LEADING ANIMAL NUTRITION

Sustainability Review 2023

RIDLEY

Sustainability Review

At Ridley, we believe we can contribute to solving food production challenges of today and tomorrow through smart animal nutrition.

In May 2022, Ridley released its Sustainability Pathway, charting our intended path to embedding smart animal nutrition as a key contributor to identifying and actioning more sustainable and profitable ways of farming. By building on the good work already done by our teams, we believe we can contribute to a more sustainable food supply system as well as find ways to make our own business more sustainable.

Our Sustainability Pathway is supported by a step-by-step approach that builds a solid foundation for our sustainability strategy, including capturing what we already do, followed by action to drive improvement over time.

Our approach to sustainability moves beyond compliance. At Ridley, we assist our people to drive meaningful change, which, in turn builds competitive advantage.

Our Sustainability Pathway

Ridley's Sustainability Pathway, underpinned by our four Sustainability Pillars – Smarter Ingredients, Optimised Production, Effective Solutions, and Meaningful Partnerships – is designed to support the delivery of real value in more sustainable ways.

The Sustainability Pillars draw on seven of the 17 United Nations Sustainable Development Goals (see Table on page 3), which help shape how we see Ridley's role in addressing global sustainability challenges. This includes working with our customers and suppliers within the food and farming ecosystem to better prepare us to take on challenges such as scarce resources, emissions, climate change impacts and social inequities. The four Pillar methodology also assists us to improve current levels of production, and encourage growth in a manner which is responsible, sustainable and profitable.

Our process

Building on work done in FY22 to develop Ridley's pathway, this year's focus has been to refine what we want to achieve and how we intend to get there. To do this, each of our General Managers was tasked with developing clear baselines of current performance in key areas and scoping potential opportunities for improving performance in the future. The results of this analysis have been used to set clear commitments and create a roadmap to 2030 to guide our future effort. This process involved engaging with our customers, suppliers and employees to ensure intended outcomes are both practical and meaningful.

To support our commitments and roadmap, four of the activities described under the Pillars in Ridley´s Sustainability Pathway were updated. The changes, and the reasons for making them, are described below:

- **Smarter Ingredients and Effective Solutions:** The activities "Create high performance circular ingredients" and "Utilise high-performance circular ingredients" were merged to form a single activity: "Create and utilise high-performance circular ingredients".
- **Effective Solutions:** The activity "Measure and reduce the environmental footprint of our raw materials" was moved from the Smarter Ingredients Pillar to the Effective Solutions Pillar. This is because it is through our knowledge of feed formulation that we can best influence this area. In addition, we have further scoped this activity to "Assess the environmental footprint of our feeds and offer lower CO_2e intensity options".
- **Effective Solutions:** The activity "Produce quality safe feeds that support good animal health and welfare" has been adjusted to remove the words "quality" and "good" as our focus is on biosecurity under this Pillar.
- **Optimised Production:** "Respect for local environment" has been altered to "Respect for environment through sustainable packaging" to better reflect our intended focus.

"Identify and mitigate climate risk" has been added to the Sustainability Pathway framework in recognition of the need for our business to be aware of, and where practical and viable, act to address, operational and business risks associated with climate change.

The updated Sustainability Pathway is shown on the following page.

Our updated Sustainability Pathway

SMARTER INGREDIENTS

Sourcing high-quality raw materials that are produced with respect to social and planetary boundaries.

- Create and utilise high-performance circular ingredients
- Source from well-managed production systems
- Support Australian growers

OPTIMISED PRODUCTION

Optimising our manufacturing and supply chain processes to reduce our footprint.

- Measure and reduce greenhouse gas intensity of our operations
- Respect for our local environment through sustainable packaging
- Reduce waste to landfill

EFFECTIVE SOLUTIONS

Developing nutritional solutions that enable farmers to produce more from less.

