



# Sustainability report

## ESG Report 2020



# SEEKA SUSTAINABILITY REPORT

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Sustainability focuses on meeting present needs without compromising the ability of future generations to meet their needs. Sustainability is composed of three pillars; economic, environmental and social. Seeka's ambition is to measure then incrementally improve our environmental and social performance and the associated governance processes.

We aim to be an industry leader on reporting the impact of climate change and focus our operations to minimise our environmental footprint. We know that the environment plays a pivotal role in the health of our crops, and our business.

We are founded on relationships and are serious about our social responsibilities. We operate so our grower clients can provide global consumers with healthy food choices. We want to be the provider and employer of choice, and we know that strong communities play a pivotal role in the health of our business.

### Governance

In 2020, Seeka established a Board sustainability committee tasked with providing strategic guidance and feedback to the Board and management on Seeka's sustainability framework, targets, measures, and performance. Comprised of three directors, Seeka's sustainability committee is a forum for assessing and providing advice on the potential impacts and opportunities of a changing climate.

### Environmental and social strategy

Intelligent growth and commercial nous underpin our shared prosperity. We embrace and care for our environment, those contributing to the journey and our communities.

Set by the Board, Seeka's strategic direction is based on the sustainable production and supply of healthy produce.

Environmental sustainability lies at the heart of Seeka's brand attribute Growing Futures; our process of continually improving operations to deliver healthy produce, use less resources, care for the environment, and deliver better outcomes to our stakeholders.

Social responsibility lies at the heart of Seeka's brand attribute Founded on Relationships; we value the connections to our communities and we care for the welfare of our clients, employees, investors and the regions we operate in.

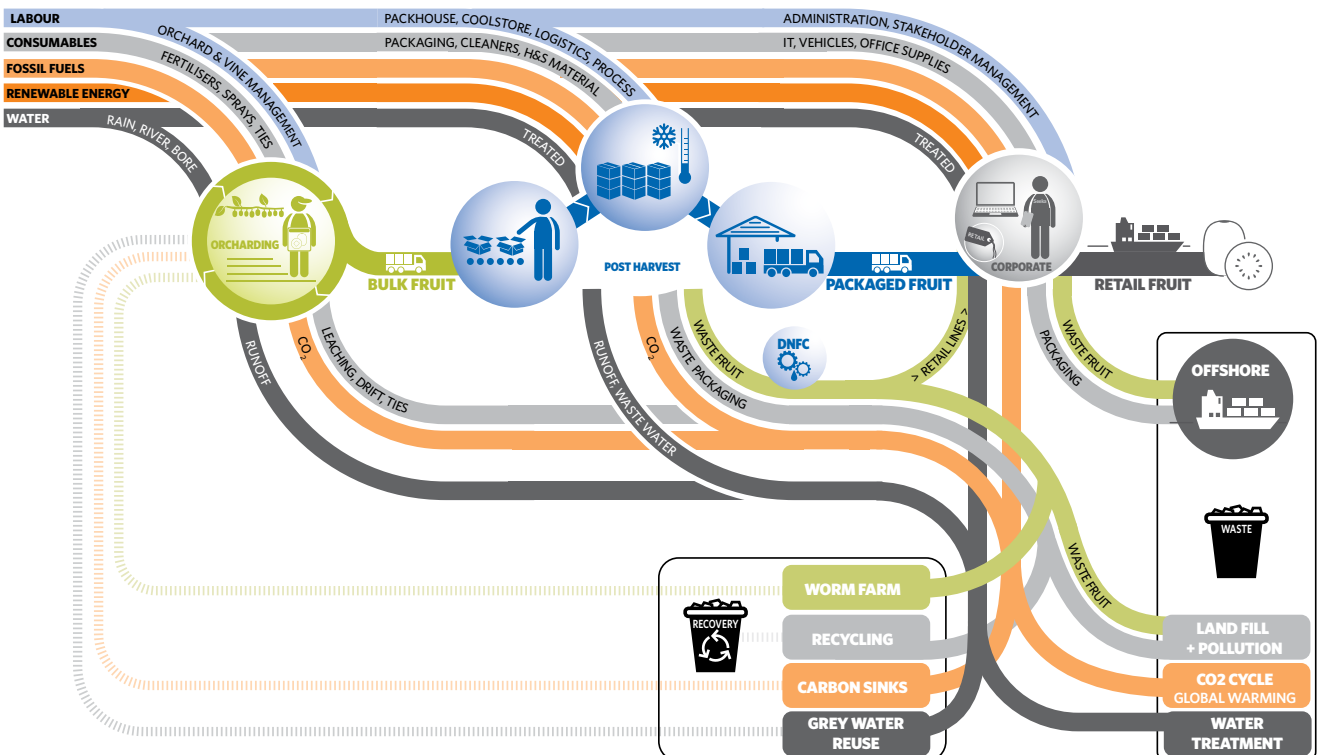
### Environmental report

We established the Seeka Agile Sustainability Team (SAST) to develop our sustainable culture. Connecting passionate people from across the company, SAST is working to integrate sustainability into the hearts and souls of our employees and deliver projects that reduce Seeka's environmental footprint.

