meet its on-farm GHG reduction obligations.</p> <p>On-farm (soil carbon) sequestration potential is overlooked, undervalued, or not counted. This may present a risk that Synlait and its farmers are overstating the embodied carbon of milk product.</p> <p>Synlait may face a carbon offset liability associated with under-estimating or the calculation of the embodied carbon of plant-based products. This is due to difficulties associated with accurately tracking the carbon content of novel ingredients and the complex production systems behind them.</p>	See Footnote 2	Short ⁴ Medium ³ Short ⁴	<p>Leverage our investment in AgriZero^{NZ} to ensure access to methane and nitrous oxide technologies in Aotearoa.</p> <p>Continue to monitor and follow best practice in GHG accounting.</p> <p>Pursue partnerships and support initiatives to ensure soil carbon sequestration is captured within New Zealand.</p>

1. Specific locations will be updated in the FY25 edition of this report

2. The financial cost anticipated from these impacts is currently being calculated and understood – we plan to provide an update in our FY25 disclosure

3. RCP 8.5

4. RCP 4.5

5. Present Day

2.5 PHYSICAL AND TRANSITION OPPORTUNITIES

The following list details the most material physical and transition opportunities available to Synlait. These opportunities were identified by a diverse panel of stakeholders who were considered subject matter experts in their areas.

Opportunity	Description	Opportunity Type	Location	Time Horizon	Potential Anticipated Impacts
Markets	Physical climate change impacts globally may make dairying in New Zealand more viable relative to other markets. This may present internationally competitive opportunities to grow customers, revenue and margin.	Physical	See Footnote 1	Medium	<ul style="list-style-type: none"> Access to new markets and customers. Growth of share in existing markets Low emissions production offsets long distance logistics challenges for New Zealand companies.
On-farm	Extreme weather events and changes in rainfall patterns may necessitate on-farm diversification, resulting in the generation of new revenue streams for farmers.	Physical		Medium	<ul style="list-style-type: none"> Longer milking seasons. Opportunities to use low-carbon energy. New logistics and transportation options emerge which both lower cost and increased margins.
Reputation	Opportunities exist for Synlait to obtain discounted debt from sustainable finance if emissions can be reduced. A strong performance in emissions reduction could result in Synlait attracting and retaining higher calibre employees and customers because of proven performance.	Physical		Medium	<ul style="list-style-type: none"> Access to low interest capital. Potential Increased margins. Increased regulatory scrutiny and fines for competitors. Gain access to tax incentives.
Products	Changes in consumer demand could result in it becoming more profitable for Synlait to produce lower embodied emission non-dairy products alongside the traditional products enhancing the diversity of the product portfolio.	Physical		Medium	<ul style="list-style-type: none"> Access to new markets and customers. Access to low interest capital. Potential Increased margins. New product opportunities.

1. Specific locations will be updated in the FY25 edition of this report

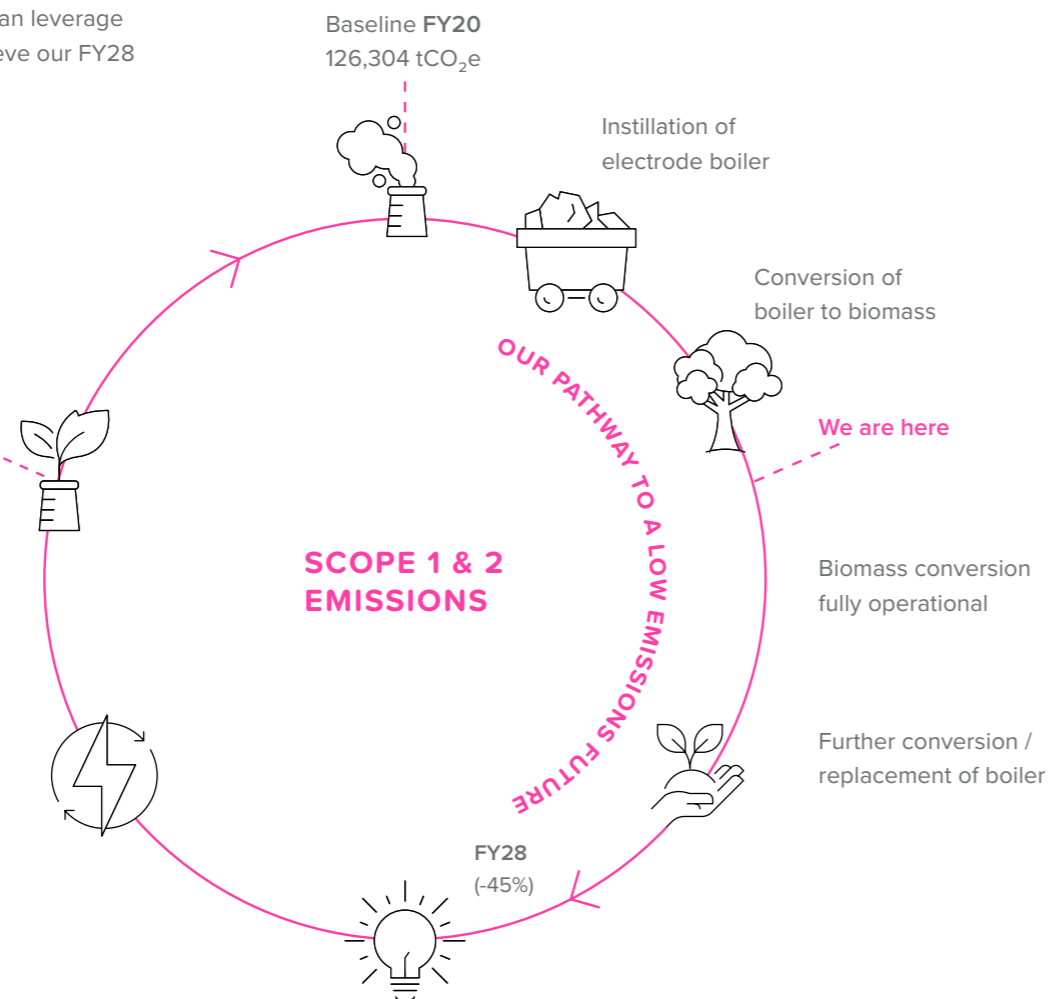
2.6 TRANSITION PLAN

Our transition plan is divided into two key areas: on-farm and off-farm. These two integral parts of our business need to transition to a climate-resilient future but will require radically different approaches. Their transition plans work in tandem across time horizon and will be updated as activities and opportunities evolve.

OFF-FARM

Our off-farm climate strategy seeks to decarbonise process heat and (the largest source of which is coal). By transitioning to alternative energies, we can leverage our existing assets and achieve our FY28 target.

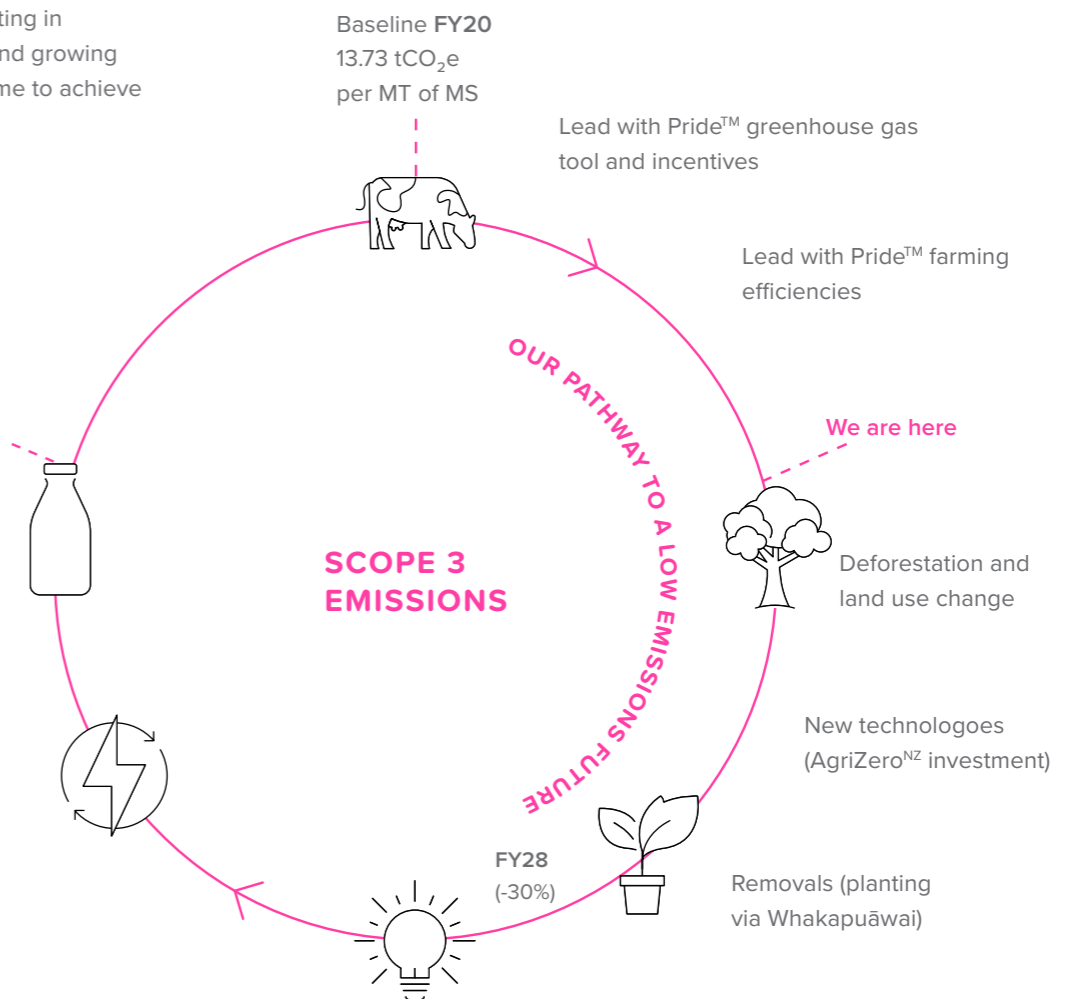
Our goal: 45% reduction of absolute Scope 1 and 2 GHG emissions by 2028 from our 2020 base year



ON-FARM

Our on-farm climate strategy seeks to invest in the future of farming solutions by incentivising our farmers to make emissions reductions, investing in technology via AgriZero^{NZ} and growing our Whakapuāwai programme to achieve our FY28 target.

Our goal: 30% reduction in on-farm GHG emissions per kilogram of milk solids by 2028 from our 2020 base year.



SECTION THREE

CLIMATE RISK ASSESSMENT PROCESS

Synlait engaged Deloitte to assist with the risk assessment scenario analysis. The assessment performed was qualitative, rather than quantitative, and was designed to provide a high-level first pass assessment to identify and prioritise climate risks and opportunities.

To support this process, we worked with Deloitte to identify and engage subject matter experts who are best positioned to provide insight and commentary on climate risks and opportunities that are having an impact on, or are likely to impact, Synlait.

The end-to-end risk assessment process entailed a series of workshops to:

- Establish the scope and boundary of the climate risk and opportunities assessment.
- Determine the global warming scenarios and the strategic time horizons against which to test exposure to climate hazards.
- Identify, engage, and facilitate the key subject matter experts who identified and rated the physical and transition climate risk and opportunities that are currently impacting and which are anticipated to impact Synlait.

This was a standalone process and did not involve any quantitative modelling. The physical and transition risk and opportunity workshops were conducted separately.

During the risk and opportunity identification workshops, subject matter experts (SMEs) were engaged to imagine risks from a series of climate hazards, by risk area. They were also required to identify the risk receptor, or the asset, service or person that would be impacted.

Risks were categorised under high-level risk type categories. Participants were requested to provide a risk statement, which described the consequence of the risk on the receptor (the risk transmission channel). Each risk dimension was assigned a unique identifier number, to facilitate a materiality analysis and final risk ranking. The results of the climate risk assessment were run through Deloitte's model to determine the most material risks by climate hazard, risk type, risk area and risk receptor.

The risk assessment process for transition risks and physical risks was different, in terms of the rating criteria.

When identifying climate-related risks,

the standard Synlait risk rating tool was applied to ensure consistency and comparability against other business risks allowing these climate-related risks to be integrated into Synlait's enterprise risk management framework. The risks on this register are validated by the Board and the ELT.

Every risk was rated individually, but was also viewed as part of the aggregate, to ensure that interlinked and cascading risks were captured and reflected in the scoring.

The materiality analysis looked at risks by hazard, type and receptor, to ensure Synlait has oversight of all the types of risks that single events can present for its people, operations and assets; or all the climate risks that are associated with parts of the business, for example, manufacturing.