- Measure the environmental footprint of our feeds and offer lower CO_2e intensity options
- Produce safe feeds that support animal health and welfare
- Help farmers to address climate challenges
- Reduce reliance on finite marine resources

MEANINGFUL PARTNERSHIPS

Creating safe, healthy and diverse workplaces that support local communities.

- Support customers to meet their sustainability goals
- Ensure safe and healthy employees
- Create diverse workplaces
- Provide training and development opportunities
- Support local communities

Sustainability Review continued

Our Management Approach

Our approach to addressing each key focus area in our Sustainability Pathway is set out below – followed by Ridley's 2030 Sustainability Commitments.

'Our Management Approach' should be read with the 'Our Commitments' section of our Annual Report.

Smarter Ingredients

"Sourcing high-quality raw materials that are produced with respect to social and environmental boundaries."

Create and utilise high-performance circular ingredients

Ridley's Ingredient Recovery business, sources by-products derived from animal production industries (raw materials) and processes these materials into high-performance animal proteins for use in animal feeds. In a circular process, co-products that might otherwise go to landfill, are recycled to create a range of animal diet ingredients. During FY23, using the Life Cycle Assessment (**LCA**) Methodology, we assessed the carbon footprint of Ridley manufactured ingredients produced by the Ingredient Recovery business to enable both Ridley, and its' customers, to gain a better understanding of the environmental impacts of our circular ingredients.

Source from well managed production systems

Over the past few years, we have upgraded our supplier approval process to incorporate greater due diligence around the environmental and social credentials of our suppliers. Together with our customers, we identified deforestation as a material sustainability issue facing our sector. To address deforestation, we are now committing to source 100% of our soybean products from suppliers that are committed to offering Deforestation and Conversion free (**DCF**) supply chains by 2030. We will achieve this through a combination of (1) supplier engagement to promote transparency and traceability within the soy supply chain; and (2) updates to our supplier approval process to ensure we are able to monitor progress and create compliance.

Support Australian growers

Ridley is a proud Australian company, headquartered in Victoria, and with deep connections to rural and regional Australia. We support Australian growers, with over 70% of our farm produced ingredients sourced from Australian farms. There are various reasons why Ridley imports some ingredients, for example, where ingredients are not produced in Australia or are not locally available in required quantities.

Optimised Production

"Optimising our manufacturing and supply chain processes to reduce our footprint."

