rakon

Contents

Important information

This Climate Statement ('Statement') has been prepared for the year ended 31 March 2025 (FY25) to meet Rakon's obligation to make Climate-Related Disclosures under Part 7A of the Financial Markets Conduct Act 2013 (FMCA) and the associated Aotearoa New Zealand Climate Standards (NZ CS) developed by the External Reporting Board (XRB).

The Statement covers Rakon Limited and its subsidiaries (Rakon) (NZX:RAK). The Statement has not been subject to an independent audit, however, the FY25 Scope 1 and 2 Greenhouse Gas emissions disclosed in this statement and some associated disclosures have been subject to independent limited assurance as set out in the report on pages 32-34. The Statement has been prepared for our primary users, being existing and potential shareholders, customers, lenders and other creditors.

The External Reporting Board (XRB) develops and issues reporting standards on accounting, audit and assurance, and climate, for New Zealand entities across the private, public, and not-for profit sectors (www.xrb.govt.nz).

The XRB's NZ CS includes:

- NZ CS1, which contains the climate-related disclosure requirements and associated greenhouse gas emissions disclosures assurance requirements;
- NZ CS 2, which provides optional adoption provisions; and
- NZ CS3, which contains the principles, underlying concepts and general requirements.

The Statement contains climate-related and other forward-looking statements and metrics, including climate-related scenarios, transition planning, climate projections, assumptions, forecasts, statements of Rakon's future intentions, estimates and judgements which are not and should not be considered guarantees, predictions or forecasts of Rakon's present and future strategies, future climate-related outcomes or financial performance. These statements are subject to known and unknown risks, inherent uncertainties, limitations around inputs and available data, and other factors, many of which are beyond Rakon's control. Readers are cautioned not to place undue reliance on such statements in light of the significant uncertainties that limit the extent to which they are useful for decision-making.

The underlying risks and assumptions involved in climate change modelling may cause actual outcomes to differ materially from those set out in the Statement. The risks and opportunities described here may be more or less significant than anticipated. There are many factors that could cause Rakon's actual performance or achievement of our objectives to differ materially from that described, including economic and technological viability, as well as climatic, government, consumer and market factors outside Rakon's control.

Where we provide links to other information, the linked information adds context to the information disclosed in this Statement. The linked information is not considered to be material by itself to the disclosures required by NZ CS unless stated otherwise.

While we have prepared the information in this Statement based on our current knowledge and understanding, we reserve the right to change our view in the future. We caution against reliance on aspects of this Statement which is necessarily subject to the caveats above.

References to 'Rakon', 'we', 'us' and 'our' mean Rakon Limited.

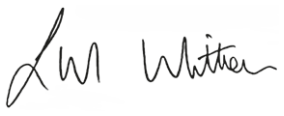
Statement of Compliance

For this Statement, our second Climate Statement, we have elected to use the following adoption provisions from NZ CS2, as extended by the XRB in November 2024:

Provision	Disclosure	Page ref.
2	Anticipated financial impacts	15
4	Scope 3 emissions	20
6	Report comparatives for metrics for two preceding periods (any metrics)	21
7	Analysis of trends evident from comparing previous and current periods	22

This Statement complies with Aotearoa New Zealand Climate Standards.

For and on behalf of the board of directors of Rakon (Board):



Lorraine Witten
Chair of Board
31 July 2025

Jon Raby
Chair of Audit and Risk Committee
31 July 2025

Introduction

Rakon manufactures products that are critical to enabling connectivity between people, networks and machines.

Our products are at the heart of many applications around the world. Rakon's global operations include manufacturing sites, customer support locations and research and development centres of excellence.

We believe that connectivity can play a major role in the future sustainability of the planet and have established our Environmental, Social and Governance (ESG) framework to support our sustainability goals – see our latest annual report at: www.rakon.com/investors/reports-presentations-events.

We are continuing to build Rakon's capability to manage climate-related risks and opportunities and complete associated reporting. This Statement reflects our current work-in-progress. We have a roadmap of work and activity still to be undertaken and completed.

We are pleased to present Rakon's second Climate Statement under the Aotearoa New Zealand Climate Standards.

