

# Olam Food Ingredients

Taskforce on  
Climate related  
Financial  
Disclosures  
(TCFD)

2025



# Response to the Task Force on Climate related Financial Disclosures (TCFD)

As a global leader in naturally good food and beverage ingredients and solutions, **ofi** is committed to strengthening the resilience of its business and value chains in response to climate change. Climate-related risks and opportunities have the potential to affect agricultural productivity, sourcing regions, manufacturing operations, supply chain stability, customer demand and long-term value creation across the Group.

For the year ended 31 December 2025, the disclosures below have been prepared for the **ofi** Group of companies (the “Group”, “**ofi**”, the “Company” or “we”) and outline the Group’s governance, strategy, risk management approach, and metrics and targets relating to climate-related risks and opportunities across its operations and value chains. The disclosures have been prepared with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and incorporate elements aligned to IFRS Sustainability Disclosure Standards, including IFRS S2 Climate-related Disclosures, where appropriate.

**ofi**’s sustainability strategy, Choices for Change, provides the overarching framework for the Group’s environmental and social commitments. The climate-related risks, opportunities, metrics and targets outlined in this report support the delivery of Choices for Change and inform the Group’s long-term strategic planning, operational resilience and capital allocation decisions.

## Governance

### Board oversight of climate-related risks and opportunities

The Board of Directors (the “Board”) of OFI Group Limited, the parent company of the **ofi** Group, is responsible for overseeing the strategic direction of the Group, including the integration of sustainability and climate-related considerations across the business. The Board oversees the Group’s Choices for Change sustainability strategy, including climate-related commitments, targets and associated performance monitoring. Climate-related risks and opportunities are considered by the Board as part of strategic planning, capital allocation, major investment approvals, risk management and long-term business resilience.

Oversight of climate-related matters is supported through two Board committees: the Sustainability and Governance Committee and the Audit & Risk Committee. Together, these committees support the Board in maintaining oversight of both the strategic and financial implications of climate-related matters.

The Board receives regular updates on climate-related matters, including physical and transition climate risks, climate scenario analysis, regulatory developments, progress against climate-related targets, decarbonisation initiatives and broader sustainability performance, through the two Board committees as well as directly from management. These updates support the Board’s oversight of the potential impacts of climate-related risks and opportunities on the Group’s operations, supply chains, financial performance and long-term strategic objectives.

The Sustainability and Governance Committee has primary responsibility for oversight of the Group’s climate strategy, climate-related targets, sustainability commitments and associated disclosures. The Committee reviews progress against climate-related initiatives and targets, transition planning activities, physical and transition climate risk adaptation and resilience initiatives, and emerging regulatory

developments, while also overseeing the alignment of climate-related priorities with the Group's broader commercial and strategic objectives. Climate-related matters considered to have significant strategic, operational or financial implications, including material changes in risk exposure or challenges in meeting targets, are shared with the Board where appropriate. The Committee meets at least four times each year and comprises six non-executive directors and one executive director of the Board.

The Audit & Risk Committee oversees climate-related risks within the Group's enterprise risk management framework, including management's processes for identifying, assessing, monitoring and mitigating climate-related risks. The Committee also oversees the consideration of climate-related matters in the preparation of the Group's annual financial statements, including the assessment of climate-related assumptions, estimates and judgements that may affect financial reporting outcomes, such as asset values, impairments, provisions, operational costs and broader financial resilience. Climate-related risks are assessed using short-, medium- and long-term time horizons aligned with the Group's broader strategic planning and risk management processes. The Committee meets at least three times each year and comprises four non-executive directors of the Board.

The Board comprises twelve directors with experience across international business, agriculture, finance, operations, sustainability and risk management. The Board's collective capabilities in sustainability and climate-related matters are supported through relevant director experience, engagement with management and subject matter specialists, periodic briefings on emerging climate-related developments, and access to external expertise where appropriate.

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

Management oversight of climate-related risks and opportunities is conducted collectively through the Executive Committee ("ExCo") and Corporate Leadership Team ("CLT"), with responsibility for implementing the Group's climate-related strategy embedded across sustainability, operational, financial and commercial functions. Climate-related considerations are increasingly integrated into strategic planning, operational management, sourcing strategies, supply chain resilience, manufacturing operations and capital allocation processes across the Group.

The Chief Sustainability Officer ("CSO"), who reports directly to the Chief Executive Officer ("CEO"), is a member of both the ExCo and CLT and is responsible for leading delivery of the Group's climate and sustainability strategy. This includes oversight of climate-related targets, decarbonisation initiatives, climate-related disclosures and broader sustainability programmes across the Group's operations and value chains. The CSO reports quarterly to the Sustainability and Governance Committee on sustainability strategy, material climate-related matters, regulatory and compliance developments, reporting obligations, progress against climate-related targets and broader sustainability performance.

The Sustainability Leadership Team ("SLT") coordinates the implementation of climate-related and sustainability programmes across the Group, working closely with sustainability leads across each of the Group's five product platforms (cocoa, coffee, dairy, nuts and spices). These sustainability leads maintain dual reporting lines into both the CSO and the relevant product platform Chief Executive Officer, supporting the integration of climate-related considerations into operational and commercial decision-making across the business. The SLT and product platform sustainability leads meet regularly to review climate-related operational matters, implementation priorities and progress against climate-related targets and initiatives.