Measure and reduce GHG intensity of our operations

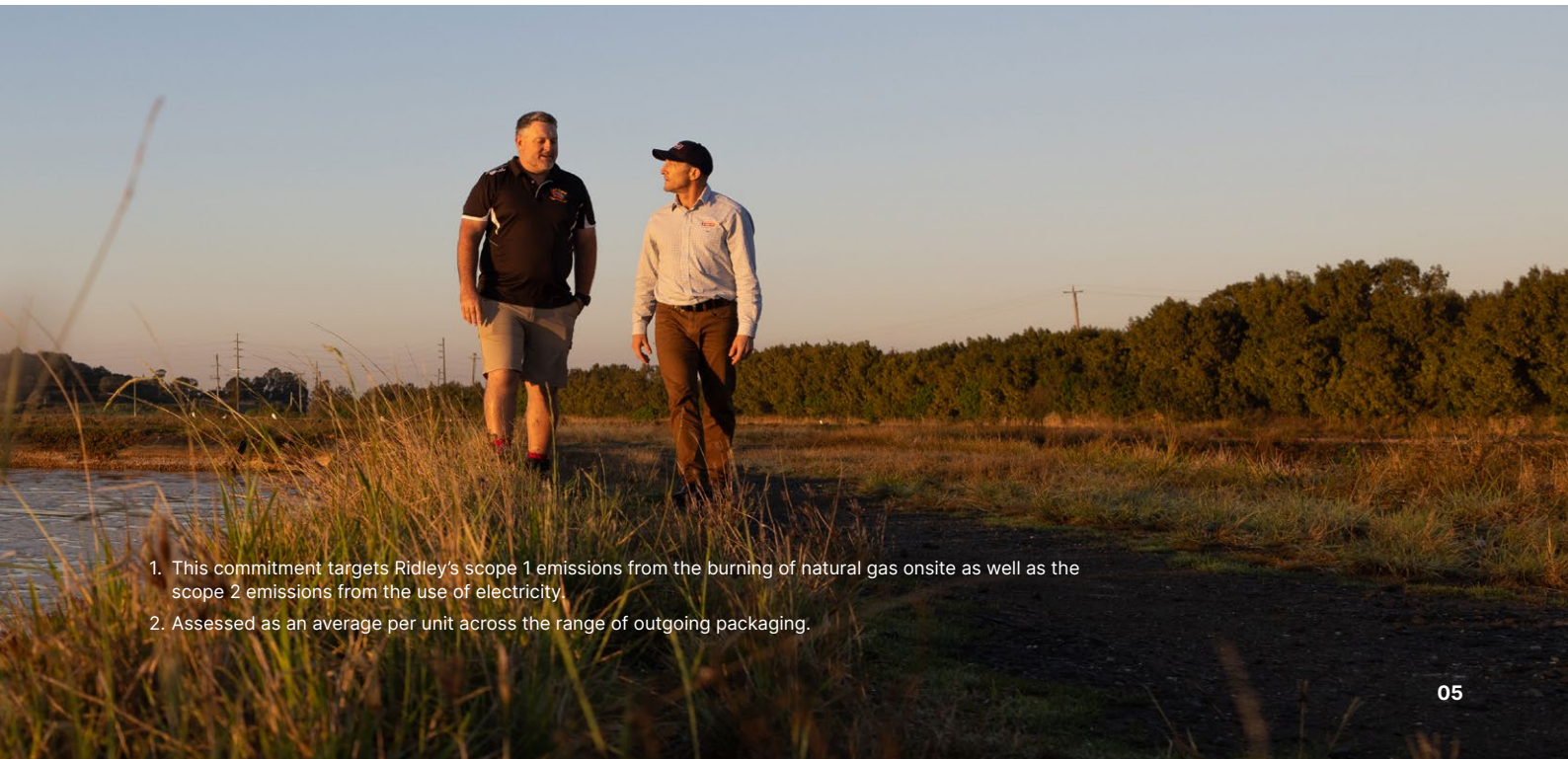
As a source of both environmental and economic cost, minimising the energy used to power our mills is a constant focus of our operations teams. This year we engaged a third-party consultant to undertake an energy assessment of our mills including audit data from six Ridley sites (representing our key operations being monogastric, ruminant, aqua and ingredient recovery) to better understand where energy is being used and lost from our facilities, and what actions Ridley can take to optimise energy use and reduce GHG emissions. Based on this work, Ridley has a clear and actionable plan in place to reduce scope 1 and scope 2 greenhouse gas emissions against an FY23 baseline by at least 10% per tonne of finished product by 2030[1].

Respect our local environment – sustainable packaging

Ridley has a relatively low outgoing packaging footprint due to the high volume of product sold in bulk. Regardless, we take the issue of plastic pollution seriously and are committed to playing a role in the reduction of plastics and driving demand for more sustainable packaging solutions. As such, we aim to reduce the amount of packaging material used for our outgoing woven polypropylene (**WPP**) Packaged Products. Specifically, we aim to reduce the weight of this packaging by an average of 10% per unit[2] against a FY23 baseline and switch to single polymer recyclable bags for outgoing bulk bags. We will also continue to engage with our suppliers to stay up to date with new technologies, and when commercially available and viable, we will transition to single polymer formats that are recyclable for our pet specialty products.

Reduce waste to landfill

To identify opportunities to reduce waste to landfill, Ridley has engaged a national waste contractor commencing FY24 to collect, manage and report on waste volumes and categories at an enterprise level. Once we have 12 months of detailed data, we will set a baseline, reduction targets and develop the strategy we will adopt to achieve these targets by 2030.