The risk assessment process described above is consistent with the Ministry for the Environment's National Climate Risk Assessment Framework methodology, and with ISO14091:2021 by assessing the identified risks in terms of their exposure, sensitivity and adaptive capacity. This process enables us to develop climate scenarios depicting Synlait's future state exposure to climate risk. Climate

scenarios illustrate what the future might look like under differing degrees of climate change. They are not predictions about what will happen, but rather hypotheses about what could happen in the short to long term.

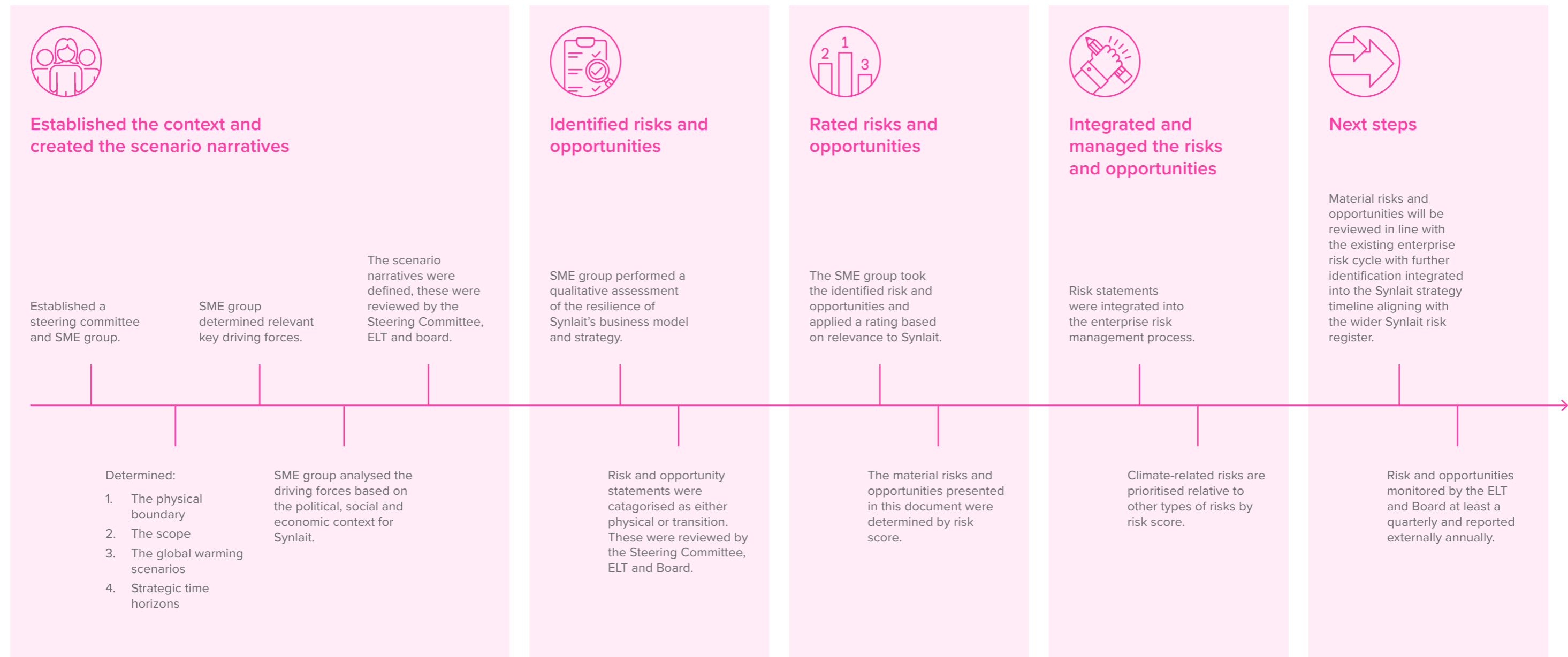
The global warming futures are evaluated against the scenarios provided by the Intergovernmental Panel for Climate Change (IPCC). These are collectively known as the Shared Socio-economic Pathways (SSPs) that offer different reference narratives regarding socio-economic trends that could shape the future over time associated with distinct global warming trends.

The SSPs are from the Intergovernmental Panel on Climate Change Sixth Assessment Report (IPCC AR6). The SSPs build upon the Representative Concentration Pathways (RCPs) from the IPCC Fifth Assessment Report (IPCC AR5). We applied the RCP scenarios (that are aligned to the SSP scenarios) from the IPCC AR5 for climate metrics that have not yet been developed within the IPCC AR6 models.



RISK ASSESSMENT PROCESS FLOW

The tools and methods used to identify, and to assess the scope, size, and impact of climate-risks are detailed in the process timeline below.



Note: This process is aligned to NZ’s National Climate Change Risk Assessment (NCCRA) process and framework as well as the methodology prescribed in ISO 14091.

RISK ASSESSMENT PROCESS FLOW

Subject matter expert group

An SME group was established to ensure inputs and outputs of the risk assessment process were relevant and usable for Synlait.

This included representation from all areas of the organisation at various levels of seniority.

Driving forces

Synlait’s subject matter experts agreed the key driving forces of change that were used to help develop the scenarios. The driving forces were adapted from The Aotearoa Circle’s Agricultural Sector Climate Change Scenarios, changing consumer behaviour (demand/preferences/expectations) and sustainable farming and nature-based solutions and practices emerged as the most material driving forces.

These driving forces were analysed based on the political, social and economic context for Synlait with reference to the NGFS global warming scenarios. The scenario narratives were then defined based on the information captured. These narratives are presented in the appendices on page 58.

Global warming scenarios

Synlait adopted the SSP1-2.6; SSP2-4.5; and SSP5-8.5 warming scenarios for our physical risk assessment and SSP1-1.9; SSP1-2.6 and SSP5-8.5 were adopted for our Transition Risk assessment. The down scaled SSP1-1.9 data is not available in New Zealand (from NIWA). An additional scenario (SSP1- 1.9) was adopted for the purposes of assessing exposure to transition risks.

The rationale for adopting the mentioned climate scenarios was:

- The guidance provided by The Aotearoa Circle for the purpose of sector level scenario analysis.
- The availability of data from NIWA.
- Alignment with NZCS1 standard (paragraph 13).
- Comparability of the result with peers.

This ensured we met the requirement for assessing, at a minimum, a 1.5 degrees Celsius climate-related scenario, a 3 degrees celsius or greater climate related scenario, and a third climate-related scenario.

Scope

The risk assessment scope for Synlait incorporated Operations and Assets, On-Farm, and Products and Markets. There were no exclusions noted in this scope.

Physical boundary

The boundary of the risk assessment included two tiers upstream and one tier downstream in the Synlait value chain. There were no exclusions noted in this boundary.



RISK MANAGEMENT AT SYNLAIT

In addition to monitoring our Strategic Risks, the Board and ELT discuss emerging risks and the interconnectivity between risks. The Strategic Risks include consideration of climate-related risks and are publicly available on our website.

Synlait’s risk management framework is aligned to ISO31000:2018 guidelines and is applied across all sites and operations. Synlait operates under a Board-approved Risk Management Policy, with supporting procedures and tools to achieve a consistent approach.

The Board is responsible for approving and making decisions in relation to Synlait’s Risk Management Policy.

The Audit and Risk Committee has been appointed by the Board to review and

approve Synlait’s risk management framework and key control framework. The Committee is responsible for monitoring Synlait’s risk management profile, and the effectiveness of key risk control activities.

Synlait assesses risks as either strategic (those that would impact our ability to deliver strategy) or operational (those the business manages at an operational level).

Individual business areas and teams maintain risk registers in line with Synlait’s risk framework. These risk and compliance matters are reported monthly to management for decision-making.

Strategic risks are maintained by Synlait’s risk team. The risk team also provides a consolidated strategic risk and a

compliance status report for management, to highlight key areas requiring ongoing monitoring and attention.

Additionally, the Audit and Risk Committee, People Environment and Governance Committee and the Board receive targeted risk and compliance reports. Quarterly, the risk team reports the status of risks and compliance matters being addressed to the Audit and Risk Committee and onto the Board.

Policies and procedures support active management of key operational risks. Key policies include the Synlait Standards Policy, Delegated Authorities Policy, Tax Risk Management Policy, Whistleblower Policy, Health, Safety and Wellbeing Policy and the Food Safety and Quality Policy.

SECTION FOUR

METRICS AND TARGETS

4.1 CURRENT IMPACTS AND MITIGATIONS

Synlait has been measuring GHG emissions since FY18 making this year our seventh year using the operational control consolidation approach. We calculate with reference to the methodology in the GHG Protocol and ISO14064-1:2018 standards.

As adapted from the GHG Protocol, these emissions were classified under the following categories:

- **Direct GHG emissions (Scope 1):** Emissions from sources that are owned or controlled by the company.

- **Indirect GHG emissions (Scope 2):** Emissions from the generation of purchased electricity, heat and steam consumed by the company.
- **Indirect GHG emissions (Scope 3):** Emissions that occur because of the company's activities but from sources not owned or controlled by the company. Our Scope 3 emissions have been further categorised using the Scope 3 Standard categories.

Further information is available in our greenhouse gas inventory in the following chapter of this report.

4.2 BOUNDARIES

Organisational boundaries were set with reference to the methodology described in the GHG Protocol and ISO14064-1:2018 standards. A list of the active entities that

have been included and excluded in our emissions boundary has been included in our GHG inventory.

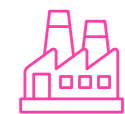


INCLUSIONS AND EXCLUSIONS

In FY24 our total GHG emissions profile included our locations as shown to the right.

A detailed list of our included locations is available in our GHG inventory including any emission sources associated with each of these locations.

While Synlait takes care to include all possible emissions sources there are a limited number of exclusions. The table on page 50 details emissions that have been excluded from the inventory in FY24 and the reason for their exclusion.



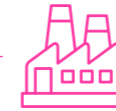
SYNLAIT DUNSANDEL

- Electricity & transmission losses
- LPG
- Coal and coal transport DAF transport
- Biomass
- Diesel (milk tankers, combi Lift, Synlait bus, company vehicles)
- Petrol (company vehicles)
- Packing gas
- Air travel, hotels and rental cars
- Refrigerants
- Waste to landfill
- Outbound, inbound and interwarehouse freight
- Rail freight
- Reimbursed car mileage
- Staff commute
- On-farm



SYNLAIT WIRI WAREHOUSE

- Includes Jerry Green Street and Westney Road*
- Electricity & transmission and losses
 - LPG



SYNLAIT AUCKLAND

- Also called Richard Pearce Drive (RPD)*
- Electricity & transmission and losses
 - Distributed natural gas & transmission losses
 - Packing gas
 - Refrigerants
 - Waste to landfill



SYNLAIT POKENO

- Electricity & transmission and losses
- LPG
- Distributed natural gas & transmission losses
- Diesel (Milk Tankers)
- Packing gas
- Refrigerants
- Waste to landfill
- DAF transport



SYNLAIT PALMERSTON NORTH RESEARCH AND DEVELOPMENT CENTRE

Excluded



SYNLAIT CHRISTCHURCH

- Also called Gloucester Street (GCS)*
- Electricity & transmission losses



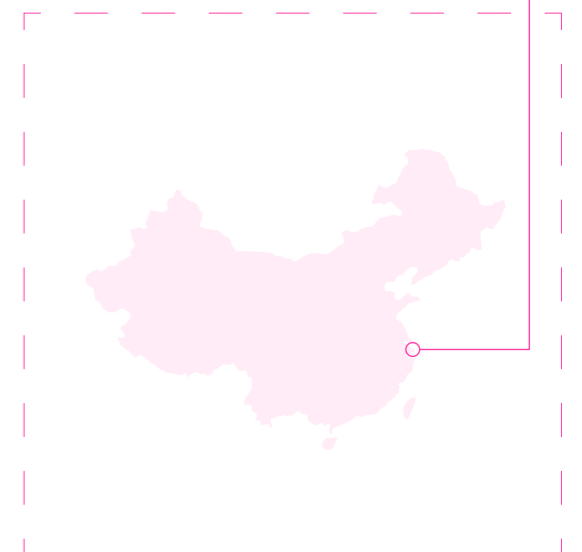
DAIRYWORKS

- Electricity + transmission and losses
- Diesel boiler
- Air travel, hotels, and rental cars
- Packing gas
- Refrigerants
- Waste to landfill
- Outbound, inbound and interwarehouse freight
- Staff commute