Climate change is an active risk, impacting the yield, quality and marketability of the produce we handle. By disclosing our climate-related risks, stakeholders can see how we are flexing our operations as we prepare our business to mitigate the risks and embrace new opportunities.

We mapped our operations to identify and understand the inputs we rely on for production, how they flow through our business, and the waste outputs that impact our environment. We are working to transition to a circular model whereby waste is circulated back into our operations, thereby reducing our environmental footprint.

### Operations input and output map



## Risk and opportunity analysis

The Ministry for the Environment studied how climate change may impact New Zealand. Based on their report, we expect our orcharding regions will be impacted by higher temperatures, changing moisture levels and weather patterns, and rising sea levels.



Risks and opportunities	Impact	Response
<b>Transition risks</b>		
New national or international policies that restrict chemical inputs used for pest management and maintaining crop yields.	Higher R&D costs to find alternative growing methods.	Active involvement in industry associations, including KGI, ISG and KSG. Build closer relationships with regional councils and regulators. Invested in a worm farm pilot project to test a circular regenerative system within our orcharding business. Transition to a low input system, while achieving consistent yields.
Introduction of carbon costing or a carbon tax that charges for carbon usage.	Higher costs to offset carbon emissions.	Measure our carbon footprint to understand and reduce our carbon impact. Transition to lower Global Warming Potential (GWP) coolstore gases. Invest in lower carbon emission projects, see <a href="#">Carbon Reduction Initiatives</a> .
Introduction of orchard water restrictions, with water vital for crop growth over the summer period.	Unable to irrigate to grow an optimum crop.	Actively engage in orchard water management. Work with councils to understand impacts on waterways. Ensure new developments can access water and have on-site storage.
<b>Physical risks</b>		
Yield reduction or plant damage from flooding, hail, drought, storms, fire, or a sub-optimal growing climate (temperature, sunshine, drought, winter chill).	Lower yields and unprofitable orchards.	Geographical spread of orchards. Invest in crop protection measures (e.g. frost protection, irrigation, shelter). Access to reliable weather and frost forecasts (extended and long range). Favour developments with reliable water supply and free drainage.
Orchard loss from rising sea levels.	Increase in non-viable orchards.	Orchard reporting by altitude. Minimum altitude for all new orchard developments.
Introduction of new pests and diseases.	Reduced yields or unsaleable crops.	Geographic separation of orchards. Orchard hygiene programme. Independent pest monitoring programme. Spray and pest control programme. Bio-security controls on disease and disease vectors.
Water availability and quality concerns.	Water unavailable or unsuitable for irrigation.	Actively engage in orchard water management. Develop wetlands and support native wildlife sanctuaries. Monitor waterways and encourage orchard environmental plans. Capture rainwater from facility roofs to reduce regional water demand.
Elevated soil CO <sub>2</sub> levels alter fruit sugar and nutrient levels.	Crops have a different quality profile.	Understand how soil carbon levels impact fruit nutrient levels. Establish orchard management practices that best capture fruit quality.
<b>Opportunities</b>		
Increased demand for Seeka produce as a healthy eating option with a low carbon impact.	Increased product demand and new markets.	Ensure we are an industry leader in carbon reporting. Report our carbon footprint to our stakeholders and commit to targets.
Green financing for low-carbon developments.	Better funding at lower interest rates.	Engage with bankers on green funding and green bonds. Investigate low-carbon investments.
Higher soil CO <sub>2</sub> levels improve water use efficiency.	Plants require less water to produce a crop.	Understand soil carbon levels and water usage. Establish orchard management practices that best capture carbon in the soil.

## Our 2021 environmental work programme

### Scenario analysis – understanding how a changing climate impacts fruit production

Scenario analysis is underway to gauge how higher temperatures, reduced water availability and rising sea levels may impact New Zealand orchard production.

By understanding how a changing climate may impact crop loads and quality, Seeka can prepare our operations to provide an efficient, sustainable service to our grower clients and a reliable product supply to the international consumer.

### Carbon footprint – measuring and setting targets

Seeka is committed to lowering our carbon footprint and we have aligned with Government targets under the Paris Agreement intended to limit global temperature increases to 1.5°C to 2°C.

The primary mitigation tool is the reduction of greenhouse gas emissions. Seeka is currently quantifying our emissions using the *Ministry for the Environment’s Guidance for Voluntary Greenhouse Gas Reporting*, which scopes emissions into three categories:

- Scope 1 covers direct emissions from Seeka-owned or controlled sources.
- Scope 2 covers indirect emissions from generating electricity that Seeka directly uses.
- Scope 3 includes all other indirect emissions that occur along Seeka’s value chain.