Summary of disclosures

Refer to the relevant climate-related disclosure (CRD) section for full details

CRD section	Our current status	Our key work-on areas
Governance  Pages 05-07	• Rakon's Board has ultimate responsibility, with oversight delegated to the Board's Audit & Risk Committee • Climate-related risks that are Key risks (as defined on page 18) and associated opportunities reported to the Audit & Risk Committee twice per year • Education programme in place • Quarterly reporting of GHG emissions (Scope 1 and 2) to the Board	• Embedding climate-related risks and opportunities into strategy processes • Including climate-related performance metrics in remuneration policies
Strategy  Pages 08-17	• No material climate-related impacts in current financial year • Scenario analysis undertaken for three climate scenarios • Transition risks and related opportunities impact from the medium term (2030), with physical risks gaining traction from the long term (2050) (all scenarios combined) • Local factors analysis covers Rakon's key locations • Transition plan approved	• Extending local factors analysis into the risk management process for key suppliers • Quantification of anticipated financial impacts
Risk Management  Pages 18-20	• Scenario analysis underpins the identification and assessment of climate-related risks • Climate-related risks are managed through the execution of risk mitigation measures • Integration of climate-related risk processes into the overall risk management framework has started but there is more work to do	• Further value chain analysis (incl. Scope 3 GHG emissions) • Further integration of climate-related risk into our risk management framework
Metrics & Targets  Pages 21-26	• Decrease of approximately 22% in total Scope 1 and 2 GHG emissions compared to previous year (FY25 vs FY24) primarily due to lower production volumes in FY25 • Renewable power sourced by Rakon India during FY25. • Activity-based GHG emissions reduction initial interim targets set by Rakon India for Scope 2 GHG emissions	• Measurement of Scope 3 GHG emissions • Considering the establishment of reduction targets for Scope 3 GHG emissions

Climate Roadmap

This roadmap records Rakon's progress as we develop our capability to manage climate-related risks and opportunities and complete associated reporting.

Pillar	Action	FY25 Intent*	FY24 Status	FY26 Intent
Governance 	Include climate-related risks & opportunities in strategy processes at board and management levels	•	✗	•
	Metrics & targets reporting at board level	•	✓	
	Review whether to include climate-related performance metrics in remuneration policies			•
	Update the initial FY23 review of climate change impacts on strategy & business model	•	✗	•
Strategy 	Expand scenario analysis and the global level assessment of climate change risks & opportunities to include local factors	•	✓	•
	Quantify estimates of current financial impacts for material climate risks & opportunities	•	✓	•
	Quantify estimates of anticipated financial impacts for material climate risks & opportunities	•	✗	•
	Complete initial transition plan	•	✓	
Risk Management 	Further value chain analysis, supported by measurement of upstream Scope 3 GHG emissions	•	✗	•
	Continue to refine climate change risk management framework		✓	•
Metrics & Targets 	Consider establishment of initial Scope 1 & 2 GHG emissions reduction targets	•	✓^	•
	Introduce other metrics & targets required for CRD, including cross-industry metrics, industry-based metrics, other relevant KPIs			•
	Complete the first annual measurement of Scope 3 GHG emissions	•	✗	•
	Consider establishment of initial Scope 3 GHG emissions reduction targets			•

* FY25 Intent is as stated in Rakon's FY24 Climate Statement

^ In FY25 Rakon established initial Scope 2 GHG emissions reduction targets for Rakon India only. We consider this action to be partially achieved.

We have postponed some FY25 disclosures in line with the XRB's extension of adoption provisions for a further year to enable our team to make sufficient progress, covering the following:

- Anticipated financial impacts; and
- Scope 3 GHG emissions.

In some cases, this has resulted in the postponement of related activity, such as further value chain analysis under the Risk Management pillar (which is supported by the measurement of Scope 3 GHG emissions).

Governance

Disclosure objective for the Governance section – to enable primary users to understand:

- the role the Board plays in overseeing climate-related risks and opportunities; and
- the role management plays in assessing and managing those climate-related risks and opportunities.

OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

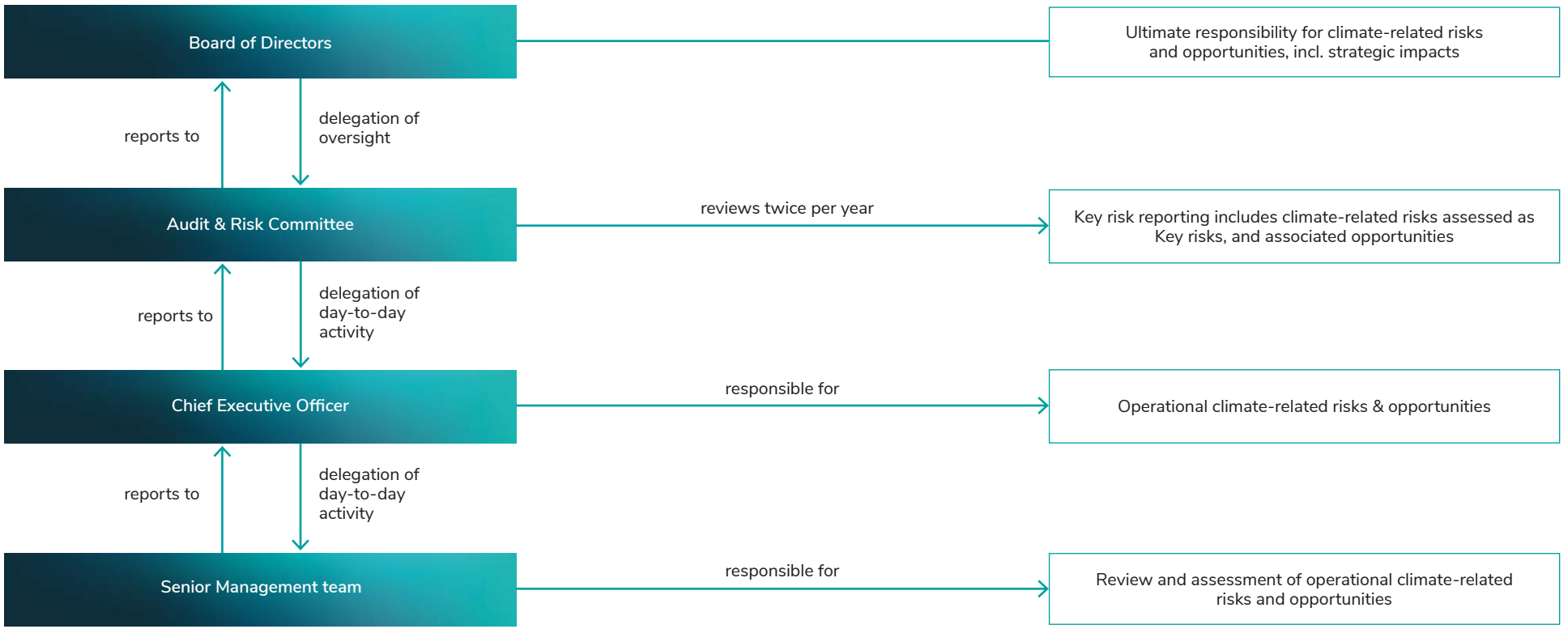
Rakon's Board has ultimate responsibility for oversight of climate-related risks and opportunities. The Board has delegated oversight of climate-related risks and opportunities to the Audit and Risk Committee. This is evidenced by our Board and Audit and Risk Committee Charters which include these responsibilities.

How the board oversees climate-related risks and opportunities:

The Audit and Risk Committee is scheduled to meet four times per year, with two of the four meetings focusing primarily on risk-related matters, including climate-related risks that meet Key risk status in Rakon's risk management framework (please refer to the Risk Management section of this Statement for more information). Climate-related opportunities that relate directly to Key risks are reported to the Committee. The Committee reports directly to and advises the Board on climate-related risks and opportunities.

Rakon has established a climate change education programme. The programme focuses on the Board, the senior management team and business team leaders initially as the key decision makers for the business. It includes a combination of in-person briefings on climate change from subject matter experts, reading material and access to appropriate online climate change resources.