Management accountability for climate-related risks and opportunities is embedded across relevant leadership roles and business functions. Climate-related objectives and sustainability performance are incorporated into the Group's broader performance management processes, including the one **ofi** scorecard framework used in determining discretionary remuneration outcomes for management.

Delivery against sustainability and climate-related priorities forms part of the assessment criteria used in determining management incentive outcomes, supporting accountability for the implementation of the Group's sustainability strategy and progress towards climate-related commitments and targets.

## Strategy

Climate-related risks and opportunities have the potential to influence the Group's business model, operations, supply chains, cost structure and long-term strategic resilience. As a global provider of naturally good food and beverage ingredients and solutions with extensive agricultural sourcing and manufacturing operations, **ofi** is exposed to both physical climate risks and risks associated with the transition to a lower-carbon economy. These risks and opportunities are considered as part of **ofi's** Choices for Change sustainability strategy and increasingly inform strategic planning, operational decision-making, capital allocation and risk management activities across the Group.

Climate-related impacts may affect agricultural productivity, crop quality, water availability, manufacturing operations, logistics, sourcing costs, customer demand and broader market dynamics across the Group's value chains. The Group also recognises that evolving regulation, stakeholder expectations, technological developments and changing market preferences may create both risks and opportunities, such as greater access to green financing products, more favourable insurance, advantageous partnerships, new market opportunities or preferred supplier status. Climate-related risks and opportunities are therefore assessed as part of the Group's broader approach to operational resilience, long-term value creation and strategic planning.

The Group assesses climate-related risks and opportunities across short-, medium- and long-term time horizons aligned with its strategic planning and enterprise risk management processes. These time horizons are used consistently across climate-related scenario analysis, risk assessment and resilience activities to support comparability with broader business planning processes.

Following industry best practice, the Group uses publicly available climate scenarios to support the assessment of climate-related risks. Scenario analysis supports the identification and assessment of climate-related risks that could reasonably be expected to affect the Group's operations, supply chains and long-term prospects. Given the inherent uncertainty associated with climate modelling outputs and future socioeconomic pathways, multiple scenarios are used to assess a range of potential outcomes and support strategic decision-making.

### **Physical climate risk assessment**

Physical climate risks are associated with the physical impacts of climate change that may affect the Group's assets, operations and wider value chains. These risks include both acute events, such as floods, storms and wildfires, and chronic climatic changes, including changing precipitation patterns, increasing temperatures, water stress and drought conditions. Physical climate risks may disrupt agricultural production, manufacturing operations, logistics and supply continuity, while also increasing operational costs and affecting long-term asset resilience.

To assess the Group's exposure to physical climate risks, the Group initially evaluated 23 climate-related physical perils using climate datasets and modelling informed by Global Climate Models sourced from institutions including the Intergovernmental Panel on Climate Change ("IPCC") and the International Energy Agency ("IEA"). Using knowledge of the Group's operations, agricultural systems, sourcing regions and broader value chains, the Group identified the physical climate perils considered most likely to have a material impact on the business over time.

Based on this assessment, the Group identified the following physical climate perils as being the most material to its operations and value chains due to their potential to disrupt agricultural productivity, sourcing regions, manufacturing operations, logistics and long-term asset resilience.

**Table 1 – Material climate perils and their associated impacts**

Physical climate peril	Peril description and potential impact on the Group	Physical peril type
<b>Extreme heat</b>	Defined as unusually hot temperatures, corresponding to days with temperatures above maximum historical temperatures. This peril also captures heat waves and heat stress. May affect workforce health and productivity, reduce equipment efficiency, increase cooling requirements, impact crop yields and quality, and accelerate asset degradation.	Acute
<b>Flood (pluvial, fluvial, and costal)</b>	Defined as the submergence of low-lying land by seawater, fluvial or surface water. May result in asset damage, operational shutdowns, inventory losses, supply chain disruption, or increased maintenance and insurance costs.	Acute
<b>Storm</b>	Defined as the deep and large-scale area of low pressure associated with strong winds and precipitation over middle or high latitudes. This peril may cause structural damage to facilities, disrupt transport networks, delay shipments, and reduce agricultural productivity.	Acute
<b>Wildfires</b>	Defined as an unplanned, uncontrolled fire burning in a natural environment such as a forest, grassland, or scrubland, fuelled by vegetation and driven by weather conditions like heat and wind. May damage farms, upstream assets and ecosystems, disrupt logistics, and pose safety risks to workers and communities.	Acute
<b>Earthquakes</b>	Defined as the phenomenon corresponding to a sudden slip on a fault and the resulting ground shaking and radiated seismic energy. More likely to occur due to rising global sea levels increasing pressure on tectonic plates. May disrupt agricultural productivity and damage farming and manufacturing assets, leading to reduced yields, supply interruptions and increased operational and remediation costs across the value chain.	Acute
<b>Drought</b>	Drought is defined as a period of abnormally dry weather long enough to cause a serious hydrological imbalance. This may disrupt agricultural production, reduce crop yields, increase competition for water resources, and constrain water-dependent processing operations.	Acute
<b>Extreme precipitation</b>	Defined as unusually heavy precipitations, such as rainfall or snow. May damage crops and infrastructure, disrupt harvesting and logistics, and increase post-harvest losses, resulting in supply disruption, higher operating costs and increased earnings volatility.	Acute
<b>Water stress</b>	Water stress is a measure of the ratio between freshwater withdrawal by major economic sectors and total freshwater resources available. This peril may disrupt agricultural production, reduce crop yields, increase competition for water resources, and constrain water-dependent processing operations.	Chronic
<b>Changing precipitation patterns</b>	Defined as the gradual increase/decrease of mean precipitation and change in patterns (rain). This may increase yield variability and input costs, disrupt production cycles, and reduce the reliability of agricultural supply from key sourcing regions, potentially leading to higher procurement costs, operational disruption and increased earnings volatility.	Chronic
<b>Soil Erosion</b>	Soil erosion is a natural phenomenon around the world that occurs mainly via water or wind. It results in the displacement of the superficial layer of the soil. May disrupt agricultural productivity and damage farming and manufacturing assets, leading to reduced yields, supply interruptions and increased operational and remediation costs across the value chain.	Chronic
<b>Changing air temperatures</b>	Defined as the gradual increase/decrease of mean air temperatures and change in patterns. May affect workforce health and productivity, reduce equipment efficiency, increase cooling requirements, impact crop yields and quality, and accelerate asset degradation.	Chronic