1. This commitment targets Ridley's scope 1 emissions from the burning of natural gas onsite as well as the scope 2 emissions from the use of electricity.
2. Assessed as an average per unit across the range of outgoing packaging.

Sustainability Review continued

Effective Solutions

"Developing nutritional solutions that enable farmers to produce more from less."

Assess the environmental impact of our feeds and offer lower CO_2e intensity options

Feed formulation can play an important role in the overall environmental impact of animal production through ingredient selection. In FY23, we conducted a series of Life Cycle Assessments to better understand the environmental impacts of a selection of Ridley manufactured ingredients and feeds. We are committed to extending this work over the coming years, with the aim to have up-to-date information on the GHG intensity of all major feed ingredients used and manufactured by Ridley by 2030. This will be accompanied by the continual upskilling of our nutrition and technical staff to ensure they have the knowledge and capability to balance nutritional, financial and environmental impact requirements when formulating our feeds. This approach will enable us to deliver on our commitment to offer lower GHG intensive feeds as well as the technical expertise to assist our customers to reduce the GHG intensity of their own products through animal nutrition.

Produce high-performance circular ingredients

Our Ingredient Recovery business draws on circular economy principles of designing out waste and pollution and recirculating products and materials. We do this by turning materials that are not suitable for human consumption into high-quality ingredients, which can replace the need to grow other protein sources. We continue to work with our suppliers to ensure the quality credentials of these materials, as well as our clients to encourage them to take a more circular approach to feed formulation.

Produce safe feeds that support animal health and welfare

The provision of safe feeds is at the core of our business. To demonstrate our commitment to this principle we have challenged ourselves to adopt more enhanced biosecurity standards than those applied by the FeedSafe Certification Rules as at 2023[1] in regions of high biosecurity risk[2] by 2030. To achieve this, we will engage a third party to identify these regions and dedicate resources to the implementation of the equipment and/or infrastructure required to minimise these risks.

Help farmers to address climate challenges

The livestock sector is facing increasing pressure from consumers and regulators to reduce the methane emissions associated with the production of ruminants (beef and dairy). Ridley is well-positioned to assist animal producers respond to these demands through the provision of smart nutrition solutions. We also know that substantial research is being conducted on developing methanogenic feed additives worldwide. Ridley is committed to actively exploring the potential use of commercially viable and scientifically sound feed additives, applying its expertise to adapt such solutions to Australian conditions, and serving as a channel to deliver them to the local industry. Ridley will also explore development and/or promotion (either ourselves or with third parties) of two commercially viable nutritional approaches which reduce the CO_2e intensity in dairy and/or beef production. This could be achieved by a focused effort to improve productivity through nutrition, supported by the collection of quality data to substantiate the claims made. This commitment relies on commercially viable technical nutrition solutions that could be available, but are currently not subject to widespread use, in which case our efforts will support a faster pace of adoption.

Reduce reliance on finite marine resources

Ridley has made significant progress over the years to support the reduction of forage marine ingredients used in its commercially available aquaculture diets, for example, barramundi, yellowtail kingfish, salmon and shrimp, through investment into the development of alternative sources of protein and fat. This has resulted in improvements in the Fish In Fish Out (**FIFO**) and Fish Feed Inclusion Factor (**FFIF**) ratios, which are commonly used to assess the environmental performance of aquaculture producers. We are committed to helping the aquaculture sector to continue to reduce its reliance on forage marine resources, with the aim of 100% of Ridley barramundi and prawn feeding programs to deliver FFIF and FIFO ratios of less than 0.25 by 2030[3] estimated at a Feed Conversion of 1.6. This will be achieved through the adoption of emerging technologies such as our NovaqPro® product and substitutions for more sustainable alternatives such as chicken protein concentrate.

1. FeedSafe Certification Rules – Version 12 – 17 April 2022.
2. Risk assessment is based on the size and location of Ridley mills and the number of animals that would be affected if an outbreak occurred.
3. The Best Aquaculture Practices Standard (BAP Issue No. 3.1 Effective on 07-Feb-2023) sets a maximum FIFO ratio of 1.0 for whiteleg shrimp, 1.2 for black tiger shrimp and 4 for other species.