SYNLAIT CHINA

Excluded

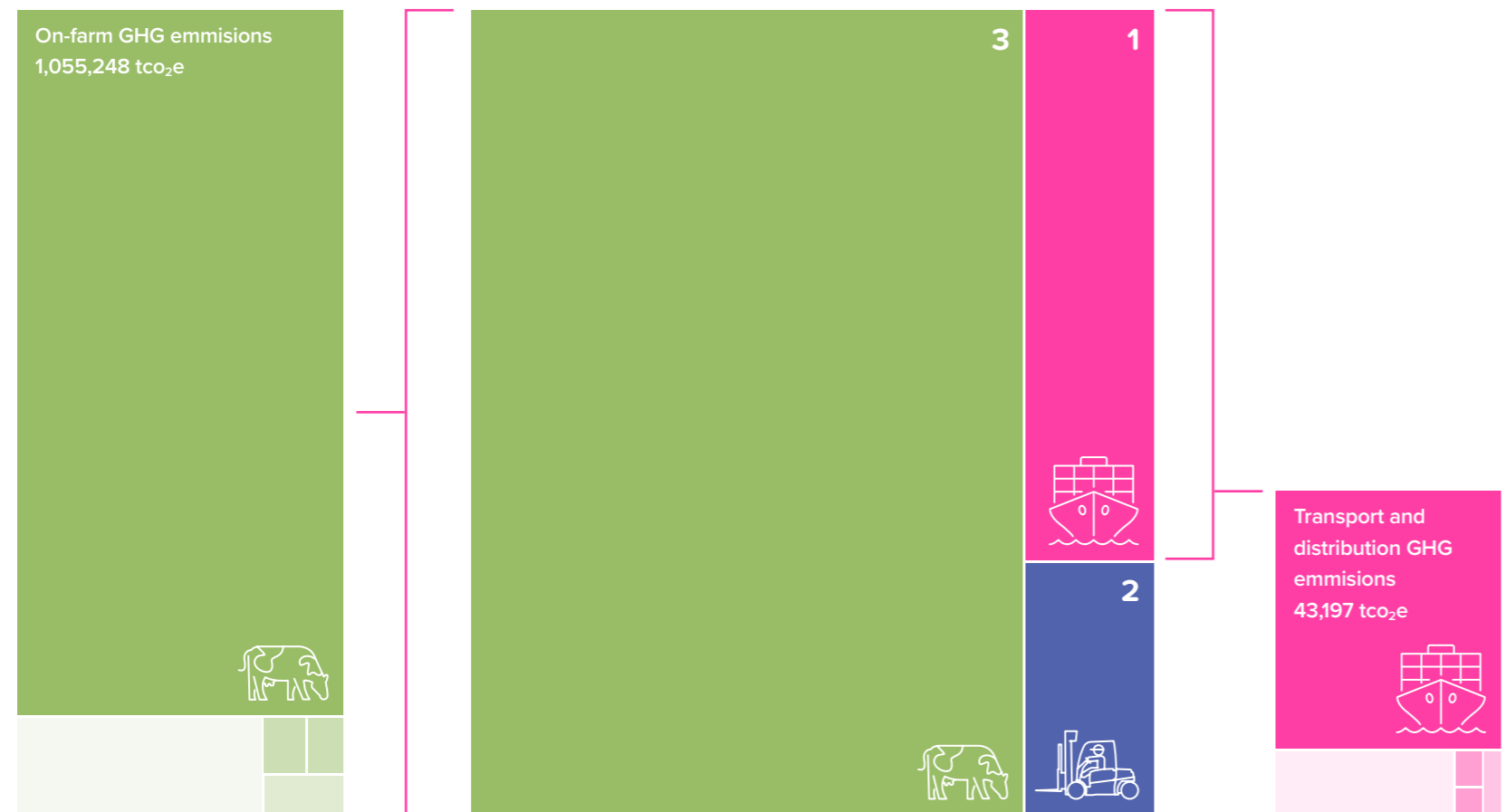


4.3 EMISSION PROFILE

Synlait's GHG inventory further details our contribution to climate change and global warming.

The following diagram represents our FY24 our total GHG emissions profile. This

shows that 88% of our emissions can be attributed to on-farm activity, our biggest contribution to our overall emissions profile (contributing 1,055,248 tCO₂e in FY24). 8.6% in our manufacturing environment and 3.6% from transport and distribution.



Scope 3 emissions by type

Tree map of FY24 emmissions by scope

Scope 1 emissions by type

4.4 TARGETS

Synlait has set the following public targets to manage our climate-related risks and opportunities with consideration to limiting global warming to 1.5°C in line with

the Paris Agreement 2016. This target is verified by the Science Based Target Initiative (SBTi) as aligned with 1.5°C and business ambition for 1.5°C commitment.

Description	Unit	Base Year FY20	Interim Targets (year)	Target FY28	Target Type
Reduce absolute Scope 1 and 2 GHG emissions by 45% between FY20 and FY28	tCO ₂ e	126,304	Nil	69,467	Absolute
Reduce Scope 3 GHG emissions from on-farm purchased goods and services by 30% per kg of milk solids (kgMS) between FY20 and FY28	tCO ₂ e / t MS	13.73	Nil	9.61	Intensity

4.5 OFFSETS

Synlait is committed to achieving our targets with a primary focus on emission reduction.

We do not currently plan to apply offsetting to achieve any of our targets between FY24 and FY28.

4.6 EMISSION FACTORS

Emission factors are sourced from 'Measuring emissions: A guide for organisations: 2024' published by the Ministry for the Environment (MfE).

In FY24, we utilised the document published on 31 May 2024 and republished on 6 June 2024. This document serves

as the basis for all emission sources unless specified otherwise. Emission factors present in the MfE 2024 guide referenced above are based on data from New Zealand's Greenhouse Gas Inventory 1990–2022. For more information on emission factors, please refer to our GHG Inventory Report.

METRICS AND TARGETS

Metric Type	Metric (unit)	Target	FY22	FY23	FY24	Performance Against Target Evolution from Base Year FY20	Notes/Trends
Absolute	Scope 1 Emissions (tCO ₂ e)	No Target	115,939	112,708	103,817	-10%	We have achieved a reduction of -12% in our scope 1 emissions since FY22.
	Scope 2 Emissions (tCO ₂ e)	No Target	11,097	7,751	9,444	-15%	Increased use of our electrode boiler has meant an increase in scope 2 emissions but this has displaced emissions from coal (scope 1). In FY24 we also increased the locations included in scope 2 to include Christchurch office electricity for the first time.
	Scope 1 + 2 Emissions (tCO ₂ e)	- 45%	127,036	120,459	113,261	-11%	We have achieved a reduction of 11% on our combined scope 1 and 2 emissions with a target of reducing this to 45% by FY28.
	Scope 3 Emissions (tCO ₂ e)	No Target	1,082,651	1,033,575	1,090,931	+1%	The bulk of our scope 3 emissions are attributed to on-farm emissions. A full list of what is included in scope 3 is available in the GHG inventory report section of this document in table 2. This metric is recalculated from base year due to change in on-farm emission reporting methodically in FY24. We also annually update back to base year for on-farm emissions to account for update in calculations. More information about this process is available in the GHG inventory report section under section 5, Methodologies and Uncertainties.
Intensity	Scope 1 and 2 Emissions Per Tonne of Finished Product (tCO ₂ e)	No Target	0.62	0.60	0.61	-1%	-
	Scope 3 On-Farm Emissions Per Tonne of Milk Solids (tCO ₂ e / tMS)	- 30%	13.27	13.06	12.47	-8%	Recalculated from base year in FY24, see scope 3 emission metric note for more detail.
	Scope 3 On-Farm Emissions Per kg of Fat and Protein Corrected Milk (tCO ₂ e / tMS)	No Target	1.03	1.01	0.97	-6%	The emission intensity for farm suppliers included in this report is an average of the total milk pool. For customers requiring custom emission intensity figures please contact sustainability@synlait.com
Other	Transition risks: Business activities vulnerable to transition risks (%)	No Target	-	-	-	N/A	Synlait plans to take an approach that would require a qualitative review of our material risks and opportunities and associate any incurred or projected expenses associated in the first instance then to derive a number of % of business activities vulnerable after this. In the FY24 year we will use the adoption provision provided for financial disclosures. Therefore, the amount or percentage of assets or business activities vulnerable to climate-related risks and opportunities can not be quantified until FY25.
	Physical risks: Business activities vulnerable to physical risks (%)	No Target	-	-	-	N/A	
	Climate-related opportunities: Business activities aligned with climate-related opportunities (%)	No Target	-	-	-	N/A	
	Capital deployment: Amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities (\$)	No Target	\$3,672,104	\$3,655,641	\$5,400,614	N/A	Calculated for the first time in FY24. This amount represents our current spend associated with or already deployed to our decarbonisation plan, AgriZero ^{NZ} investment, Whakapuāwai, CRD consulting, SBTi and Lead with Pride™ GHG incentives during the financial years mentioned.
	Remuneration: Management remuneration linked to climate-related risks and opportunities (%)	No Target	0%	0%	0%	No Charge	We do not currently pay management or our Board in relation to climate-related risks and opportunities.
	Internal Emissions Price (\$ / tCO ₂ e)	No Target			\$45	N/A	-

CHAPTER THREE

GHG EMISSIONS INVENTORY

SYNLAIT MILK LIMITED

FY24 GREENHOUSE GAS INVENTORY REPORT

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1. ABOUT THIS REPORT

This report is the annual greenhouse gas (GHG) emissions inventory report for Synlait Milk Limited (Synlait). The inventory is a complete and accurate quantification of the amount of GHG emissions that can be attributed to Synlait's operations within the declared boundary, scope, and reporting period.

Synlait is a milk nutrition and dairy processing company operating in New Zealand.

The inventory and this report have been prepared in accordance with the requirements of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals. Throughout this report, where appropriate, figures have been rounded to the nearest whole number.



GHG INVENTORY ASSURANCE

Deloitte Limited has been appointed as the third-party independent assurance provider. A reasonable level of assurance has been given over the Scope 1 and 2 assertions and quantifications included in this report and a limited level of assurance over the Scope 3 assertions and quantifications.

STATEMENT OF INTENT & INTENDED USE

This inventory report forms part of Synlait's commitment to sustainability and environmental best practice and informs the governance body and senior management's decision-making relating to the company's sustainability strategy. We intend to make this report publicly available through our website.

BASE YEAR AND REPORTING PERIOD

The base year is 1 August 2017 to 31 July 2018. This is the first 12-month period where GHG emissions were calculated. This document covers emissions for the period 1 August 2023 to 31 July 2024, known as financial year 24 (FY24).

TARGETS

In 2021 we upgraded our Science Based Targets for Scope 1 and 2 emissions out to 2028. These targets have the company working toward a reduction in emissions from the 2020 baseline. The baseline year has been determined for the purposes of setting our reduction targets only as our GHG base year is FY18. The reset targets are approved by the Science Based Targets initiative (SBTi) and align with the commitment to keep warming to below 1.5°C.

Synlait has committed to reduce:

- Absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 45% between FY20 and FY28 (in tCO₂e)
- Scope 3 (in tCO₂e) GHG emissions from on-farm purchased goods and services by 30% per kg of milk solids (kgMS) intensity between FY20 and FY28

2. GHG INVENTORY FULL RESULTS FOR FY24

Table 1: GHG Emissions by Scope and ISO 14064 - 1:2018 categorisation

		FY18 (base year)	FY19	FY20	FY21	FY22	FY23	FY24	FY18-FY24 Evolution
Scope 1	(1) Direct GHG emissions	101,079	106,512	117,500	116,961	115,939 ¹	112,708	103,817	3%
Scope 1 Excluding Synlait Farms	(1) Direct GHG emissions	101,079	106,512	117,500	116,961	115,939	105,974	93,938	-7%
Scope 2	(2) Indirect GHG emissions from imported energy	6,923	7,035	8,804	8,504	11,097	7,751	9,444	36%
Scope 2 Excluding Synlait Farms	(2) Indirect GHG emissions from imported energy	6,923	7,035	8,804	8,504	10,923	7,598	9,290	34%
Subtotal	Scope 1 and 2 Emissions (tCO₂e)	108,002	113,547	126,304	125,465	127,036	120,459	113,261	5%
Subtotal Excluding Synlait Farms	Scope 1 and 2 Emissions (tCO₂e)	108,002	113,547	126,304	126,465	126,862	113,572	103,228	-4%
Scope 3	(3) Indirect GHG emissions from transportation and distribution	42,841	46,045	46,511	53,037	54,773	56,091	43,197	1%
	(4) Indirect GHG emissions from products and services used by the organisation	1,155	1,902	3,596	3,438	2,472	3,101	2,365	105%
	(5) Indirect GHG emissions from the use of the organisation's products	-	-	-	-	-	-	-	-
	(6) Indirect GHG emissions from other sources – on-farm emissions ²	661,263	652,891	974,522	1,065,888	1,025,406	974,383	1,045,369	58%
Subtotal	Scope 3 Emissions (tCO₂e)	705,259	700,838	1,024,629	1,122,363	1,082,651	1,033,575	1,090,931	55%
Total Indirect Emissions (Scope 2 and 3)		712,182	707,873	1,033,433	1,130,867	1,093,748	1,041,326	1,100,375	55%
Total Emissions (tCO₂e)		813,261	814,385	1,150,933	1,247,828	1,209,687	1,154,034	1,204,192	48%

¹ The previously reported 956 tCO₂e for FY22 on-farm emissions was calculated using legacy methodology (OverseerFM). Following the implementation of a revised calculation framework based on milk production volumes, and noting that no milk was collected in FY22, grazing-related emissions have been excluded from the main inventory figures.