Figure 1: Climate Governance structure at Rakon



The Board previously reviewed an initial assessment of the potential impact of climate change on Rakon's strategic pillars (including climate-related risks and opportunities) as part of its review of Rakon's strategy. In FY25 we have created a framework document covering how we intend to embed climate-related risks and opportunities in strategy processes. The implementation of that framework at Board and management levels is now expected to be a FY26 activity.

We are currently building Rakon's capability to set, manage and report on climate-related metrics and targets. Following the implementation of our sustainability management software platform (go-live April 2024), we have started to include GHG emissions metrics in quarterly board-level reporting in FY25.

Currently, climate-related performance metrics are not incorporated in Rakon's remuneration policies. We expect to review the business imperative for inclusion of appropriate climate-related performance metrics in remuneration policies as we build Rakon's maturity in this space.

MANAGEMENT'S ROLE

The Chief Executive Officer (CEO) is responsible for managing operational climate-related risks and opportunities on a day-to-day basis.

Where key operational climate-related risks and opportunities are identified via Rakon's ISO14001 Environmental Management System processes (assessment carried out on an annual basis in that respect), their review and assessment are delegated to the senior management team who consider whether appropriate risk management actions are being taken. Climate-related risks that meet Key risk status (and related opportunities) are reported by senior management to the Audit and Risk Committee twice per year.

The senior management team consists of the CEO, Chief Financial Officer, Chief Operating Officer, General Counsel and Company Secretary, Chief Innovation Officer, Executive GM Strategy and Growth, GM Global People and Capability, Managing Director – Rakon India, Managing Director – Aerospace and Defence and Managing Director – Commercial.

Strategy

Disclosure objective for the Strategy section – to enable primary users to understand how climate change is currently impacting Rakon and how it may do so in the future. This includes:

- the scenario analysis Rakon has undertaken;
- the climate-related risks and opportunities Rakon has identified;
- the anticipated impacts and financial impacts of these; and
- how Rakon will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future.

Climate-related risks and opportunities – an introduction

Climate-related risks typically fall into two categories:

- Physical risks – driven by the physical impacts of climate change and associated environmental degradation They can be split between:
  - Acute – event driven, e.g., increasing severity of extreme weather; and
  - Chronic – due to longer term shifts in climate patterns, e.g., sea level rise; and
- Transition risks – driven by the transition to a low-carbon, more climate-friendly economy and associated uncertainties, e.g., changes to government regulation and policy.

Climate-related opportunities relate to efforts to mitigate and adapt to climate change.

The TCFD identified the following categories of opportunities (not mutually exclusive):

Opportunity Type	Example opportunity drivers
Resource efficiency	More efficient transport
	More efficient buildings
Energy source	Use of lower emissions sources of energy
	Use of new technologies
Products and services	Develop low emissions services
	Diversify business activities
Markets	Access to new and emerging markets
Resilience	Resource substitutes / diversification

(Refer to the Overview of the TCFD at: https://www.fsb-tcfd.org/publications/)

The Taskforce on Climate-related Financial Disclosures (TCFD) was an international organisation that was created to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing risks related to climate change. The XRB based NZ CS on the recommendations of the TCFD. The TCFD released its climate-related financial disclosure recommendations in 2017 and disbanded in 2023, having fulfilled its remit (https://www.fsb-tcfd.org).

CURRENT CLIMATE-RELATED IMPACTS

In FY25, Rakon has not experienced any material current climate-related physical or transition impacts and no associated material financial impacts. Our supply chain was not subject to any material climate-related physical impacts during FY25. We have incurred some transition costs, for example costs in relation to the creation of this Statement and assurance of GHG emissions disclosures within it, but those costs were not material.

RAKON'S SCENARIO ANALYSIS

At Rakon we use climate scenario analysis to support our preparedness for climate change by better understanding the potential physical and transition impacts. The goal of our scenario analysis is to be prepared for what realistically may occur and therefore promote resilience under plausible future states. This analysis is used as a guide for strategic and risk-related decisions and in the future will be used as input to investment decisions.

Climate-related scenarios are plausible, challenging descriptions of how the future may unfold. These descriptions are based on coherent and internally consistent sets of assumptions about the drivers of future physical and transition risk and opportunity (and the relationships between them) (www.xrb.govt.nz).