Climate scenario analysis was subsequently performed across 95 sites located in 27 countries, covering major manufacturing facilities, owned estates, concessions, farms and selected third-party supply chain locations. These sites were selected based on their strategic importance, geographic diversity and financial relevance to the Group. The analysis was undertaken using AXA’s Altitude climate analysis platform, which assessed exposure to the 11 climate-related physical perils listed above across short-<sup>1</sup>, medium-<sup>2</sup> and long-term<sup>3</sup> time horizons under a range of climate scenarios.

For the purposes of the Group’s reporting, three future climate scenarios were modelled to reflect different greenhouse gas emissions pathways and socioeconomic outcomes. Representative Concentration Pathways (“RCPs”) were assessed within the context of Shared Socioeconomic Pathways (“SSPs”), resulting in the following scenarios:

Scenario	Name	Global temperature increase	Description
SSP1-2.6	Optimistic	~1.8°C	Low emissions scenario with strong climate action and rapid decarbonisation
SSP2-4.5	Middle of the Road	~2.7°C	Moderate emissions scenario with gradual policy implementation and transition
SSP5-8.5	Worst Case	~4.4°C	High emissions scenario with limited climate action and continued fossil fuel reliance

The Group considered all three scenarios in assessing climate-related risks. However, the Worst Case scenario was used as the primary basis for assessing the Group’s most significant potential financial exposures to physical climate change, as it provides a stress test of the potential impacts of more severe climate outcomes on the Group’s operations.

The prioritisation of physical climate risks was undertaken using a severity-weighted methodology that considered both the extent of exposure across assessed locations and the intensity of potential impacts at each site. This assessment incorporated the number of sites exposed to each peril, the severity of the potential impact, the strategic importance of affected locations and, where relevant data was available, estimated property damage and business interruption impacts. The assessment has undergone an initial review by members of the **ofi** sustainability team, with a further review across each of **ofi**’s five product platforms by their respective leadership teams planned for 2026.

**Table 2a – Group qualitative hazard scores under the Optimistic scenario**

Physical climate risk	Optimistic Short term	Optimistic Medium term	Optimistic Long term
Extreme heat	Medium	Medium	High
Water stress	Medium	High	High
Changing precipitation patterns	Medium	Medium	High
Changing air temperatures	Medium	Medium	High
Flood (pluvial, fluvial and coastal)	Low	Medium	Medium
Wildfires	Low	Low	Medium

<sup>1</sup> Short-term is a period lasting between zero and four years, from 2026-2030

<sup>2</sup> Medium-term is a period lasting between four and ten years, from 2030 to 2036

<sup>3</sup> Long-term is a period lasting more than ten years, or beyond 2036

Earthquakes	Medium	Medium	Medium
Soil erosion	Medium	Medium	Medium
Drought	Medium	Medium	Medium
Storm	Low	Low	Low
Extreme precipitation	Low	Low	Medium

**Table 2b – Group qualitative hazard scores under the Middle of the Road scenario**

Physical climate risk	Middle of the road Short term	Middle of the road Medium term	Middle of the road Long term
Extreme heat	High	High	Very High
Water stress	High	High	High
Changing precipitation patterns	High	High	High
Changing air temperatures	Medium	High	High
Flood (pluvial, fluvial and coastal)	Medium	Medium	Medium
Wildfires	Low	Medium	Medium
Earthquakes	Medium	Medium	Medium
Soil erosion	Medium	Medium	Medium
Drought	Medium	High	High
Storm	Low	Low	Low
Extreme precipitation	Low	Medium	Medium

**Table 2c – Group qualitative hazard scores under the Worst Case scenario**

Physical climate risk	Worst Case Short term	Worst Case Medium term	Worst Case Long term
Extreme heat	Very High	Very High	Very High
Water stress	High	High	High
Changing precipitation patterns	High	High	High
Changing air temperatures	Medium	Medium	High
Flood (pluvial, fluvial and coastal)	Medium	Medium	Medium
Wildfires	Medium	Medium	Medium
Earthquakes	Medium	Medium	Medium
Soil erosion	Medium	Medium	Medium
Drought	Medium	Medium	Medium