² Restated due to change in methodology, refer to on-farm section of this document for more information. Please refer to our FY23 GHG Inventory Report for previous results we have reported.

Table 2: GHG Emissions by Source

Emissions Sources	FY18 (base year) tCO ₂ e	FY19 tCO ₂ e	FY20 tCO ₂ e	FY21 tCO ₂ e	FY22 tCO ₂ e	FY23 tCO ₂ e	FY24 tCO ₂ e
Scope 1							
LPG	470	503	586	531	362	427	463
Coal	94,791	100,028	97,965	96,402	98,465	87,253	73,865
Biomass	-	-	8	-	-	28	89
Diesel – Milk Tankers	4,302	4,196	6,035	6,791	7,091	7,055	6,965
Diesel – Boiler	N/A	N/A	906	982	40	26	15
Distributed Natural Gas	163	169	10,058	10,748	8,657	9,778	11,338
Company Vehicles and Combi	73	76	84	243	296	349	310
Bus	0	125	105	123	70	79	76
Packing Gas	1,266	1,349	1,719	1,103	936	819	711
Refrigerants	0	20	0	19	0	118	81
Rental Cars	14	46	34	19	22	42	25
Synlait Farms On-Farm	-	-	-	-	0 ³	6,734	9,879
Scope 2							
Electricity ⁴	6,923	7,035	8,804	8,504	10,923	7,598	9,290
Synlait Farms Electricity	-	-	-	-	174	153	154
Scope 3							
Gas Transmission Losses	19	20	1,181	639	515	361	422
Electricity Transmission Losses	565	533	667	729	1,003	855	689
Synlait Farms Electricity Transmission Losses	-	-	-	-	16	18	11
Waste to Landfill	421	1,108	1,699	2,050	904	1,804	1,206
Coal and DAF Transport	212	209	635	1,845	1,822	210	224
Road Freight (outbound)	2,481	2,683	3,475	5,956	5,697	1,377	4,562
Road Freight (inbound)	2,152	2,265	2,688	4,162	4,141	3,647	6,228
Sea Freight (outbound)	25,540	25,151	25,831	29,562	33,134	36,170	18,889
Sea Freight (inbound)	9,377	11,983	8,971	7,907	4,768	6,834	8,848
Air Freight (outbound)	392	551	1,617	2,468	913	686	398
Air Freight (inbound)	0	0	99	38	60	1,047	146
Inter-warehouse Road Freight	559	605	644	338	58	82	173
Inter-warehouse Sea Freight	307	756	1,306	352	688	412	329
Rail Freight	-	-	-	59	237	194	220
Car Mileage	4	9	22	15	13	24	12
Staff Commute	-	-	-	-	2,919	3,922	2,278
Taxi	3	4	Excluded	Excluded	Excluded	Excluded	1
Air Travel	1,814	1,829	1,223	335	341	1,486	886
Hotel stays	150	241	49	20	34	63	37
Farmer Suppliers On-Farm Emissions ⁵	661,263	652,891	974,522	1,065,888	1,025,406	974,383	1,045,369
Working From Home	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	3
Total GHG Emissions	813,261	814,385	1,150,933	1,247,828	1,209,687	1,154,034	1,204,192

³ The previously reported 956 tCO₂e for FY22 on-farm emissions was calculated using legacy methodology (OverseerFM). Following the implementation of a revised calculation framework based on milk production volumes, and noting that no milk was collected in FY22, grazing-related emissions have been excluded from the main inventory figures.

⁴ The electricity emissions factor decreased by 0.004 kgCO₂e/unit. If not for emissions factor change, total emissions would be 9,988 tCO₂e.

⁵ Restated due to change in methodology, refer to on-farm section of this document for more information. Please refer to our FY23 GHG Inventory Report for previous results we have reported.

Table 3: GHG Emissions by Gas Type

	Total - tCO ₂ e	CO ₂ - tCO ₂ e	CH ₄ - tCO ₂ e	N ₂ O - tCO ₂ e	Other	HFC - tCO ₂ e
Scope 1 and 2 Emissions	113,261	103,225	7,751	2,285	0	0
On-Farm Scope 3 Emissions	1,045,369	293,610	605,758	145,537	464	0

Table 4: Emissions Intensity – Total and Per Year

	FY18 tCO ₂ e	FY19 tCO ₂ e	FY20 tCO ₂ e	FY21 tCO ₂ e	FY22 tCO ₂ e	FY23 tCO ₂ e	FY24 tCO ₂ e	FY18-FY24 Evolution
Scope 1 and 2 Emissions Per Tonne of Finished Product	0.78	0.73	0.65	0.58	0.62	0.60	0.61	-21%
Scope 3 On-Farm Emissions Per Tonne of Milk Solids	11.95	11.59	13.73	13.13	13.27	13.06	12.47	4.4%

Table 5: Emissions Intensity by Gas Type

FY24 Emission Intensity Metrics	Total - tCO ₂ e	CO ₂ - tCO ₂ e	CH ₄ - tCO ₂ e	N ₂ O - tCO ₂ e	Other	HFC - tCO ₂ e
Scope 1 and 2 Emissions Per Tonne of Finished Product	0.61	0.56	0.04	0.01	0	0
Scope 3 On-Farm Emissions Per Tonne of Milk Solids ⁶	12.47	3.50	7.23	1.73	0	0.01

Table 6: Scope 3 On-Farm Emissions Per Kilogram of Fat and Protein Corrected Milk (FPCM)

	FY18 kgCO ₂ e	FY19 kgCO ₂ e	FY20 kgCO ₂ e	FY21 kgCO ₂ e	FY22 kgCO ₂ e	FY23 kgCO ₂ e	FY24 kgCO ₂ e	FY18-24 Evolution
Scope 3 On-Farm Emissions Per kilogram of FPCM ⁶⁷	0.92	0.89	1.06	1.01	1.03	1.01	0.97	5.4%

Table 7: Biomass Combustion

	Quantity (tonnes)	tCO ₂ e	Tonnes Biogenic CO ₂
Mobile Combustion	0	0	0
Stationary Combustion ⁸	3,078.46	89	5,230

⁶ Custom Emission Factor(s): Unless otherwise stated the emission intensity for farm suppliers included in this report are an average of the total milk pool. For custom emission intensity figures, please contact sustainability@synlait.com. Custom Emission Factor(s) are not included within the scope of assurance covered by Deloitte.

⁷ Scope 3 On-Farm Emissions per Kilogram of Fat and Protein Corrected Milk (FPCM): During FY24, it was discovered that FPCM should be calculated using total protein, however Synlait has always used crude protein as the input. This year Synlait has updated the calculation methodology for FPCM to account for this difference. This impacted the Scope 3 on-farm emissions per metric tonne of FPCM metric and this has been restated back to base using the correct inputs and formula. The updated methodology is based on the IDF FPCM equation but modified slightly to allow for crude protein data rather than total protein as defined by the IDF. The equation used is $FPCM(kg/yr) = Production(kg/yr) * [0.1226 * Fat\% + 0.0772 * Crude\ Protein\% + 0.2534]$ where the fat and the protein % are in mass/mass. Production is the kg MS.

⁸ Biomass was combusted in the 2024 financial year for a period of four months and the tco2e (from CH4 and N2O) equated to 89 for this period.

3. PERSONS RESPONSIBLE

The Board of Directors are responsible for the Greenhouse Gas Inventory report.

This report has been approved by George Adams - Board Chair.

4. BOUNDARIES

ORGANISATIONAL BOUNDARY

Organisational boundaries were set with reference to the methodology described in the GHG Protocol and ISO14064-1:2018 standards. The table below details the legal entities included in scope. Synlait uses an operational control consolidation approach.

Table 8: Legal Entities

Entity Name	Description/Function	Ownership	Inclusions	Comment
Synlait Milk Limited	Parent company	100%	Included	-
Synlait Milk Finance Limited	Wholly owned subsidiary, holding company for financing purposes.	100%	Included	No activities that produced GHG emissions therefore not separately reported.
Synlait Milk Dunsandel Farms Limited	Wholly owned subsidiary, two dairy farms that supply Synlait from FY22 (part season) to FY24	100%	Included	Synlait has direct operational control, therefore not separately reported
The New Zealand Dairy Company Limited	Wholly owned subsidiary, company that previously owned the land at Richard Pearse Drive. The company was acquired at the same time as land purchase.	100%	Included	No activities that produced GHG emissions therefore not separately reported. Richard Pearse Drive site captured as a business unit.
Eighty-Nine Richard Pearse Drive Limited	Wholly owned subsidiary, company that previously owned the land to Richard Pearse Drive. The company was acquired at the same time as land purchase.	100%	Included	No activities that produced GHG emissions therefore not separately reported. Richard Pearse Drive site captured as a business unit.
Synlait Business Consulting (Shanghai) Limited	Wholly owned subsidiary, satellite office for staff based in China.	100%	Excluded	GHG emissions estimated to be de minimis, therefore not reported.
Dairyworks Limited	Wholly owned subsidiaries, dairy processing companies in New Zealand and Australia.	100%	Included	Acquisition (April 2020).
Primary Collaboration New Zealand (Shanghai) Co., Limited	Wholly foreign owned entity designed to gain a better understanding of the complex Chinese market and facilitate easier access to China.	100%	Excluded	GHG emissions estimated to be de minimis, therefore not reported.
Sichuan New Hope Nutritional Foods	Infant formula company registered in China, owns the Akara and E-Akara brands, which are exclusively manufactured by Synlait.	25%	Excluded	Shareholding only, no operational control.
Primary Collaboration New Zealand Limited	Wholly foreign owned entity designed to gain a better understanding of the complex Chinese market and facilitate easier access to China.	17%	Excluded	Shareholding only, no operational control.
Centre for Climate Action	Agri Zero investment	1.5%	Excluded	Shareholding only, no operational control.

OPERATIONAL BOUNDARY

There are several sites (also referred to as business units) that Synlait operates. The following table outlines the sites that have been included or excluded in the emissions inventory.

Table 9: Business Units

Business Unit/Sites	Description/Function	Location	Inclusions	Reason/Notes
Synlait Corporate	Corporate emissions across all Synlait sites	Dunsandel	Included	Includes emissions which are not site specific for Synlait.
Dunsandel	Milk processing and manufacturing site	Dunsandel	Included	Includes manufacturing and site-specific emissions only. This is the main operational and administration site for Synlait.
Dunsandel Farms	Dairy farms	Dunsandel	Included	Synlait Milk Limited had direct control in FY24. Includes on-farm and electricity emissions.
Richard Pearce Drive (RPD) Auckland	Milk powder canning and blending site	Auckland	Included	Includes manufacturing and site-specific emissions only.
Westney Road Pōkeno	Warehousing	Auckland	Included	Leased premise.
	Milk processing and manufacturing site	Waikato	Included	Includes manufacturing and site-specific emissions only.
Research and Development Centre Christchurch	Research and development, part of a larger shared campus	Palmerston North	Excluded	Office space leased and emissions estimated to be de minimis.
	Satellite office	Christchurch	Excluded	Office space leased and emissions estimated to be de minimis.
Shanghai	Satellite office	China	Excluded	Office space leased and emissions estimated to be de minimis.
Jerry Green Street	Warehousing	Auckland	Included	New leased premise which Synlait commissioned in late FY23. Included in scope from FY24.
Dairyworks Corporate	Corporate emissions across all Dairyworks sites (including TFC and leased warehouse)	Christchurch	Included	Includes emissions which are not site specific for Dairyworks.
Talbot Forest Cheese	Cheese production factory, milk supplied by Synlait	Temuka	Included	Includes manufacturing and site-specific emissions only. Non-operational in FY24.
Dairyworks Hornby Gerald Connolly Place	Dairy processing factory	Christchurch	Included	Includes manufacturing and site-specific emissions only.

5. METHODOLOGIES AND UNCERTAINTIES

EMISSIONS SOURCE INCLUSIONS, EXCLUSIONS METHODOLOGIES AND UNCERTAINTIES

The GHG emissions sources included in this inventory were identified with reference to the methodology in the GHG Protocol and ISO14064-1:2018 standards.

Where relevant, the inventory is aligned with industry or sector best practice for emissions measurement and reporting. An operational control consolidation approach is used to account for emissions.