We continue to build our capability in scenario analysis. Scenario analysis is currently being conducted as a standalone exercise with input from several teams within the business. The Board has noted the scenario narratives and outputs. The scenario analysis project team reports to the General Counsel and Company Secretary. We intend to increase engagement with internal stakeholders in future as we continue to build Rakon's capability in this area.

The scope of Rakon's scenario analysis was set by asking the following focal question:

- 'How could climate change plausibly affect our business model and strategy through creating risks and opportunities?'

We concluded that a sector-level scenario analysis approach was not feasible as there are few comparable CREs in NZ to Rakon and the few comparable CREs have different business models and focus on different markets and geographies. Accordingly, we followed the TCFD's six-step framework for developing scenario analysis for evaluating climate-related risks and opportunities (see section 2d at https://www.tcfdhub.org/scenario-analysis/).

We have undertaken a global level scenario analysis exercise to support our assessment, using the GeSI-CDP Scenario Analysis Toolkit as the underlying tool for our scenario analysis process for three scenarios (https://www.gesi.org/wp-content/uploads/2024/10/CLIMATE-SCENARIO-ANALYSIS-FRAMEWORK-TCFD.pdf).

The GeSI-CDP Scenario Analysis Toolkit is a set of resources that enables organisations to build the foundations for the development of climate-related scenario analysis in alignment with the recommendations of the TCFD.

GeSI is a leading, cross-industry sustainability initiative creating and enabling digital solutions to address society's most pressing challenges (www.gesi.org).

CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts (www.cdp.net).

Key reasons for selecting the toolkit were:

- CDP is a well-established and respected provider in the sustainability arena and has partnered with GeSI to deliver this toolkit for the specific purpose of enabling entities like Rakon to develop scenario analysis; and
- Purchase of the scenario analysis toolkit enabled Rakon to access climate risks and opportunities disclosed by Rakon's global peers at sector level, providing our team with a good starting point and comparison for its own analysis.

External factors which are variable and influence the direction of change are referred to as driving forces of specific risks and opportunities in a particular scenario. These forces were identified as differing scenario parameters and assumptions for each scenario. See Appendix 1 of this Statement for further details.

An overview of each scenario we have used for our analysis is set out on the next page:

Overview of Rakon's Climate Scenarios

Scenario name	Temp. Increase[1]	Brief description of scenario & further information
Rapid Transition	1.5°C	Rapid transition to a low carbon world, limiting temperature increase to 1.5°C. High degree of transformation across the economy. Some increase in physical climate-related impacts but the worst physical impacts of climate change are avoided. Based on the following reference scenarios: • IPCC SSP1-1.9 • Supported by parameters from the IEA Net Zero Emissions by 2050 scenario (2023) where required. • IPCC timeframe to 2100, IEA timeframe to 2050.
Status Quo	2.7°C	A middle of the road scenario in which the world follows a path in which social, economic, and technological trends do not shift markedly from historical patterns until close to mid-century. Some emissions reductions occur in line with stated policies, but those reductions do not prevent wide ranging acute and chronic physical climate impacts. Based on the following reference scenarios: • IPCC SSP2-4.5 • Supported by parameters from the IEA Stated Policies scenario (2023) where required (although this is a slightly lower emissions scenario, leading to a c. 2.4°C temperature increase[1]) • IPCC timeframe to 2100, IEA timeframe to 2050.
Limited climate action	4.4°C	Limited action towards a low carbon global economy and lack of coordination result in high emissions and a resulting temperature increase of more than 4˚C. There is minimal political and social traction towards decarbonisation despite increasing levels of environmental, economic and social degradation. Significant disruption globally due to catastrophic physical climate impacts from around mid-century. • Based on the following reference scenarios: • IPCC SSP5-8.5 • IPCC timeframe to 2100.

1 change in average global temperature by 2100 relative to 1850–1900 (°C)

Narratives for each of Rakon's climate scenarios outlined on the previous page are set out in Appendix 2 of this Statement.