Storm	Low	Low	Low
Extreme precipitation	Low	Low	Low

Across the scenarios assessed, extreme heat, water stress and changing air temperatures were identified as the most significant physical climate hazards affecting the Group's operations and value chains. Under higher emissions pathways, particularly the Worst Case scenario, risk severity generally increases over longer-term time horizons, with extreme heat and water stress emerging as the most significant risks. Several other physical hazards, including flooding, storms and extreme precipitation, remain relatively stable across the scenarios assessed, although localised impacts may still occur at individual sites and sourcing regions. The risk assessments reflected in Tables 2a-c are based on a combination of the likelihood of occurrence and the severity of potential impacts across assessed locations and do not incorporate potential financial implications. Financial exposure assessments, where quantification is currently possible, are considered separately in Tables 3a-b below.

**Table 3a – Group financial exposure by value chain segment, under the Worst Case scenario**

Value chain component	Locations assessed	Exposure assessed	Financial quantification available	Estimated financial exposure	Key impacts considered
<b>Tier 1<sup>4</sup> manufacturing and processing facilities</b>	48	Yes	Yes	Short term: US\$34m Medium term: US\$40m Long term: US\$47m	Asset damage, business interruption, operational disruption
<b>Owned estates</b>	Included within 47 sourcing locations	Yes	No	Not currently quantified	Agricultural productivity, water availability, operational impacts
<b>Third-party sourcing locations</b>	Included within 47 sourcing locations	Yes	No	Not currently quantified	Crop yields, supply reliability, sourcing disruption

<sup>4</sup> Tier 1 facilities are large manufacturing plants.

**Table 3b – Estimated financial exposure by physical climate perils across Tier 1 facilities<sup>5</sup>, under the Worst Case scenario**

Physical climate peril	Estimated exposure in the short term (US\$'m)	Estimated exposure in the medium term (US\$'m)	Estimated exposure in the long term (US\$'m)
<b>Flood</b>	13	14	17
<b>Wildfire</b>	8	12	15
<b>Earthquake</b>	6	6	6
<b>Storm</b>	3	4	4
<b>Extreme Heat</b>	1	2	4
<b>Other perils</b>	3	2	1
<b>Total</b>	<b>34</b>	<b>40</b>	<b>47</b>

Overall, the assessment indicates that although extreme heat, water stress and changing air temperatures are identified as the most prevalent physical climate hazards across the Group's operations and value chains, these hazards are not currently expected to result in significant direct financial exposure across the Group's Tier 1 manufacturing and processing facilities. The facilities with the greatest potential financial exposure are more closely associated with hazards such as flooding, wildfires, earthquakes and storms; however, these perils generally demonstrate lower likelihood and/or lower severity across the locations assessed. Based on the analysis performed, the direct financial exposure across the Group's Tier 1 facilities is therefore currently assessed as low to medium<sup>6</sup> overall. However, this assessment should be considered within the context of the current limitations of the analysis, as financial quantification has not yet been extended to broader sourcing regions and agricultural supply chains, where climate-related impacts on crop yields, supply availability and sourcing costs may represent a more significant component of the Group's overall climate-related exposure over time.

Physical climate risks identified through the assessment may nevertheless influence sourcing strategies, operational planning, capital allocation decisions and long-term investment priorities across the business. The Group therefore continues to enhance its modelling capabilities and understanding of climate-related physical risks and intends to further expand its analysis across additional third-party supply chains and sourcing regions over time to strengthen its understanding of climate-related exposures across the broader value chain.

### **Transition climate risks and opportunities**

Transition climate risks and opportunities arise from the global transition to a lower-carbon economy and may result from changes in policy, regulation, technology, markets and stakeholder expectations. These risks and opportunities may affect the Group's operating costs, market positioning, customer demand, access to capital and broader competitiveness over time.

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<sup>5</sup> Financial exposure estimates are currently limited to Tier 1 manufacturing and processing facilities where asset-level information is available. Quantification of exposure across sourcing regions, including potential impacts on agricultural yields and supply chain disruption, is not currently available and remains an area for future enhancement.

<sup>6</sup> Low risk - < US\$10m  
Medium risk – US\$10m – US\$50m  
High risk - > US\$50m

The Group identified transition-related risks and opportunities through a combination of internal stakeholder engagement, benchmarking analysis, review of sector-specific climate risks and opportunities relevant to agricultural supply chains and food ingredient businesses, and consideration of evolving regulatory, technological and market developments. This assessment considered risks and opportunities reasonably expected to affect the Group’s operations, supply chains and medium- to long-term strategic positioning.

Based on this assessment, the Group identified several transition-related risks and opportunities that may materially affect the business over time, including those associated with evolving regulation, decarbonisation requirements, energy transition, customer expectations and sustainable sourcing demands. These risks and opportunities are documented in the table below.