As adapted from the GHG Protocol, these emissions were classified under the following categories:

- Direct GHG emissions (Scope 1): Emissions from sources that are owned or controlled by the company.

- Indirect GHG emissions (Scope 2): Emissions from the generation of purchased electricity, heat and steam consumed by the company.
- Indirect GHG emissions (Scope 3): Emissions that occur because of the company's activities but from sources not owned or controlled by the company. Our scope 3 emissions have been further categorised using the Scope 3 Standard categories.

Table 10 provides an overview of how data was collected for each GHG emissions and an explanation of any uncertainties or assumptions made.

Table 10: Emissions Source Data Inclusions, Processes and Uncertainties

Emissions Source	Scope	Scope 3 Category	Purpose	Data Process/Uncertainties
LPG	1	-	Forklifts	Usage provided by supplier reporting in tonnes and converted to litres.
Coal	1	-	Process heat	Usage from invoices combined with the Gross Calorific Value (GCV) of the coal as assessed from a monthly sample taken by a third party which serves as a custom emission factor. As the GCV derived emission factor doesn't break down other gases (only total CO ₂ e) it has been assumed that the percentage of other gases (N ₂ O, CH ₄ , CO ₂) is the same as the MfE emission factor.
Biomass	1	-	Process heat	Usage provided by invoices.
Diesel – milk tankers	1	-	Road transport of milk from farm to manufacturing sites, and transfer of milk between factories	Usage provided by supplier reporting which tracks diesel use in litres.
Diesel – boiler	1	-	Process heat	Usage provided by invoices and supplier usage report.
Distributed natural gas	1	-	Process heat	Monthly invoices provide consumption data in kWh and GJ.
Company vehicles & combi	1	-	Business travel & warehouse operations	Usage of petrol and diesel provided by invoices.
Bus	1	-	Employee transportation	Usage provided by supplier reporting which tracks diesel use in litres.
Packing gas	1	-	Packing	Usage provided by supplier reporting.
Refrigerants	1	-	All units and systems that use refrigerants such as air conditioning, chillers, fridges	Suppliers confirm whether any top ups have occurred and if so, provide amount and type of gas.
Rental cars	1	-	Business Travel	Usage provided by supplier reporting which includes travel distances. Travel distances are entered by the rental car company and are captured in the report from the travel agent. If distances are coded incorrectly or not entered a standard measurement of 50km per day of hire is applied to the booking. This report and its associated GHG emission calculations have been independently verified by Toitū Envirocare.
Synlait farms on-farm	1	-	Raw milk supply from farms that Synlait own and manage	On-farm emissions are GHG emissions from the dairy farms that Synlait has a direct supply agreement with, and in this case own and manage. The process for collecting and reporting this data is the same as for other farmer suppliers. For more details, please see the on-farm section below.
Electricity	2	-	Office and manufacturing use	Usage provided by supplier reporting for all sites except Christchurch Satellite office which uses spend data from invoice obtained by building manager and applies an emission intensity from Auckland Council consumption emission modelling.

Table 10: Emissions Source Data Inclusions, Processes and Uncertainties (continued)

Emissions Source	Scope	Scope 3 Category	Purpose	Data Process/Uncertainties
Gas and electricity transmission losses	3	3	Losses during transmission	Default transmission loss amount is used which is incorporated into the emissions factor provided by MfE and applied to total electricity and natural gas KWH use as based on supplier reporting.
Waste to landfill	3	5	Manufacturing and office waste	Usage provided by supplier reporting. The mixed waste non methane recovery emissions factor is applied to all sites.
Coal transport	3	4	Transportation of coal	Road freight for transporting coal to Dunsandel is estimated based on weight of coal purchased and distance from supplier to Dunsandel multiplied by road freight emissions factor. Assuming 26km from supplier to factory.
DAF transport	3	4	Transportation of DAF sludge	Usage provided by supplier reporting. Diesel usage in litres based on average fuel efficiency for each vehicle type.
Outbound freight (sea, road, air)	3	9	Delivery of finished goods to national and international customers	<p>Distances in kilometres are calculated from origin to destination countries and multiplied by the weight of goods delivered to obtain tonnes per kilometre (TKM) using data extracted from Synlait's internal sales and shipping report to track all orders*. Including the following assumptions:</p> <ol style="list-style-type: none"> 1. Consignments travel directly to destination. 2. The road components for sea and air freight (from original location to port and from port to destination) are 50km at each end unless the carrier is the rail transport provider from Synlait Dunsandel to Lyttleton Port (the emissions from this carrier are included in rail freight), making it an estimated 100km of road freight, 3. Air consignments are >3700km therefore the long-haul emissions factor is to be used. <p>*Refer also to "Restatements / Changes from FY23" section on page 51 for further detail on freight emissions calculation.</p> <p>This emission source contains instances of downstream distribution and transportation of sold products that have been paid for by Synlait and therefore should be disclosed in category 4. However, as we are unable to accurately separate these from freight that the customer has paid for at this time we have disclosed as category 9.</p> <p>Dairyworks - Data is based on actuals. Sales reports have been used to calculate the outbound sea and road freight.</p>
Inbound freight (sea, road, and air)	3	4	Procurement of ingredients and packaging materials	<p>Synlait – Data obtained from Synlait's ERP system*. The total weights moved between each site are multiplied by distance between the sites to calculate TKM. Where mode of transport is missing for deliveries, an assumption has been provided by procurement based on each supplier.</p> <p>*Refer also to "Restatements / Changes from FY23" section on page 51 for further detail on freight emissions calculation.</p> <p>Dairyworks - Data is based on actuals. Sales reports have been used to calculate the outbound sea and road freight.</p>

Emissions Source	Scope	Scope 3 Category	Purpose	Data Process/Uncertainties
Inter-warehouse freight (road and sea)	3	4	Movement of goods between sites and warehousing facilities	Data obtained from Synlait's ERP system*. The total weights moved between each site are multiplied by distance between the sites to calculate TKM. It is assumed all inter-island transfers have travelled by sea and are transported to and from the nearest port to the site. *Refer also to "Restatements / Changes from FY23" section on page 51 for further detail on freight emissions calculation.
Rail freight (inbound, outbound, and inter-warehouse)	3	4	Movement of goods between Lyttleton port and Dunsandel	Trip data is obtained from internal recording via an excel query.
Reimbursed car mileage	3	6	Staff use of own car for business travel	Kilometres travelled is calculated from staff mileage claims. Using emission factor for private car default petrol.
Staff commute	3	7	Staff travel from home to work and back home	<p>Current financial year FTE head count for each site used to extrapolate on results from a company-wide survey that collected data on type of vehicle used, distance travelled to most frequent site, and number of days worked on-site per week. This company-wide survey asked how employees got to work or if they worked from home during the 'survey week'. The 'survey week' refers to a specific week during the financial year that people were asked to track their commute patterns. The survey was sent to every employee with an email address at Synlait and Dairyworks as well as provided opportunities for employees to complete the survey on their own device during break times. The survey had an 18% response rate with Synlait employees and 22% for Dairyworks employees. The results from these populations were then extrapolated to incorporate the total population. Exclusions include:</p> <ol style="list-style-type: none"> 1. Staff who indicated they travelled by the Synlait provided bus are excluded from the staff commute totals as diesel is accounted for already. 2. Staff who travelled by air transport were excluded as this is captured in the air travel emission data as it is booked by our travel agent. 3. Staff who travelled by company car as these are included in a separate category.
Working from home	3	7	Employees working away from a Synlait or Dairyworks location	Current financial year FTE head count for Synlait and Dairyworks used to extrapolate on results from the staff survey described in section above. The number of work from home or work remotely days from the survey week were extrapolated out to a 48 week working year then default emission factor applied.
Taxi	3	6	Business travel	Taxi emissions are associated to Synlait Corporate and Dairyworks Corporate using ERP extracted data.
Air travel and hotels	3	6	Business travel	The supplier provides a monthly usage report. The report includes travel distances and class of travel. Hotel information includes location and number of nights. This report and its associated GHG emission claims have been independently verified by Toitū Envirocare.
On-farm emissions	3	1	Supply of raw milk	On-farm emissions are GHG emissions from the dairy farms that Synlait has a direct supply agreement with, for the purchase of raw milk. For more details, please see the dedicated on-farm section on page 50.

Table 11: Emission Exclusions

Emissions Source	Scope	Scope 3 Category	Business unit Excluded	Exclusion Details
Purchased goods and services	3	1	All	GHG emissions from non-milk suppliers (for example, packaging, raw materials, equipment, services) are excluded from the inventory due to data availability, apart from the shipping of these items which is included
Capital Goods	3	2	All	Emissions from capital assets are excluded due to a lack of data availability, however emissions from energy consumption for any construction work or testing of new equipment is included.
Waste to Landfill	3	5	Christchurch	Synlait leases two levels of a seven-level building where all the waste is collected and disposed of collectively by the building manager. It is therefore difficult to obtain accurate data.
Refrigerants	3	8	Christchurch	Refrigerants have been excluded due to data access issues. Synlait leases this site from the owner therefore it is considered scope 3.
Processing of sold products	3	10	All	Our ingredients are processed by our customers into a multitude of products. It would be technically difficult to estimate our share of our customers' processing GHG emissions.
Use of sold products	3	11	All	We have carried Life Cycle Analyses for four of our key products and in all cases GHG emissions from consumer use represented less than 2.4% of total emissions therefore considered to be de minimis
End-of-life treatment of sold products	3	12	All	We have carried Life Cycle Analyses for four of our key products and in all cases GHG emissions from consumer disposal represented less than 0.3% of total emissions therefore considered de minimis.
Downstream leased assets	3	13	N/A	Synlait does not operate this type of lease therefore it has been excluded
Franchises	3	14	N/A	Synlait does not operate franchises therefore it has been excluded
Investments	3	15	N/A	Synlait had shareholding investments in the following entities: Sichuan New Hope Nutritional Foods, Primary Collaboration New Zealand Limited and Centre for Climate Action. These have been excluded as we do not have access to sufficient data.

ON-FARM EMISSIONS

Emission factor: The quantification of GHG emissions is conducted via the 'Ag:LCA tool' a life cycle assessment tool developed by AgResearch specifically for the agriculture industry that evaluates the impact of products, processes or services across their life cycle from production to end of life (cradle to grave).

Quantification of GHG type: Each source of GHG data, broken down by type of GHG, is also extracted from Ag:LCA tool. This enables Synlait to calculate the average proportion of CO₂, CH₄ and N₂O gases within total GHG emissions across all dairy farms.

Custom Emission Factor(s): Unless otherwise stated the emission intensity for farm suppliers included in this report are an average of the total milk pool. Custom Emission Factor(s) are not included within the scope of assurance covered by Deloitte.

Farms Reported: On-farm emissions are GHG emissions from the dairy farms that have an existing supplier contract with Synlait during the reporting period, for the supply of raw milk. No farms were excluded in this reporting period due for this reason.

Data Process/Uncertainties: On-farm emissions are gathered from every farm that Synlait had a supply agreement with during the season. The resulting document is called a nutrient budget. The process for turning a farms nutrient budget into our on-farm data is as follow:

- Synlait staff check the data is complete and accurate.
 - Farm data (nutrient budget) is entered into OVERSEER® by the farm manager or their consultant with the help of Synlait Sustainability Advisors and/or contracted consultants. For more information on what is included in the nutrient budget and feeds into OVERSEER®, refer to the on-farm Boundary section below. OVERSEER® data output will be used for resource consent compliance purpose in FY24.
 - Simultaneously, in FY24 for the first time we have engaged AgResearch, New Zealand's Leading agri-based science innovation crown research institute, to take the input data that has previously been modelled in OVERSEER® and model it in their LCA tool. This change was to ensure the data aligns with the International Dairy Federation's 2022 Carbon Footprint Standard for the dairy sector. The scope now includes emissions from young stock, animals wintered off farm, deforestation and peat soils.
 - Where data is not available for a farm (for example, it has ceased to supply Synlait e.g., data is not available by our internal cut-off date), data may be manually entered, or previous years data used. This was the case for 3% of farms in FY24. All care is taken to ensure that all farms with a current supply agreement are represented in our on-farm emissions.
 - Exclusions are removed, if relevant, (see list of exclusions below).
 - Emissions from farms that supply Synlait, and other processors are adjusted in accordance with the percentage of supply they give us. For example, if a farm supplies 20% of its milk to Synlait and 80% of its milk to another processor, Synlait will take 20% of the total emissions for this farm.
 - Farms are weighted by milk supplied, then emissions, and emissions intensities calculated.
- On-farm Data Boundary:** The AgResearch LCA tool calculates emissions based on inputs.
- The following inputs are included to determine overall tonnes of carbon equivalent.
- Enteric fermentation
 - Dung deposited
 - Imported effluent
 - Animal dry matter
 - Crop residue
 - Burning of crop residues
 - Nitrogen in excreta deposited
 - Nitrogen added
 - Nitrogen leached and volatilised from urine and fertiliser
 - Electricity
 - Fuel
 - Animal transport
 - Young stock
 - Animals wintered off farm
 - Deforestation
 - Peat Soils

ON-FARM EMISSIONS (CONTINUED)

Exclusions:

- New farmer suppliers who come on after 31 May of the reporting year are excluded, as they would have only supplied milk to Synlait for one month or less prior to the end of financial year. There were no instances of exclusion due to this reason in FY24.
- Emissions from agricultural products or dairy products purchased from other suppliers for processing (with whom there is no direct supply agreement) are also excluded. Although the materiality of these emissions have not been assessed.
- Rearing beef animals as this is not relevant to Synlait's operations.