We are calculating our emissions for 2019 and 2020 using *ISO 14064-1: 2018 Greenhouse Gases* and the *Greenhouse Gas Protocol (ghgprotocol.org)*, with our calculations being verified by a market leader in carbon footprint measurement. Once completed we can quantify our carbon-reduction targets.

## Carbon reduction initiatives

As we work to measure our emissions, Seeka has already embarked on a series of carbon-reduction initiatives.



### Hybrid vehicle fleet

Seeka is encouraging hybrid selection by transitioning our lease vehicle fleet to include hybrid options in all vehicle classes while dramatically reducing conventional options.

2021 goal is to have hybrids accounting for 20% of lease vehicle renewals



### LED lighting

Seeka is investigating packhouse LED lighting and sensors. Electricity is one of Seeka’s largest inputs. A reduction in electricity use will reduce our carbon footprint and operational cost.

2021 goal is to trial LED lighting sensors



### Worm farm

Seeka piloted an in-house worm farm in 2020. In full production, Seeka’s continuous-flow worm farm is expected to divert 50 tonnes of packhouse organic waste from landfill to vermicompost, delivering a regenerative, fully-circular approach to orchard production.

2021 goal is to ramp up throughput ready for full worm farm production in 2022



### Waste audits

Seeka has developed a waste audit programme to identify, measure and report the volume and type of waste produced by our operating business units. Waste reduction plans are being developed at a business unit level. The first waste audit was undertaken at head office and a waste reduction plan is currently under development.

2021 goal is to complete and monitor head office’s waste reduction plan and scope orchard and post harvest operations



### Solar energy

In 2018 Seeka installed solar panels at the Seeka 360 head office. The panels generate about 30% of office power usage at the middle of the day. They also feed batteries which supply back-up energy in the event of a power outage. By December 2020, the panels have generated 74MWh of electricity.

2021 goal is to investigate solar alternatives for our post harvest facilities



### Regenerative horticulture

Seeka is researching soil types and practical ways to incorporate regenerative horticulture practices. This includes new mowing and spraying protocols that allow orchards to naturally retain higher carbon and water levels.

2021 goal is to foster regenerative horticulture by sharing findings with our grower community

## Social report

Seeka's responsibility to support healthy communities was central to the 2016 rebrand that expressed our growth into new products, new regions and new communities.

With Select Excellence we defined our business model as striving to continually improve our performance for our stakeholders; to deliver an excellent service that supports healthy communities. By delivering excellence, we offer our stakeholders choice when selecting a partner that cares for their economic and social wellbeing.

Our social responsibility covers five overlapping categories:

- Grower clients - supplying our core products,
- Employees - enabling our service delivery,
- Consumer clients - creating demand for our products,
- Investors - funding our operations,
- The wider communities - the social fabric that unites us.

In our first social report we comment on Seeka's social responsibilities, support measures and achievements.

Social responsibility	Support	Achievements
<b>Grower clients</b>		
Deliver a trusted, cost efficient service.	Grower-controlled entities oversee Seeka's performance and manage fruit value.	Published grower proposal with fixed service prices. Audited end-of-season grower accounts.
Support growers with timely information on compliance, their crop, their returns and industry issues.	Technical team. Compliance team. Grower services team. Grower reporting team. Information services team.	13 grower field days. Kiwifruit "After 5s" held twice a year in six regional locations, plus avocado information evenings. 51 Frankly Speaking email updates from the chief executive. SeekaApp access to online reports reaching 579 users.
Advocate grower interests	Member of all relevant industry forums.	\$40m settlement of Psa class action February 2021.
Provide opportunities to benefit from the downstream value generated from their produce.	Grower share scheme.	2.06m shares held in trust for 405 participating growers. Shares vest in 2021 (kiwifruit and kiwiberry growers) and 2022 (avocado growers).
<b>Employees</b>		
Be the employer of choice.	Human resources team.	Benchmark remuneration and survey staff. Career development pathways including five cadets in 2020.
Provide a safe work environment.	Health and safety team.	Safety integrated into Seeka's culture, see <a href="#">health and safety report</a> . \$436,000 invested in safety guarding and barriers in 2020. \$1m invested in 30 new tractors for orchard operations.
Provide opportunities to benefit from the value employees add to our services.	Employee share scheme.	568,000 shares held in trust for 319 participating employees. Shares vest in 2022.
<b>Consumers</b>		
Reliable source of safe food.	Global.G.A.P. food safety standards.	Full track and trace from orchard to market.
<b>Investors</b>		
Be the investment of choice.	Financial service team.	See <a href="#">corporate governance statement</a> for details.
<b>Wider community</b>		
Be a responsible community citizen that enhances social outcomes.	Senior management team.	Delivered an essential service in New Zealand and Australia during the Covid-19 pandemic that generated revenues for our growers, employees, contractors and investors, while delivering healthy eating options to international consumers. See <a href="#">health and safety report</a> for details. Provided employment and housing for RSE workers, and helped repatriate 553 RSEs to Malaysia and the Pacific. Provided \$129,167 in donations to community groups in 2020.