**Table 4 – Material transitions risks and their associated impacts**

Risk Type	Risk Description	Timeframe
Policy and legal	Increased carbon pricing or taxes may be directly levied on the emission-generating assets or passed directly to the Group through the increased cost of utilities and raw materials.	Short – Medium Term
	Increased costs for compliance with regulations such as the European Union Regulation on Deforestation-free products (“EUDR”).	
	Increased fines, penalties, or product sanctions due to non-compliance with global regulations such as EUDR or the Corporate Sustainability Due Diligence Directive (CSDDD).	
Technology	Significant shifts in capital investments and costs to transition to new and alternative low-carbon practices such as biomass boilers, solar panels, and nature-based solutions.	Medium – Long Term
	Advancements in new technologies may render existing assets obsolete or incompatible with the Group’s carbon reduction aspirations, resulting in asset impairments or write-offs.	
Markets	Shifts in consumer preferences towards alternative products with potentially lower carbon supply chains could result in a loss of customers for the Group.	
Reputation	Increased stakeholder concern if the Group is perceived not to be living up to societal expectations on climate action or meeting its climate targets.	

**Table 5 – Material transitions opportunities and their associated impacts**

Opportunity Type	Opportunity Description	Timeframe
Policy and legal	Borne out of a need for policy compliance, there is an opportunity to gain new customers or preferred supplier status through <b>ofi</b> ’s position within the value chain, given our access to primary data and our ability to deliver impacts and risk mitigating activities.	Short – Medium Term
Technology	There is an opportunity to reduce costs through the up-cycling of waste into biomass to be used to reduce energy costs, or identify other energy efficient, cost-cutting initiatives.	
	As measurement and delivery of sustainability initiatives becomes increasingly necessary, there is an opportunity to provide valuable sustainability insights through technology platforms.	
Markets	Climate-related supply disruptions may encourage customers to seek greater supply surety through suppliers such as <b>ofi</b> with globally extensive and diversified sourcing networks.	
	There is an opportunity for new sustainably sourced products across the value chain as societal demands and preferences for low-carbon, traceable products evolve.	

<b>Reputation</b>	There is an opportunity to utilise sustainability-linked loan facilities and reduce the cost of capital, along with building partnerships with Development Finance Institutions.	
	There is an opportunity to further enhance and deepen relationships with customers, suppliers, governments and NGOs/agencies - supported by <b>ofi's</b> Choices for Change strategy, which aims to provide a structured framework for advancing sustainability-focused initiatives across its global operations. Through its extensive global footprint, <b>ofi</b> aims to support its customers and other stakeholders in delivering sustainability objectives.	

To further assess the Group's exposure to these transition-related risks and opportunities, the Group applied publicly available climate scenarios developed by the Network for Greening the Financial System ("NGFS"). Scenario analysis was used to assess the potential severity and financial implications of identified transition risks and opportunities across a range of plausible future climate pathways and time horizons. Two scenarios were selected for this analysis:

**Net Zero 2050 Scenario (1.5°C)** – an ambitious scenario characterised by rapid decarbonisation, stringent climate policy and accelerated technological transition.

**Current Policies Scenario (>3°C)** – a scenario assuming continuation of currently implemented climate policies, resulting in more limited transition pressure but greater long-term physical climate impacts.

These scenarios were used to support the Group's assessment of potential transition-related impacts on operating costs, capital expenditure requirements, customer demand, market access and broader competitiveness over time.

### **Policy and legal risks**

**Risk Rating: Medium<sup>7</sup>**

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<sup>7</sup> Low risk - < US\$10m

Medium risk – US\$10m – US\$50m

High risk - > US\$50m

Financial risk quantification methodologies differ by transition risk category to reflect the underlying nature of each risk and the availability of reliable data. Quantified exposures are therefore not directly comparable due to differing characteristics. A consistent framework was applied to rate risks based on magnitude, likelihood, and timing, with long-term or cumulative costs converted into annual estimates for comparability.

Policy and legal risk exposure has been estimated as the projected annual carbon cost in 2030, calculated by applying NGFS scenario-aligned shadow carbon prices to forecast greenhouse gas emissions for that year.

Technology risk exposure is based on the total estimated capital and operational expenditure required to achieve the organisation's transition objectives through 2050, converted to an equivalent annual expenditure for risk-rating purposes.

The estimated financial exposure ranges for market and reputational risks is based on internal judgement, informed by the potential impacts on customer demand, market positioning, stakeholder expectations and associated business performance outcomes, over the short and medium term.

The Group monitors developments in climate-related and broader sustainability regulation across the jurisdictions in which it operates, and assesses potential impacts through its risk assessment processes. This includes evaluating the implications for sourcing models, supply chain structures, and market access, as well as identifying the need for enhancements to systems, controls and disclosures. These assessments inform the Group's approach to managing regulatory change and supporting ongoing compliance.

ofi uses the NGFS database of shadow carbon prices to assess exposure to policy and legal transition risks across countries in which the Group operates. Shadow carbon prices represent the estimated marginal cost of reducing greenhouse gas emissions under different climate pathways and are used as a proxy for overall climate policy ambition and transition pressure. These scenarios support the Group's understanding of how future climate policy developments may affect operating costs, investment decisions and broader transition risk exposure over time.