EMISSIONS FACTORS

Emissions factors released by the New Zealand Ministry for the Environment (MfE) (published May 2024) are used where available for all emissions except:

- Christchurch office electricity - As the only available data is in invoice form from the building manager the Market Economics Limited, 2023, Consumption Emissions Modelling, report prepared for Auckland Council (March 2023), factor has been used.
- R448a refrigerant – No emission factor was available in either MfE or DESNZ emission factor list so the manufacturers global warming potential (GWP) figure was used.

On-farm emissions calculated via the Ag:LCA tool follow the equations and emission factors of the NZ GHG Inventory, the GWP100 values used is AR6 (2021).

Where there are no appropriate MfE factors, United Kingdom DESNZ factors could be used (published July 2024). There are no emissions that have utilised a DESNZ factor during FY24.

BASE YEAR RECALCULATION POLICY

Base year data may need to be revised when material changes occur and have an impact on calculated emissions. Our policy is to recalculate base year data and indicate in a footnote any recalculation or re-statement of previously disclosed data, in any of the following situations:

- Changes are estimated to represent more than 5% of Scope 1, 2 or 3 emissions: or
- There are significant changes to our reporting or organisational boundaries, including the outsourcing or insourcing of emitting activities, mergers, acquisitions, or divestures: or
- There are significant changes in our calculation: or
- We discover significant errors, or cumulative errors that are collectively significant, in our previous disclosures: and
- Annually for our on-farm GHG data. Past disclosures can be found in our previous GHG Inventory reports at synlait.com/sustainability.

GHG INFORMATION MANAGEMENT AND MONITORING PROCEDURES

GHG emissions are measured annually and compared against the base year. Each source of GHG emissions has an Excel spreadsheet which includes raw data and calculated GHG emissions. A master spreadsheet performs the consolidation of all GHG emissions at group level.

This document provides an overview of boundaries and scopes, data collection processes and GHG measurement methodologies for each emission source and is updated each year. More details are available in each of the GHG emissions spreadsheets.

Synlait's GHG Emissions Inventory Report, associated documents and spreadsheets are prepared by the sustainability team. They are then reviewed internally and by external third parties as required.

OTHER EMISSIONS – HFC, PFC, NF₃ AND SF₆

Air conditioning units and chillers contain HFCs. The Dunsandel site has reported top-ups of gas for this reporting period, HFC for the top up has been included in the inventory. Air conditioning is excluded from the inventory for the Christchurch office only, due to data availability. There are no operations that use PFC, NF₃ or SF₆.

OTHER EMISSIONS – BIOMASS

3078 tonnes of wood pellets were combusted during FY24. The CH₄ (40tCO₂e) and N₂O (49tCO₂e) emissions have been included in the inventory. The biogenic carbon (not included in the inventory) associated with the combustion of biomass is 5232t CO₂.

RESTATEMENTS

The following emission sources have been restated since our last GHG inventory (FY23):

- **On-Farm Emissions:** Base year emissions have been restated this year due to a change in calculation methodology which impacts the calculation of our on-farm Scope 3 emissions only. See our On-Farm Emissions data process and Base Year Recalculation Policy for more details. For more information on emission data that were previously reported please refer to copies of previous GHG inventories.
- **Rental Car Emissions:** It was discovered during the drafting of this inventory that the emissions associated with rental car use in FY23 was unintentionally excluded from table 2. This has now been rectified and will result in a change in the total GHG emission number for FY23 – an addition of 42 tonnes.
- **Freight methodology change:** There is a change in calculation method from FY23 for all freight categories, which utilised a spend based approach in the prior reporting year due to data being unavailable from the ERP system. This was a once off event. For more information on the FY23 method and assumptions refer to the FY23 inventory report. Note this calculation methodology applied this year is consistent with base-year FY18 and comparative years FY19-FY22.

6. GLOSSARY

While all care has been taken to remove acronyms and abbreviations some have been included in this report for length. Any acronyms and abbreviations used or other concepts which may need explanation have been included in table 12.

Table 12: Glossary of Terms

Term	Definition	Additional Information (if required)
API	Application Programming Interface	An API establishes an online connection between a data provider and an end-user
Biogenic CO ₂	The carbon dioxide (CO ₂) resulting from the decomposition, digestion or combustion of biomass	Produced because of biomass (wood pellet) energy to power boilers at Synlait
CH ₄	Methane	-
CO ₂	Carbon Dioxide	-
DAF	Dissolved Air Flotation	DAF refers to the treatment of dairy wastewater using Dissolved Air Flotation. The solids that remain after the wastewater has been treated are then transported to their disposal location.
DESNZ	United Kingdom Department for Energy Security and Net Zero	Current government organisation responsible for emission factors
DW	Dairyworks	-
Emissions	-	Any reference to 'emissions' in this report means greenhouse gas emissions.
FPCM	Fat and Protein Corrected Milk	Can also be known as Energy Corrected Milk (ECM), is the calculation of standardising milk production for comparison between cows
FY	Financial Year	This inventory is prepared for financial year 2024 also known as FY24
GHG	Greenhouse Gas Emissions	-
IDF	International Dairy Federation	International Dairy Federation's 2022 Carbon Footprint Standard for the dairy sector. A standard that connects and aligns the whole dairy value chain around sustainability criteria.
LCA	Lifecycle Assessment	The systematic analysis of the potential environmental impacts of products or services during their entire life cycle.
LPG	Liquid Petroleum Gas	Fuel for forklifts in Dunsandel
MfE	New Zealand Ministry for the Environment	Current government organisation responsible for emission factors in New Zealand
N ₂ O	Nitrous Oxide	-
RPD	Richard Pearce Drive	Synlait site at 89 Richard Pearce Drive
SYN	Synlait	Reporting Entity
TFC	Talbot Forest Cheese	Dairyworks site that is not currently in operation
TKM	Tonnes per Kilometre	-

7. SIGN OFF

Person Responsible: George Adams, Board Chair Frequency of Report: Annual



Dated: 25 November 2024 Base Year: 2017-2018



INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF SYNLAIT MILK LIMITED

Report on Greenhouse Gas Emissions Inventory Report

We have undertaken a reasonable assurance engagement in relation to Scope 1 and 2 emissions and a limited assurance engagement in relation to Scope 3 emissions within the Greenhouse Gas Inventory Report (the 'Inventory Report') of Synlait Milk Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 July 2024, comprising the Emissions Inventory and the explanatory notes set out on pages 42 to 52.

The Inventory Report provides information about the greenhouse gas emissions of the Group for the year ended 31 July 2024 and is based on historical information. This information is stated in accordance with the requirements of International Standard ISO 14064-1 Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals ('ISO 14064-1:2018') and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (the 'GHG Protocol').

Our report does not cover any forward-looking statements, hyperlinked documents, external references or custom emission factors referenced in table 6 footnote 6.

Reasonable Assurance Opinion for Scope 1 and 2 Emissions

In our opinion, the Scope 1 and 2 emissions of the Inventory Report of the Group for the year ended 31 July 2024 have been prepared, in all material respects, in accordance with the requirements of ISO 14064-1:2018 and the GHG Protocol.

Limited Assurance Conclusion for Scope 3 Emissions

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 Group's Scope 3 emissions within the Inventory Report for the year ended 31 July 2024 are not prepared, in all material respects, in accordance with the requirements of ISO 14064-1:2018 and the GHG Protocol.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis for Reasonable Assurance Opinion for Scope 1 and 2 Emissions and Limited Assurance Conclusion for Scope 3 Emissions

We conducted our engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3410: Assurance Engagements on Greenhouse Gas Statements ('ISAE (NZ) 3410') issued by the New Zealand Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance opinion for Scope 1 and 2 Emissions and limited assurance conclusion for Scope 3 Emissions.

Board of Directors' Responsibility

The Board of Directors are responsible for the preparation of the Scope 1, 2 and 3 emissions within the Inventory Report, in accordance with ISO 14064-1:2018 and the GHG Protocol. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of an Inventory Report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Management

We have complied with the independence and other relevant ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* ('PES-1') issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm carries out other assignments for the Group in the areas of taxation compliance, climate risk assessment advisory, financial and reporting advisory and consulting support services. Other than in our capacity as assurance provider and the provision of these services, we have no relationship with or interests in the Company or any of its subsidiaries.

The firm applies 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 the firm 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.

Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance opinion on Scope 1 and 2 emissions and a limited assurance conclusion on Scope 3 emissions in the Inventory Report based on the procedures we have performed and the evidence we have obtained. We conducted our reasonable and limited assurance engagement in accordance with ISAE (NZ) 3410, issued by the New Zealand Auditing and Assurance Standards Board. That standard requires that we plan and perform the engagement to obtain reasonable assurance that Scope 1 and 2 emissions within the Inventory Report, and limited assurance that Scope 3 emissions within the Inventory Report are free from material misstatement, respectively.

Reasonable assurance for Scope 1 and 2 emissions

A reasonable assurance engagement undertaken in accordance with ISAE (NZ) 3410 involves performing procedures to obtain evidence about the quantification of emissions and related information in the Inventory Report. The nature, timing and extent of procedures selected depend on the assurance practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Inventory Report. In making those risk assessments, we considered internal control relevant to the Group's preparation of the Inventory Report. A reasonable assurance engagement also includes:

- Assessing the suitability in the circumstances of the Group's use of ISO 14064-1:2018 and the GHG Protocol as the basis for preparing the Inventory Report;
- Evaluated the appropriateness of quantification methods and reporting policies used, and the reasonableness of estimates made by the Group; and
- Evaluated the overall presentation of the Inventory Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance opinion in respect of the Scope 1 and 2 emissions.

Limited assurance for Scope 3 emissions

A limited assurance engagement undertaken in accordance with ISAE (NZ) 3410 involves assessing the suitability in the circumstances of the Group's use of ISO 14064-1:2018 and the GHG Protocol as the basis for the preparation of the inventory report, assessing the risks of material misstatement of the inventory report whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the inventory report. 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, observations of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Through enquiries, obtained an understanding of the Group's control environment and information systems relevant to emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether the Group's methods for developing estimates are appropriate and had been consistently applied. However, 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.

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 in relation to Scope 3 Emissions. Accordingly, we do not express a reasonable assurance opinion about whether the Group's Scope 3 emissions within the inventory report has been prepared, in all material respects, in accordance with the ISO 14064-1:2018 and the GHG Protocol.

Inherent Limitations Scope 1, 2 and 3 emissions

Non-financial information, such as that included in the Group's Inventory Report, 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, 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 ISO 14064-1:2018 and the GHG Protocol are undertaken on a test basis, our assurance engagement cannot be relied on to detect all instances where the Group may not have complied with the ISO 14064-1:2018 and the GHG Protocol. Because of these inherent limitations, it is possible that fraud, error or non-compliance may occur and not be detected.

Scope 3 emissions

For the Scope 3 emissions, we note that a limited assurance engagement is not designed to detect all instances of non-compliance with the ISO 14064-1:2018 and the GHG Protocol, as it generally comprises making enquires, primarily of the responsible party, and applying analytical and other review procedures.

In addition, Scope 3 emissions relating to on-farm emissions (especially fertiliser and methane production for dairy cows) are inherently uncertain due to the fact that they arise from natural processes which may vary depending on contributing factors.

Use of Report

Our assurance report is made solely to the directors of the Group in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the directors those matters we have been engaged to state in this assurance report and for no other purpose. To the fullest extent permitted by law, we accept or assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including without limitation, liability for negligence in relation to the opinion expressed in this report.

Deloitte Limited

Chartered Accountants
25 November 2024
Christchurch, New Zealand

Matters Relating to the Electronic Presentation of the Information

This assurance report relates to the information of Synlait Milk Limited for the year ended 31 July 2024 included on Group's website. Synlait Milk Limited is responsible for the maintenance and integrity of the Group's website. We have not been engaged to report on the integrity of the Group's website. We accept no responsibility for any changes that may have occurred to the information since they were initially presented on the website.