Meaningful Partnerships

"Creating safe, healthy and diverse workplaces that support local communities."

Support customers to meet their sustainability goals

Ridley acknowledges that the sustainability challenges facing our sector will require collaboration between the multiple players within our value chain. As such, we are committed to supporting our customers to meet their own sustainability goals through ongoing customer engagement in relation to sustainability challenges. As part of this commitment, we are upskilling key staff within the business in LCA methodology to ensure they understand the factors driving environmental impacts and are well-positioned to assist our clients to calculate and reduce scope 3 emissions, without negatively impacting on the nutritional and functional attributes of feeds.

Ensure safe and healthy employees

Good management of the safety and health of employees is fundamental to the on going success of our business. In addition to meeting our legal obligations, we have an absolute commitment to our employees to foster an environment where they can perform their duties safely. Our ever-evolving safety programs now include a well-being strategy and action plan, mental health first aid training and the ongoing support and guidance of a qualified HSE team.

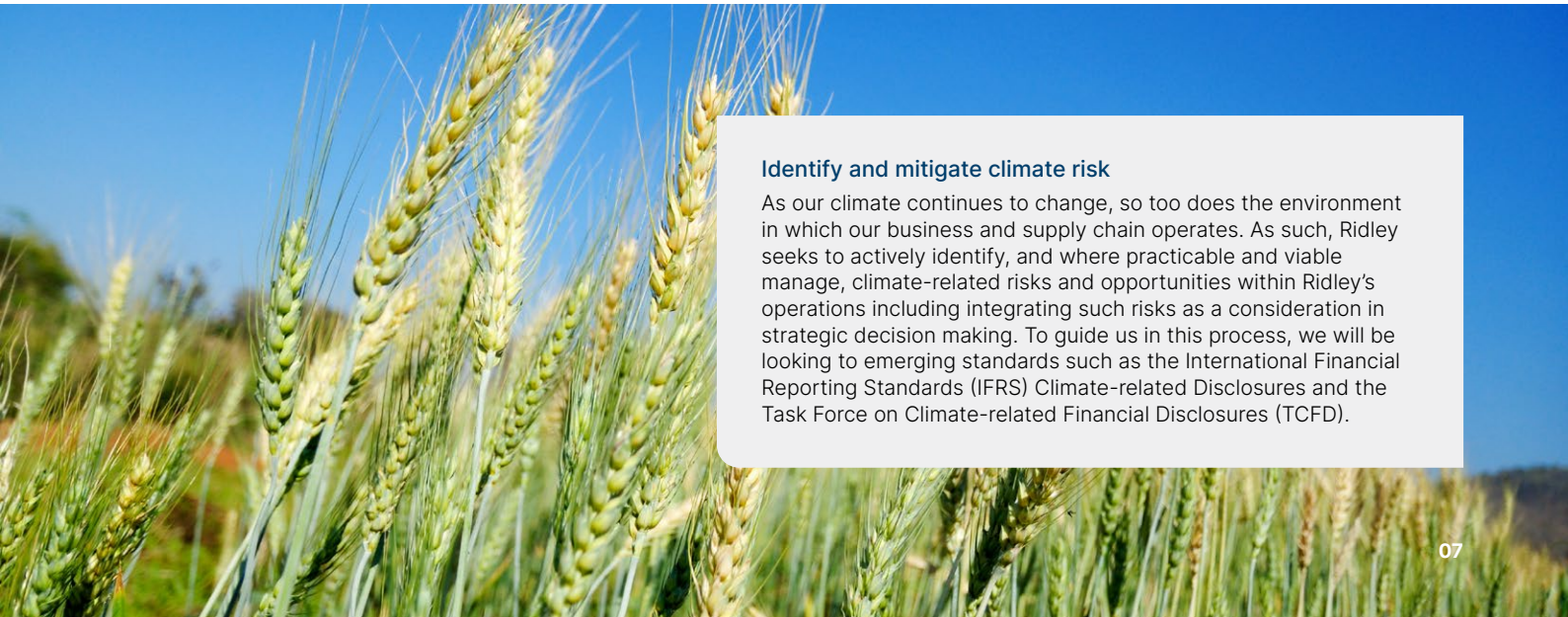
Create diverse workplaces

We are committed to having a workforce culture that fosters diversity. We believe diverse, equitable and inclusive (DEI) work environments have benefits for both employees and employers. These include improved performance, the attraction and retention of talent, higher innovation revenues and a more balanced approach to decision making and risk management. Ridley's initial targets for DEI are gender related as women are significantly under-represented in our workforce, with a commitment that 30% of Ridley's employees will be female by 2030. This will be achieved through a focus on leadership, pay equity, training and embedding an inclusive culture that supports diversity. We will continue to address diversity more broadly via our diversity and inclusion strategy and action plans.

We also recognise the importance of respecting Indigenous communities and their heritage. To demonstrate this, we commit to developing, implementing and embedding a Reconciliation Action Plan (RAP) into our business by 2030.

Provide training and development opportunities

Investing in the development of Ridley's workforce will help future-proof our business, and the local communities in which we operate, by ensuring our employees have the right skills and capabilities to address the everchanging needs of our industry. Workforce development will also help to attract and retain high-quality employees, foster innovation and increase employee satisfaction levels. Therefore, Ridley is committed to embedding a formalised learning and development program that includes an annual review of Ridley's requirements and development plans, to ensure our business has "future fit" skills by 2030. We will achieve this through the implementation of a continuous cycle of needs assessment, gap analysis and planning to ensure our employees and our business have the capabilities required to remain competitive.



Identify and mitigate climate risk

As our climate continues to change, so too does the environment in which our business and supply chain operates. As such, Ridley seeks to actively identify, and where practicable and viable manage, climate-related risks and opportunities within Ridley's operations including integrating such risks as a consideration in strategic decision making. To guide us in this process, we will be looking to emerging standards such as the International Financial Reporting Standards (IFRS) Climate-related Disclosures and the Task Force on Climate-related Financial Disclosures (TCFD).

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Our Commitments

Ridley's 2030 Sustainability Commitments are presented in the table below. The 2030 Sustainability Commitments are the targets Ridley intends to reach by 2030. Each commitment has been developed based on comprehensive, action-based management plans.

The 2030 Commitments should be read with the Definitions section.