### **Methodology**

The Group's assessment of policy and legal transition risk exposure was based on estimated future greenhouse gas emissions across the Group's Tier 1 manufacturing facilities and owned estates. The analysis used the Group's current emissions profile as a baseline and applied projected emissions reductions out to 2030 in line with the Group's climate-related emissions reduction targets. For the purposes of the assessment, emissions reductions were assumed to occur on a linear basis between the current reporting period and 2030.

Projected 2030 emissions under each scenario were then assessed against the relevant NGFS shadow carbon prices applicable to the jurisdictions in which the Group operates. This analysis was used to estimate the potential exposure of the Group to future policy and legal transition risks associated with carbon pricing and broader climate policy developments under different transition pathways.

The assessment was limited to the period through to 2030 as the Group's current climate-related targets and decarbonisation commitments are presently established to that timeframe. The Group expects to continue refining and extending this analysis over time as climate-related targets, transition plans and decarbonisation pathways evolve.

Under the Net Zero 2050 scenario, the Group's exposure to policy and legal risks is assessed as high in the short term due to the more rapid pace of global decarbonisation, increasing carbon prices and accelerated regulatory transition. Under the Current Policies scenario, transition-related policy pressure is assessed as low in the short term, reflecting a slower and less coordinated pace of global climate policy implementation.

The potential implications of emerging regulations such as the European Union Regulation on Deforestation-free Products ("EUDR") and other supply chain due diligence requirements were considered within the above assessment. While these regulations may result in incremental compliance and traceability costs, they may also create commercial opportunities for businesses capable of demonstrating transparent, traceable and deforestation-free supply chains.

While both scenarios were considered as part of the Group's assessment of transition-related risks, current global policy and regulatory trends suggest that the Current Policies scenario is more closely aligned with the current operating environment and was therefore given greater weighting in the Group's overall assessment. As a result, the Group has assessed its overall exposure to policy and legal transition risks as medium. These assessments help inform the Group's ongoing evaluation of transition pathways, strategic resilience and investment priorities.

The Group also monitors its current direct carbon pricing exposure associated with Scope 1 and Scope 2 emissions using information from the World Bank Carbon Pricing Dashboard<sup>8</sup>. Based on current assessments, the Group's direct exposure to carbon pricing mechanisms remains low risk. However, the Group recognises that broader indirect cost impacts may arise through increased utility, logistics, raw material and supply chain costs over time.

### **Technology risks**

#### **Risk Rating: Medium<sup>7</sup>**

The Group evaluates the risk of the transition to a lower-carbon economy through established capital allocation and risk management processes. This includes assessing decarbonisation initiatives and emerging technologies using investment appraisal frameworks and alignment with the Group's carbon reduction objectives. The Group also monitors developments in technology and market practices to identify potential impacts on operations and existing assets. The outcomes of these assessments inform capital planning, asset management decisions and the prioritisation and timing of transition-related investments.

Within the Group's manufacturing operations, decarbonisation initiatives increasingly focus on energy efficiency improvements, renewable energy adoption and process optimisation. Across agricultural supply chains, the Group continues to assess opportunities associated with regenerative agriculture, agroforestry, fertiliser optimisation and broader climate-smart agriculture initiatives. These activities support both emissions reduction objectives and broader supply chain resilience.

The Group continues to invest in sustainability data, traceability and digital platforms, including AtSource, to support sustainability monitoring and climate-related decision-making. As sustainability-related reporting and traceability expectations continue to evolve, the Group believes these capabilities may support customer retention, market access and long-term commercial differentiation.

Decarbonisation strategies for the Group's operating facilities, together with the associated costings, remain under development. Based on current assumptions, the costs of transitioning to lower-carbon operations are expected to be incurred progressively over an extended implementation period of approximately 25 years, resulting in relatively low annual expenditure requirements. In addition, many decarbonisation initiatives are expected to deliver operational efficiencies and longer-term cost benefits over time. These factors are considered as part of the Group's ongoing assessment of technology transition risk. Taking these factors into consideration, the Group has assessed technology transition risk as medium overall.

### **Market and reputation risks**

#### **Risk Rating: Medium<sup>7</sup>**

The Group monitors evolving customer and investor expectations through ongoing engagement, market analysis and review of sustainability trends. It assesses demand for lower-carbon, traceable and responsibly sourced products by tracking customer requirements and purchasing behaviours, as well as benchmarking against peers. These insights inform product development, sourcing strategies and sustainability commitments, and support alignment with customer expectations and market developments.

The Group recognises that failure to meet evolving customer, investor or stakeholder expectations could negatively affect customer relationships, access to markets, financing conditions and broader competitiveness. At the same time, the Group believes its global sourcing footprint, sustainability

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<sup>8</sup> [Carbon Pricing Dashboard | Up-to-date overview of carbon pricing initiatives](#)

programmes and traceability capabilities may support opportunities associated with increasing demand for sustainable and resilient supply chains.

Climate-related supply disruption across agricultural markets may also increase demand for suppliers capable of providing diversified sourcing networks and resilient supply chains. The Group believes its geographic diversification, sustainability programmes and investments in traceability and climate resilience may support its ability to respond to evolving customer and market expectations over time.

The Group also recognises reputational risks associated with broader climate and sustainability matters, including land use change, deforestation, biodiversity impacts, agricultural emissions and broader environmental stewardship. These risks are considered within the Group's broader enterprise risk management framework and sustainability governance processes.