The assurance report refers only to the information named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this information. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the information and related assurance report to confirm the information included in the information presented on this website.

APPENDICES

APPENDIX 1: KEY SUSTAINABILITY METRICS

Description of metric	Target	Unit	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Total Energy Consumption		MWh	347,145	377,086	446,541	436,365	428,104	420,391	297,858
Energy per Tonne of Product		kWh	2,495	2,425	2,313	2,031	2,076	2,077	1,611
Total Coal Consumption		MT	54,287	56,807	56,889	56,467	53,861	41,949	35,591
Coal Consumption per Tonne of Product		MT	0.39	0.37	0.29	0.26	0.26	0.21	0.19
Total Waste (Landfilled + Recycled) Produced		MT	4,296	5,249	8,242	6,744	7,099	7,343	7,827
Water Recovered and Reused in Manufacturing Operations (Pokeno Only)		%	-	-	17%	27%	19%	14%	
Off-Farm Water Consumption Absolute (Including Synlait Farms)		m3	1,927,484	2,232,869	2,823,454	2,636,247	4,830,988	4,213,045	4,859,569
Total Off-Farm Water Consumption (Excluding Synlait Farms)		m3	1,927,484	2,232,869	2,823,454	2,636,247	2,678,309	2,925,593	3,103,569
Total Waste (Landfilled + Recycled) Per Tonne of Product		Kg / MT Prod	31	34	43	31	34	36	42
Total Landfill Produced		MT	-	-	-	-	-	2,162	1,423
Total Recycling Produced		MT	-	-	-	-	-	5,181	6,404
B Corp™ Points - Group	105 by 2029	#	-	-	-	-	-	89.5	89.5
B Corp™ Points - Dairyworks	-	#	-	-	-	-	-	56.6	56.6
B Corp™ Points - Synlait	-	#	-	-	80.4	80.4	80.4	97.7	97.7
Engagement Ratio - Synlait	4.20:1	#	3.75:1	3.58:1	5.20:1	5.30:1	4.90:1	5.70:1	4.02:1
Engagement Ratio - Dairyworks	4.00:1	#	-	-	-	-	-	-	3.42:1
Total Employees - All	-	#	-	-	-	-	-	1417	1,423
Total Employees - Synlait	-	#	-	-	-	-	-	1149	1,133
Total Employees - Dairyworks	-	#	-	-	-	-	-	268	290
Supplier Expenditure with New Zealand Registered Companies		%	86.30%	88.40%	86.80%	-	-	86.80%	85.50%
Employee Turnover Rate - Synlait	16%	%	18%	10%	13%	14%	23%	18%	16%
Employee Turnover Rate - Dairyworks		%	-	-	-	48%	34%	28%	15%
Women in Senior Leadership Team (ELT) - Synlait		%	14%	14%	25%	31%	27%	30%	22%
Employee Fatalities	0	#	0	0	0	0	0	0	0

APPENDIX 2: CLIMATE-RELATED DISCLOSURE MATRIX

Section	Location in Report	Reference	Disclosure Requirements
Governance	Pages 24 to 26	NZ CS 1.7(a)	Identity of governance body
		NZ CS 1.7(b)	Governance body's oversight
		NZ CS 1.7(c)	Management's roles
		NZ CS 1.8(a)	Informing the governance body
		NZ CS 1.8(b)	Governance body's skills and competence
		NZ CS 1.8(c)	Implementation of the entity's strategy
		NZ CS 1.8(d)	Setting, monitoring and overseeing metrics and targets and remuneration policies
		NZ CS 1.9(a)	Management-level responsibility and how they engage with the governance body
		NZ CS 1.9(b)	Management-level organisational structure
Strategy	Pages 27 to 34	NZ CS 1.9(c)	Management-level information, decisions and monitoring
		NZ CS 1.11(a)	Current climate-related impacts
		NZ CS 1.11(b)	Description of scenario analysis
		NZ CS 1.11(c)	Climate-related risks and opportunities over the short, medium, and long term
		NZ CS 1.11(d)	Anticipated impacts of climate-related risks and opportunities
		NZ CS 1.11(e)	How Synlait will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future state
		NZ CS 1.12(a)	Current physical and transition impacts
		NZ CS 1.12(b) (c)	Current financial impacts of physical and transition impacts
		NZ CS 1.13	Scenario analysis
		NZ CS 1.14(a)	Definition of short, medium and long term and how the definitions are linked to its strategic planning horizons and capital deployment plans
		NZ CS 1.14(b)	Classification of climate-related risks and opportunities
		NZ CS 1.14 (c)	How climate-related risks and opportunities serve as an input to its internal capital deployment and funding decision-making processes
		NZ CS 1.15 (a)	Anticipated impacts
		NZ CS 1.15 (b)	Anticipated financial impacts
		NZ CS 1.15 (c) 9d)	Time horizons
		NZ CS 1.16(a)	Business model and strategy
		NZ CS 1.16(b)	Transition plan
NZ CS 1.16(c)	Transition plan alignment with internal capital deployment and funding decision-making processes		
Risk Management	Pages 35 to 37	NZ CS 1.18(a)	Identifying, assessing and managing climate-related risks
		NZ CS 1.18(b)	Integrating climate-related risks into risk management processes
		NZ CS 1.19(a)	Tools and methods
		NZ CS 1.19(b)	Short, medium and long term time horizons
		NZ CS 1.19(c)	Value chain exclusions
		NZ CS 1.19(d)	Frequency of assessment
Metrics and Targets	Pages 38 to 41	NZ CS 1.19(e)	Prioritising climate-related risks
		NZ CS 1.21(a)	Metrics
		NZ CS 1.21(b)	Industry-based metrics
		NZ CS 1.21(c)	Other KPI
		NZ CS 1.21(d)	Targets
		NZ CS 1.22 (a)(i) - (iii)	GHG emissions (Gross)
		NZ CS 1.22 (b)	GHG emissions (Intensity)
		NZ CS 1.22 (c)	Transition risks
NZ CS 1.22 (d)	Physical risks		

APPENDIX 3: CLIMATE-RELATED DISCLOSURE MATRIX

NZ CS 2 Reference	Adoption Provision	Adoption Provision Applied	Additional Disclosure Information
Adoption provision 1: Current financial impacts			
10	Paragraph 12(b) of NZ CS 1 requires disclosure of the current financial impacts of an entity's physical and transition impacts identified in paragraph 12(a).	Yes	The financial cost anticipated from these impacts is currently being calculated and understood – we plan to provide an update in our FY25 disclosure
11	If an entity elects to use the adoption provision in paragraph 10, then there is also an exemption from paragraph 12(c) of NZ CS 1 (requirement to disclose an exemption of why an entity is unable to disclose quantitative information for paragraph 12(b) if that is the case).	Yes	-
Adoption provision 2: Anticipated financial impacts			
12	Paragraph 15(b) of NZ CS 1 requires disclosure of the anticipated financial impacts of climate-related risks and opportunities reasonably expected by the entity.	Yes	The financial cost anticipated from these impacts is currently being calculated and understood – we plan to provide an update in our FY25 disclosure
13	If an entity elects to use the adoption provision in paragraph 12, then there is also an exemption from paragraph 15(c) of NZ CS 1 (requirement to provide a description of the time horizons over which the anticipated financial impacts of climate-related risks and opportunities could reasonably be expected to occur).	Yes	The financial cost anticipated from these impacts is currently being calculated and understood – we plan to provide an update in our FY25 disclosure
14	If an entity elects to use the adoption provision in paragraph 12, then there is also an exemption from paragraph 15(d) of NZ CS 1 (requirement to provide an explanation of why an entity is unable to disclose quantitative information for paragraph 15(b), if that is the case).	Yes	-
Adoption provision 3: Transition planning			
15	Paragraphs 16(b) and 16(c) of NZ CS 1 require disclosure of the transition plan aspects of the strategy and the extent to which they are aligned with internal capital deployment and funding decision-making processes.	No	Transition plan published on page 34
Adoption provision 4: Scope 3 GHG emissions			
17	Paragraph 22(a)(ii) of NZ CS 1 requires disclosure of greenhouse gas (GHG) emissions (gross emissions in metric tonnes of carbon dioxide equivalent (CO2e) classified as scope 3. This may be applied to all its scope 3 GHG emissions sources, or a selected subset of its scope 3 GHG emissions sources.	No	All in boundary scope 3 emissions provided
Adoption provision 5: Comparatives for Scope 3 GHG emissions			
18	Paragraph 40 of NZ CS 3 requires disclosure of comparative information for the immediately preceding two reporting periods for each metric disclosed in the current reporting period.	No	Comparative information provided
Adoption provision 6: Comparatives for metrics			
20	Paragraph 40 of NZ CS 3 requires disclosure of comparative information for the immediately preceding two reporting periods for each metric disclosed in the current reporting period.	No	Comparative information provided
Adoption provision 7: Analysis of trends			
22	Paragraph 42 of NZ CS 3 requires an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period to be disclosed.	No	Evolution from FY23 provided

APPENDIX 4: FULL SCENARIO NARRATIVES

ORDERLY – PRESENT TO 2030

- Network for Greening the Financial System (NGFS) - Net zero by 2050
- Shared socioeconomic pathway (SSP) 1 - 1.9, 1.4°C
- Climate Change Commission - Tailwinds



Political stability and strong policy frameworks reward investment into low carbon technology, providing a stable investment environment. Government establishes a clear and fixed pathway for ETS allocation reductions and does not intervene thereafter, resulting in a steadily rising carbon price.

Financial market regulation makes it difficult for capital to be allocated to high emissions, low resilience practices and enterprises. This triggers widespread investment into low carbon and climate resilient farming technologies and practices, indicating that economic growth is steadily decoupling from fossil fuels. Strong government leadership and a robust policy framework ensure optimal allocation of land use and water consents, balancing competing demand for housing, food security, energy security and carbon sequestration. Carbon border adjustment mechanisms have been introduced, further

incentivising decarbonisation of the agricultural sector, and international trade agreements carry market exclusion for high emissions goods and services.

There is widespread social consensus on the need for climate action. Consumer demand for sustainable dairy produce is high, and tolerance for unsustainable farming and business practice is low. Litigation results in compensation payouts, and obligations on farmers and corporate entities to remediate environmental damage to land and waterways. Consumers in export markets favour New Zealand's clean, green credentials, and farmers benefit from price premiums. There is a good understanding and education among the public about the role of agriculture in New Zealand's economy, and there is widespread acknowledgement and support of the progress farmers are making.

DISORDERLY – 2030 – 2050

- NGFS - Delayed Transition (1.8°C)
- SSP 1 - 2.6, 1.8°C
- NIWA RCP 2.6
- Climate Change Commission - Headwinds



Lobbying by farmers and public opinion creates division among political parties, indecisive leadership and a weaker policy framework. Political division over climate action results in a disconnect between regional government agencies, hampering efforts to take a joined-up approach to land use planning and water allocation.

The introduction of carbon border adjustment mechanisms has been delayed, and persistent global inflation and increasing food prices result in a softening of ESG requirements in New Zealand's Free Trade Agreements, reducing incentives to shift to sustainable farming practices. Fragmented research and development incentives and fiscal policies result in lower-than-planned adoption of sustainable farming practices. The Emissions Trading Scheme continues to incentivise conversion of farmland to carbon forests. Intermittent government intervention in the Emissions Trading Scheme results in a volatile and relatively low carbon price. Financial market regulation is in place to

encourage capital flows to low emissions activities; however, low monitoring and compliance enables farmers to access discounted finance for nominal sustainable farming improvements.

New Zealand's international commitment to meeting its emissions target prompts the government to adopt a penalties-based approach to regulation of the agricultural sector, leveraging the Resource Management Act. Competing land use demand for housing, agriculture and energy, coupled with delays in addressing agricultural sector emissions, result in escalating tensions between urban and rural communities. Litigation is beginning to occur, forcing farmers and developers to remediate environmental damage to land and waterways. Around 2040, a rapid and disorderly adoption of low emissions farming technologies and practices drives up prices, resulting in a flattening of the milk curve, impacting farmers' bottom line.

HOT HOUSE WORLD – 2050 – 2100

- NGFS - Current Policies - Hothouse World (3°C+)
- IPCC SSP 5 - 28.5, 4.4°C
- NIWA RCP 8.5
- Climate Change Commission - Current Policies



Policies to address emissions and climate change have remained largely unchanged since the 2020s, the result being that emissions reductions have been missed and physical risk impacts are extreme. Resource scarcity has become acute, due to frequent drought, extreme weather events, wildfire and flood events. Frequent supply shocks render the milk pool vulnerable to price volatility.