Pillar	Activity	Intent of Commitment	FY23 Baseline	2030 Commitment
Smarter Ingredients	**Source from well-managed production systems**	Support reduction of deforestation and conversion	**2023:** Currently, in the manufacture of its feeds, Ridley does import soybean meal from (1) Argentina only; and (2) from suppliers of Argentinian soybean who are members of the Round Table on Responsible Soy (RTRS) and therefore committed to improving the traceability of their product and to sourcing from Deforestation and Conversion Free (DCF) supply chains.	**Ridley will:** • In the manufacture of its feeds, commit to purchasing 100% of our soybean products from suppliers that are committed to offering Deforestation and Conversion Free (DCF) supply chains by 2030.
Optimised Production	**Measure and reduce GHG intensity of our operations**	Reduce CO_2e per tonne of finished product from energy consumption	**2023:** Based on audit data from six Ridley sites representing monogastric, ruminant, aqua and ingredients recovery, a baseline of circa 106kg of CO_2e per tonne of finished product produced through energy consumption has been established.	**Ridley will:** • Reduce by more than 10%, the CO_2e per tonne of finished product derived from energy consumption by 2030, from the FY23 baseline.
	Respect our local environment – sustainable packaging	Utilise sustainable packaging for outgoing products	**2023:** Ridley uses: • over 400T of non-biodegradable or non-recyclable packaging for outgoing Packaged Products per year; plus • outgoing bulk bags across the Ridley business.	**Ridley will:** • With respect to its outgoing Packaged Products: – reduce woven polypropylene (WPP) packaging weight by 10% against FY23 Packaging Specifications.[1] – transition to single polymer formats for our pet specialty products if recyclable or single polymer formats as they become commercially available and viable.[2] • With respect to outgoing bulk bags: – use only 100% single polymer recyclable bulk bags.
	Reduce waste to landfill	Reduce waste going to landfill	Currently, Ridley works with different waste removal providers and does not have a standardised data set to determine a reliable baseline.	**Ridley will:** • Work with waste contractor to obtain standardised data which can be used to determine a reliable baseline and set a clearly defined path aligned with an evidence-based approach to implement initiatives that reduce Ridley's waste to landfill by 2030.
Effective Solutions	**Assess the environmental footprint of our feeds and offer lower CO_2e intensity options**	Offer lower CO_2e intensity animal feeds	**2023:** There are currently limited environmental impact metrics available on Ridley feeds or Ridley-manufactured ingredients.	**Ridley will:** • Maintain an up-to-date database of environmental impact metrics for all major feed ingredients used and manufactured by Ridley calculated using Life Cycle Assessment (LCA) methodology. • Offer lower footprint feed options to customers.
	Produce quality, safe feeds that support animal health and welfare	Strengthen biosecurity	**2023:** All Ridley feed mills are FeedSafe Certified (Stockfeed Manufacturers' Council of Australia Quality Assurance Accreditation Program FeedSafe).	**Ridley will:** • Adopt enhanced biosecurity standards than those applied by the FeedSafe Certification Rules as at 2023 at mills located in higher-risk areas.[3]

Pillar	Activity	Intent of Commitment	FY23 Baseline	2030 Commitment