Overall, the Group has assessed market and reputation transition risks as medium. While evolving customer expectations, sustainability requirements and stakeholder scrutiny may increase commercial and reputational pressures over time, the Group believes its diversified sourcing footprint, established sustainability programmes, traceability capabilities and ongoing investment in climate-related initiatives position it relatively well to respond to these evolving market dynamics. Nevertheless, the Group recognises that failure to meet changing stakeholder expectations or keep pace with evolving regulatory and customer requirements could adversely affect competitiveness, customer relationships, market access and broader financial performance over the medium to long term.

### **Resilience of the Group's strategy**

The Group considers its strategy to be resilient across a range of climate scenarios, supported by its diversified sourcing and operating footprint, integrated sustainability strategy and ongoing investment in climate adaptation, decarbonisation and operational resilience initiatives. Climate-related risks and opportunities are increasingly incorporated into strategic planning, operational decision-making, capital allocation and enterprise risk management processes across the business.

The Group's approach to climate resilience is anchored in its Choices for Change sustainability strategy, which integrates climate action, nature stewardship and social impact considerations across the business and broader value chain. Supporting policies and programmes, including a Living Landscapes Policy, the Plantations, Concessions and Farms Code and the **ofi** Agri Supplier Code, together with initiatives relating to sustainable sourcing, environmental stewardship, traceability and climate action, help guide the Group's approach to managing climate-related risks and opportunities across its operations and supply chains.

The Group also collaborates with farmers, suppliers, governments, financial institutions, research organisations, certification bodies and broader industry initiatives to support climate resilience across agricultural supply chains and sourcing landscapes. These partnerships support the development of climate-smart agriculture practices, traceability systems, climate adaptation measures and broader sustainability initiatives across the Group's value chains, strengthening long-term supply chain resilience and supporting more sustainable agricultural production over time.

### **Resilience against physical climate risks**

Scenario analysis indicates that exposure to certain physical climate risks, particularly extreme heat, water stress and changing air temperatures, is expected to persist across all climate scenarios and time horizons assessed, with increased severity under higher-emissions scenarios. In response, the Group continues to strengthen resilience activities across sourcing regions, agricultural operations, manufacturing facilities and supply chains. Consistent with the Group's broader sustainability strategy, **ofi** recognises the interdependence between climate action, nature protection and sustainable

livelihoods, noting that healthy ecosystems are generally more resilient to climate change and better able to sustain the ecosystem services upon which agricultural productivity and long-term supply chain resilience depend. As a result, **ofi** seeks, where practicable, to prioritise nature-based solutions in addressing physical climate risks and strengthening long-term resilience across its value chains. These activities include climate-smart agriculture programmes, regenerative agriculture initiatives, agroforestry, water stewardship and soil health programmes intended to support long-term supply chain resilience and agricultural productivity.

The Group also recognises that biodiversity loss, land degradation and broader nature-related impacts may increase exposure to climate-related risks over time. To strengthen its understanding of these interconnected risks, **ofi** published its first Taskforce on Nature-related Financial Disclosures (“TNFD”) report during the reporting period. The TNFD assessment enhances the Group’s understanding of nature-related impacts, dependencies, risks and opportunities and supports integration of these considerations into long-term risk management and resilience planning.

### **Resilience against transition climate risks**

The Group also continues to strengthen its climate resilience capabilities using digital tools, data analytics and traceability systems. Solutions such as AtSource and its Digital Footprint support the monitoring of climate-related impacts and risks across operations and supply chains, enhance traceability and transparency, and support more data-driven climate-related decision-making. These tools assist the Group in identifying areas of heightened climate exposure, monitoring progress against sustainability objectives and informing resilience planning activities across sourcing regions and value chains.

The Group prioritises decarbonisation initiatives across its operations and value chains, including renewable energy adoption, energy efficiency improvements, biomass initiatives, supply chain engagement and sustainable agriculture programmes intended to support the achievement of the Group’s climate-related targets. These initiatives are expected to reduce exposure to future transition-related costs, support operational efficiency improvements and strengthen long-term competitiveness in a lower-carbon economy.

Climate-related considerations are increasingly incorporated into capital investment and strategic planning processes across the Group. Sustainability assessments form part of the evaluation process for significant capital expenditure proposals and broader investment decisions, supporting consideration of long-term operational resilience, transition readiness and alignment with the Group’s sustainability objectives. As part of this process, the Group applies an internal shadow carbon price of US\$100 per tonne of carbon emissions when assessing certain capital investment opportunities to better understand the potential impact of future carbon costs on projected returns and investment outcomes. This supports a more emissions-adjusted assessment of future project economics and capital allocation decisions.

While uncertainty remains regarding the precise timing and magnitude of future climate impacts, the Group believes that its governance processes, diversified operating model, integrated sustainability strategy and ongoing investment in resilience, adaptation and decarbonisation initiatives support the long-term resilience of its strategy under a range of climate scenarios.

## **Risk Management**

**ofi**’s enterprise risk management (“ERM”) framework supports the identification, assessment, management and monitoring of climate-related risks and opportunities across the Group’s operations and value chains. Climate-related risks are integrated into the Group’s broader risk management

processes and are assessed alongside other principal business risks as part of strategic planning, operational decision-making and capital allocation processes.