By 2040, unregulated and uncontrolled competition for land begins to escalate, favouring the best economic return for the land with little regard for sustainability. Large tranches of land are being purchased by large corporates for economic gain resulting in industrialised farming. Food safety quality standards are relaxed due to frequent climate-related supply shocks. The regulatory framework is oriented to support trade for nutrient-dense foods such as dairy. Carbon border adjustment mechanisms have been dismantled to allow free flow of goods across borders,

with the most powerful economies and the highest bidders securing access to scarce food resources.

By 2050 the ETS scheme has collapsed. No government regulation exists to manage capital allocation, and therefore capital flows with little to no oversight of environmental, social, governance or emissions reduction performance. Consumers are forced to make decisions based solely on price without consideration for wider ESG impacts. Open borders and a constant flow of climate refugees provides abundant cheap labour. This provides little incentive for farm owners to improve labour rights, work conditions, nor to improve land stewardship and animal husbandry. High prices, poor product quality, worsening environmental degradation, land scarcity and water scarcity, generate a public backlash against the agricultural sector; industrial farm owners are painted as environmental criminals.

APPENDIX 5: GLOSSARY OF TERMS

Term	Definition
A & R	Board subcommittee - Audit and Risk Committee.
Adaptive capacity	Adjustment to actual or expected climate change and its effects. In human systems, adaptation seeks to moderate or avoid harm, or to take opportunities. Intervention may facilitate adjustment (IPCC, 2014).
API	Application Programming Interface.
Climate risk	The interplay between hazards, exposure and vulnerability (IPCC, 2014).
DAF	Dissolved Air Flotation.
DESNZ	United Kingdom Department for Energy Security and Net Zero.
DW	Dairyworks.
Exposure	Lack of protection, where people, livelihoods, species or ecosystems, environmental functions, operations and resources, infrastructure or economic, social or cultural assets in places and settings could be adversely affected by a change in external stresses that a system is exposed to. In the context of climate change, these are normally specific climate and biophysical variables (IPCC, 2007).
FPCM	Fat and Protein Corrected Milk.
GCM annual timeseries	Time horizons are estimated as annual time series from 2020 to 2100 for monthly average and maximum wind speed and as annual timeseries from 2020 to 2099 for maximum 1-day and maximum 5-day precipitation amounts.
GCM single years	For storm surge there are two future periods, namely '2050' that represents the 2046 to 2055 period and '2100' that represents the 2090 to 2100 period. Time horizons for cyclones are estimated for when each scenario reaches a 2-degree warming state, which is around 2050 for RCP4.5 and around 2040 for RCP8.5.
GHG	Greenhouse Gas Emissions.
Hazard	The potential occurrence of a natural or human-induced physical event or trend or physical impact that may cause loss of life, injury, or other health impacts, as well as damage and loss to property, infrastructure, livelihoods, service provision, ecosystems and environmental resources (IPCC, 2014).
IPCC	Intergovernmental Panel on Climate Change - A scientific and intergovernmental body under the auspices of the United Nations.
LPG	Liquid Petroleum Gas.
MfE	New Zealand Ministry for the Environment.
NZ CS	Aotearoa New Zealand Climate Standards.
Paris Agreement 2016	An agreement within the United Nations Framework Convention on Climate Change, dealing with greenhouse-gas-emissions mitigation, adaptation, and finance, signed in 2016.
PEG	Board subcommittee - People, Environment and Governance Committee.
RCM annual timeseries	Time horizons for all metrics are estimated as annual timeseries from 2020 to 2100.
RCP	Representative Concentration Pathway for Emissions - Modelled trajectories of global anthropogenic emissions over the 21 st century are termed emission pathways. Scenarios that include time series of emissions and concentrations of the full suite of greenhouse gases (GHGs) and aerosols and chemically active gases, as well as land use/land cover. The word representative signifies that each RCP provides only one of many possible scenarios that would lead to the specific radiative forcing characteristics. The term pathway emphasizes the fact that not only the long-term concentration levels but also the trajectory taken over time to reach that outcome are of interest. RCPs were used to develop climate projections in CMIP5. RCP2.6: One pathway where radiative forcing peaks at approximately 3 W m ⁻² and then declines to be limited at 2.6 W m ⁻² in 2100 (the corresponding Extended Concentration Pathway, or ECP, has constant emissions after 2100). RCP4.5 and RCP6.0: Two intermediate stabilization pathways in which radiative forcing is limited at approximately 4.5 W m ⁻² and 6.0 W m ⁻² in 2100 (the corresponding ECPs have constant concentrations after 2150). RCP8.5: One high pathway which leads to >8.5 W m ⁻² in 2100 (the corresponding ECP has constant emissions after 2100 until 2150 and constant concentrations after 2250).

Term	Definition
Risk Area	Significant operational focus areas under which risks are categorized.
Risk Receptor	The person, asset or service impacted by the presenting climate hazard.
Risk Statement	Describes the consequence of the presenting climate hazard on the receptor.
Risk Type	High level risk impact categories.
RPD	Richard Pearce Drive.
Sea level rise decadal timeseries	Time horizons are estimated as median 10-year periods relative to the (1995-2014) baseline. The 10-year projections are provided around a central year, such that the projection for '2030' represents the 2025 to 2034 period. The historical baseline period is the final ten years of the historical period (1995-2014) simulated by all climate models before the SSPs are applied from 2015 onwards. For example, the baseline period '2010' represents the 2005 to 2014 period.
Sensitivity	The degree to which a system is affected, either adversely or beneficially, by climate-related stimuli (IPCC, 2014).
SSP	Shared socio-economic pathway - Shared Socio-economic Pathways were developed to complement the RCPs with varying socio-economic challenges to adaptation and mitigation. Based on five narratives, the SSPs describe alternative socio-economic futures in the absence of climate policy intervention, comprising sustainable development (SSP1), regional rivalry (SSP3), in equality (SSP4), fossil-fuelled development (SSP5) and middle-of-the-road development (SSP2). The combination of SSP-based socio-economic scenarios and Representative Concentration Pathway (RCP)-based climate projections provides an integrative frame for climate impact and policy analysis.
SYN	Synlait.
TFC	Talbot Forest Cheese.
Value chain	The full range of activities, resources and relationships related to an entity's business model and the external environment in which it operates. A value chain encompasses the activities, resources and relationships an entity uses and relies on to create its products or operations from conception to delivery, consumption and end of life. Relevant activities, resources and relationships include those in an entity's operations, such as human resource; those along its supply, marketing and distribution channels, such as materials and service sourcing and product and service sale and delivery; and the financing, geographical, geopolitical and regulatory environments in which an entity operates. (XRB NZCS1).
Vulnerability	The propensity or predisposition to be adversely affected. Encompasses a variety of concepts including sensitivity / susceptibility to harm, and lack of capacity to cope and adapt (IPCC, 2014).
XRB	External Reporting Board.

APPENDIX 6: SYNLAIT STRATEGY FY24 TO FY28

AMBITION TO FY 28

Farmer Net Promoter Score Top Quartile

Customer Net Promoter Score Top Quartile

Staff Engagement Top Quartile

IWS Level 2

Return on Capital 15%

B Corp™ Score of 105

Ambition is what Synlait’s success looks like in five years. There are three metrics relating to farmer, staff, and customer engagement, along with precise operations, financial, and sustainability metrics.

RIGHT TO PLAY STRONG FOUNDATIONS

Food Safety and Quality

Highly Utilised, Efficient Plants

Advanced Nutrition and Foodservice Know-How

Integrated Value Chain

Regulatory Know-How

Sustainability Credentials

Right to Play is Synlait’s core capability; some might refer to this as our tickets to the game.

- **Food Safety and Quality** – meeting high-quality standards is non-negotiable. We must meet accreditation standards in New Zealand and each country we export to.
- **Highly Utilised and Efficient Plants** – our modern assets must run efficiently and effectively to achieve an acceptable (or better) return on capital (one of our ambitions).
- **Advanced Nutrition and Foodservice Know-How** – we are experts in these channels across all areas of Synlait, from manufacturing and product innovation to customer relationships.
- **Integrated Value Chain** – our supply chain must be strong from farm to customer.
- **Regulatory Know-How** – we understand and align to regulations in New Zealand and the countries we export to.
- **Sustainability Credentials** – our B Corp™ accreditation demonstrates our commitment to strong sustainability credentials in all that we do.

CHANNELS BUSINESS TYPES

Advanced Nutrition

Foodservice

Ingredients

Channels (or business units) are the areas Synlait is focusing its efforts.

- **Advanced Nutrition** – formulated powers in bulk or consumer-ready format, formulated beverages, and speciality nutritional ingredients that our customers sell to consumers.
- **Foodservice** – products such as functional UHT cream are sold to customers who turn them into finished products for out-of-home consumption at bakeries, cafes, beverage chains, etc.
- **Ingredients** – bulk milk powder and other bulk products sold to manufacturers, who use them in a range of applications.

CATEGORIES PRODUCTS

Infant Nutrition

Adult Nutrition

Advanced Ingredients

Foodservice Cream

AMF and Butter (TBC)

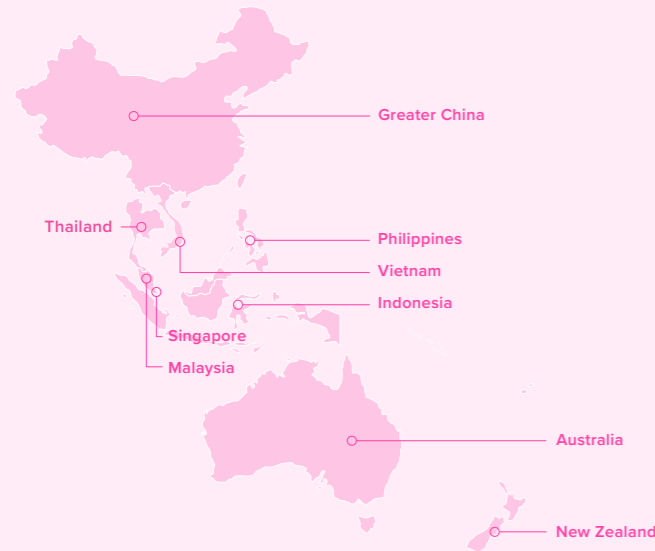
Cream Cheese (TBC)

Commodity Powders

Categories are the products Synlait manufactures within its channels (business units).

- **Infant and Adult Nutrition** – infant formula, paediatric or adult nutrition products.
- **Advanced Ingredients** – lactoferrin products.
- **Foodservice Cream** – UHT cream.
- **Butter and Cream Cheese** are TBC. These opportunities are currently being considered.
- **Commodity Powders** – whole milk powder, skim milk powder, etc.

APPENDIX 6: SYNLAIT STRATEGY FY24 TO FY28 (CONTINUED)



GEOGRAPHIES
GROWTH MARKETS

Geographies are countries and regions where Synlait invests resources. These include New Zealand, Australia, China and selected Southeast Asian markets.

KEY ENABLERS
OF EXECUTION



On-Farm Excellence



Best In Class Customer Engagement



Disciplined Product Innovation



High Performance Culture



Systems, Tools and Processes



World Class Manufacturing and Supply Chain

Key Enablers are focus areas across Synlait to ensure we execute with excellence. Our six focus areas are:



On-Farm Excellence

- Farmer Supplier Cashflow and Payment System
- Sustainability Enabled via Lead With Pride™
- Digital Tools and User Experience
- Industry and Community Engagement
- Farmer Communications and Engagement



Disciplined Product Innovation

- New Product Development (NPD)/ New Technology Development (NTD) for Advanced Nutrition
- NPD/NTD for Advanced Ingredients
- NPD/NTD for Foodservice/Liquids
- NPD for Ingredients
- Development of Subject Matter Expertise
- Disciplined Innovation Processes



Systems, Tools and Processes

- SAP
- Integrated Business Planning
- Business Performance Information
- Strategic Planning, Accountability and Execution
- Information Services Strategy and Roadmap



World Class Manufacturing and Supply Chain

- Food Safety, Quality, Regulatory and Laboratory
- Integrated Work Systems
- Procurement and Logistics
- Asset Care Strategy
- 10 Year Asset Masterplan



High Performance Culture

- Synlait Safe (Health, Safety and Wellbeing)
- Leadership
- Talent and Succession
- Capability and Development
- Reward and Recognition
- Employee Value Proposition



Best In Class Customer Engagement

- Deep Market Expertise
- Deep Customer Expertise
- Tailored Value Propositions and Solution Offerings
- Joint Business Planning and Customer Satisfaction Measurement
- Sales, Pricing, and Customer Service Capability
- Digital Solutions

RIGHT TO WIN
COMPETITIVE ADVANTAGE MODELS

FARMER SUPPLIERS



CUSTOMERS



Right to Win is how Synlait differentiates itself from its competitors. We must have an operating model with our farmer suppliers and customers that sets us apart from our competitors.