Effective Solutions continued 	**Help farmers to address climate challenges**	Reduce GHG intensity of ruminants	**2023:** In spite of recent progress in the development of methanogenic feed additives, no solution of proven efficacy and demonstrated to be commercially viable within local industrial settings, is currently available in the Australian market.	**Ridley will:** • Actively explore the potential use of commercially viable and scientifically sound feed additives, apply its expertise in adapting nutrition solutions to the Australian conditions, and serve as a channel to deliver them to the local industry; and • Develop, and/or promote either by itself or in collaboration with third parties, two commercially viable nutritional approaches capable of reducing CO_2e intensity by 20% per unit of milk and/or meat production as demonstrated by a reputable research institution.
	Reduce reliance on finite marine resources	More Sustainable Aquafeeds	**2023:** Ridley Aqua Feed Programs FY23 currently meet FFIF and FIFO ratios according to Best Aquaculture Practices Certification Standards, Implementation Guide, Issue 3.2, page 41 published on 07/Feb/2023 (**FY2023 Aquafeed Baseline**).	**Ridley will:** • Offer 100% of Ridley barramundi and prawn Feeding Programs in 2030 to deliver FFIF and FIFO ratios at less than 0.25 against the FY2023 Aquafeed Baseline by 2030[4] estimated at a Feed Conversion of 1.6 for both species.
Meaningful Partnerships 	**Support customers to meet their sustainability goals**	Technical expertise in sustainability opportunities linked to animal nutrition	**2023:** Ridley's Nutrition and Technical team continue to build capability to assist customers to reduce GHG intensity of customer's products through animal nutrition.	**Ridley will:** • Offer technical expertise to assist customers to reduce the GHG intensity of customer's products through animal nutrition.
	Ensure safe and healthy employees	Employee health and safety	**2023:** Ridley safety programs include a well-being strategy and action plan, mental health first aid training and the ongoing support and guidance of a qualified HSE team.	**Ridley will:** • Continue to foster an environment where they can perform their duties safely.
	Create diverse workplaces	Diversity, Equity and Inclusion	**2023:** WEGA report 2022 = 22% Female, 78% Male employees.	**Ridley will:** • ≥ 30% of Ridley's employees to be female by 2030. • Have an embedded RAP or equivalent by 2030.
	Provide training and development opportunities	Training and development	**2023:** • basic compliance training for all employees • ad hoc external learning and development opportunities supported • ad hoc technical training supported relevant to industry	**Ridley will:** • Embed a formalised learning and development program that includes an annual review of Ridley's requirements and development plans, where necessary, to ensure our business has "future fit" skills by 2030.
	Support local communities	Community engagement	**2023**: Each site has access to $2,000 per year to support local charities and or community groups. This represents approximately 0.03% ($34k) of the Group EBITDA.	**Ridley will:** • Increase the baseline financial contribution five-fold to 0.15% of group EBITDA and continue our ongoing non-financial support of our local communities including targeting charities and community groups that align with the values of the company by 2030.
Others		Climate Risk	**2023:** Ridley currently includes some climate risks in the risk register and discloses its scope 1 and 2 emissions as part of the obligations for the National Greenhouse Gas and Energy Reporting (NGER) Act.	**Ridley will:** • Actively manage climate-related risks and opportunities across Ridley's operations, integrating such risks in strategic decision making by 2030.