Climate-related risks and opportunities are identified and assessed through the Group's enterprise risk management processes and supporting climate-related assessments. These assessments consider both physical and transition risks across short-, medium- and long-term time horizons and are reviewed periodically to reflect evolving business, regulatory and market conditions.

Climate-related risks are assessed using both qualitative and quantitative inputs where appropriate. **ofi** applies its existing corporate risk thresholds and risk rating methodology when assessing quantified climate-related risks, using consistent low, medium and high-risk classifications across the Group's broader enterprise risk management framework. This supports consistency in the prioritisation, monitoring and escalation of climate-related risks alongside other principal business risks. Prioritised climate-related risks are then incorporated into relevant risk registers, management processes and strategic planning activities across the business and monitored on a periodic basis.

Management of climate-related risks and opportunities is integrated into the Group's broader operational, sustainability and risk management activities. Management teams are responsible for implementing mitigation, adaptation and resilience measures relevant to their operations and areas of responsibility. These activities include climate adaptation and resilience initiatives, decarbonisation programmes, sustainable sourcing activities, renewable energy and energy efficiency initiatives, supply chain engagement and broader operational resilience measures across the Group's operations and value chains.

## Metrics and Targets

The Group uses climate-related metrics to monitor performance against strategic objectives and assess progress towards its climate commitments. Metrics are reviewed periodically by management and the Board and support decision-making relating to operational performance, decarbonisation initiatives and capital allocation.

The Group's climate-related metrics and targets form part of its broader Choices for Change commitments and are used to track progress against sustainability objectives. The Group has set ambitious targets to achieve the following by 2030:

- Reduce its scope 1, 2 & 3 emissions in line with its SBTi-submitted targets following the SBTi's FLAG<sup>9</sup> & GHG Protocol<sup>10</sup> guidance.
  - Scope 1 & 2 non-FLAG: 50% reduction
  - Scope 3 non-FLAG: 30% reduction
  - Scope 1 & 3 FLAG: 30.3% reduction
- Increase renewable energy use to 50% of total energy use in Tier 1 & 2 operations

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<sup>9</sup> FLAG is terminology used by the SBTi to represent emissions associated with Forestry, Land, and agriculture use. <https://sciencebasedtargets.org/sectors/forest-land-and-agriculture>

<sup>10</sup> <https://ghgprotocol.org/standards-guidance>

**Table 6 – Comparison of emissions against baseline**

ofi's total emissions (thousand metric tCO2e)	Baseline emissions (2020)	2024	2025	2030 target
<b>Scope 1 - FLAG</b>	284 <sup>11</sup>	218 <sup>12</sup>	265	30.3% reduction
<b>Scope 3 - FLAG</b>	28,940	27,131	27,724	
<b>Total - FLAG</b>	<b>29,224</b>	<b>27,349</b>	<b>27,989</b>	
<b>Scope 1 – non-FLAG<sup>13</sup></b>	377	276	237	50% reduction
<b>Scope 2 – non-FLAG</b>	206	164	173	
<b>Scope 3 – non-FLAG<sup>14</sup></b>	1,018 <sup>15</sup>	475	454	30% reduction
<b>Total non-FLAG</b>	<b>1,601</b>	<b>915</b>	<b>854</b>	
<b>Total emissions</b>	<b>30,825</b>	<b>28,264</b>	<b>28,853</b>	
<b>% renewable energy</b>	28%	38%	41%	50%

<sup>11</sup> Baseline numbers for Scope 1- FLAG and Scope 3 – FLAG have been revised since the prior year due to incomplete data being available at the time of preparing the 2024 report. The numbers presented here align with ofi's submission to the SBTi in 2025.

<sup>12</sup> The 2024 figure for Scope 1 – FLAG emissions has changed due to the removal of land use change (LUC) emissions from ofi's US and Aus Almond operations. In 2024, LUC emissions were erroneously included due to the use of generic emissions data which showed false LUC events in both locations. Upon further investigation, it was determined that no LUC had occurred and therefore the emissions from LUC in both locations were removed.

<sup>13</sup> ofi's non-FLAG scope 1 and 2 emissions have been determined for tier 1 facilities only.

<sup>14</sup> ofi's scope 3 non-FLAG emissions include emissions from the following four GHG Protocol categories: Upstream fuel and energy use, Waste generated in operations, Upstream transportation and Downstream transportation. Other scope 3 non-FLAG emissions are considered immaterial to the Group. Emissions from other purchased goods & services and Capital Goods have been excluded for the reasons provided in footnote 15.

<sup>15</sup> The scope 3 – non-FLAG baseline and 2024 numbers have decreased significantly since the 2024 report due to emissions from Other purchased goods & services and Capital goods being excluded in 2025. The emissions have been excluded as the group is currently undertaking a process to revise its methodology for calculating its 2024 and 2025 emissions from Other purchased goods and services and Capital good and therefore any numbers reported for 2024 and 2025 would be subject to significant change in future years. As a result, it was decided to exclude those emissions until more accurate numbers could be provided. The baseline figure has therefore also been updated to ensure a fair comparison, despite the baseline being unaffected by the change in methodology. The baseline emissions for these two categories are 3.4 million tCO2e.