1. Assessed as an average per unit across the range of outgoing Packaged Products.
2. This commitment relies on not yet commercially available technology that would allow higher oil content product to be packaged in recyclable, single polymer formats.
3. FeedSafe Certification Rules – Version 12 – 17 April 2022 (Stockfeed Manufacturers' Council of Australia Quality Assurance Accreditation Program FeedSafe.
4. This commitment relies on the continued research and development of substitute forage fish protein and lipid sources, and Ridley's collaboration with third parties.

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Definitions

Deforestation and Conversion means the conversion of forest to other land use independently whether human-induced or not[1]. (This definition is referenced from FAO's Global Forest Resource Assessment 2020 Terms and Definitions.)

FY23 Packaging Specifications means the specifications that impact weight, being grams per square metre and bag size, held by Ridley and its packaging partners in Ridley's FY23 database.

Feed Fish Inclusion Factor or FIFF means the Feed Fish Inclusion Factor measured according to Best Aquaculture Practices Certification Standards, Implementation Guide, Issue 3.2, page 41 published on 07/Feb/2023.

FeedSafe means the Stockfeed Manufacturers' Council of Australia Quality Assurance Accreditation Program "FeedSafe".

Finished product means product which is manufactured and sold by Ridley.

Fish In Fish Out or FIFO means the Fish In Fish Out ratio measured according to Best Aquaculture Practices Certification Standards, Implementation Guide, Issue 3.2, page 41 published on 07/Feb/2023.

Life Cycle Assessment or LCA means the systematic analysis of the potential environmental impacts of products during their entire life cycle including production, distribution, use and end-of-life phases.

Life Cycle Assessment or LCA Methodology refers to a methodology adopted in accordance with ISO 14040 standard which describes the principles and framework for LCA and ISO 14044 standard which specifies the requirements and guidelines for LCA.

Packaged Products means all bags less than 25kg sold to retail and wholesale customers and excludes bulk bags.

Reconciliation Action Plan or RAP means a reconciliation action plan with Reconciliation Australia.

Ridley Aqua Feed Programs FY23 means our program for feeding prawn and barramundi over their production cycle as at 30 June 2023.

Ridley Aqua Feeding Programs 2030 means our commercially available Ridley programs for feeding prawn and barramundi over their production cycle as at 30 June 2030.

1. Explanatory notes 1. Includes permanent reduction of the tree canopy cover below the minimum 10 percent threshold. 2. It includes areas of forest converted to agriculture, pasture, water reservoirs, mining and urban areas. 3. The term specifically excludes areas where the trees have been removed as a result of harvesting or logging, and where the forest is expected to regenerate naturally or with the aid of silvicultural measures. 4. The term also includes areas where, for example, the impact of disturbance, over-utilisation or changing environmental conditions affects the forest to an extent that it cannot sustain a canopy cover above the 10 percent threshold.


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