Time horizons applied by Rakon for its scenario analysis are detailed below:

	Short term	Medium term	Long term
Time horizon	1-3 years	4-10 years	>25 years
Approx. year (rel. to 2025)*	2027	2030	2050+
Rationale	Aligns with Rakon's 3-year business planning horizon for strategy purposes	Aligns with interim international emissions reduction targets Aligns with Rakon's current capital expenditure time horizon of up to five years	Aligns with international emissions reduction targets

* time horizon years are indicative only

Reference scenarios

We have used international reference scenarios to inform Rakon's scenario analysis.

The Intergovernmental Panel on Climate Change (IPCC) is a body of the United Nations. Its job is to advance scientific knowledge about climate change caused by human activities. The IPCC has created reference scenarios that are widely used to understand the potential future impacts of climate change (www.ipcc.ch).

The IPCC's sixth assessment reporting cycle provided SSP-RCP ('SSPX-Y') scenarios based on the Shared Socio-economic Pathways (SSPs), and partly informed by relevant Representative Concentration Pathways (RCPs) scenarios. SSP scenarios indicate different socioeconomic global changes over this century. RCP scenarios indicate different greenhouse gas concentrations in the atmosphere through this century.

The International Energy Agency (IEA) is an autonomous intergovernmental organisation that works with countries around the world to shape energy policies for a secure and sustainable future. The IEA has created reference scenarios that focus on future energy usage (www.iea.org).

Key reasons for selecting these reference climate scenarios for use by Rakon were:

- reference sources for the scenarios are internationally recognised and widely used for this purpose;
- as a Climate Reporting Entity with a global footprint, it is appropriate for Rakon to use scenarios that have international relevance and coverage;
- the selected scenarios and associated temperature increases meet the XRB's requirements for scenarios as set out in NZ CS1, i.e., at a minimum, a 1.5 degrees Celsius climate-related scenario, a 3 degrees Celsius or greater climate-related scenario, and a third climate-related scenario; and
- the selected scenarios have time horizons that cover the time horizons chosen by Rakon.

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 requires:

- listed companies with a market capitalisation of more than $60m; and
- large registered banks, licensed insurers, credit unions, building societies, and managers of investment schemes (large meaning with more than $1bn in assets)

to make climate-related disclosures from financial years starting on or after 1 January 2023. The organisations are known as Climate Reporting Entities.

RAKON'S CLIMATE-RELATED RISKS AND OPPORTUNITIES

We have undertaken a global level exercise to identify climate-related risks and opportunities and assess their anticipated impact on our business, using the scenario analysis approach (including time horizons) outlined above, supported by sector level data sourced from CDP. Our process included engagement with a cross-section of internal teams for review of the initial assessment output and subsequent update of the assessment for feedback received. The scenarios are:

- Rapid Transition
- Status Quo
- Limited Climate Action

The risks and opportunities disclosed in this section are those considered to have a material anticipated impact on Rakon for the stated scenario.

The material anticipated impacts are assessed prior to the implementation of the identified strategies for mitigation shown in the following tables for each scenario. Although likelihood is a standard part of risk assessment at Rakon, for this scenario analysis-driven exercise we have treated impacts as either occurring or not occurring under a given scenario. A material impact is one that reaches a Medium, Medium-High or High consequence level under Rakon's updated standard risk assessment approach (please refer to the Risk Management section of this Statement for an overview of this).

The following tables set out our current assessment of the climate-related risks by scenario that Rakon faces that are considered to have a material anticipated impact. Associated opportunities for those risks are also shown below each table. In each case, we would need to take action to be able to benefit from the climate-related opportunities.

This assessment should be read in conjunction with the climate data limitations section of Appendix 3 and the caveats in the Important Information note at the start of this Statement.

Rapid Transition:

Climate Risk Type	Climate-related risk	Time horizon	Strategies for mitigation
Transition	Increased costs due to carbon pricing mechanisms - impact in relation to electricity costs	medium-term	Move to renewable energy sources, strengthen carbon emissions monitoring & set reduction targets
Transition	Increased capital expenditure to transition to lower emissions technologies - impact to change production processes	medium-term	Explore decarbonisation funding mechanisms

The general physical risks associated with climate change increase over the time horizons considered for this scenario, but we do not expect the associated physical impacts to be material to Rakon by 2050 (long term time horizon).

Associated opportunities with a material anticipated impact on Rakon:

- Transition: use of lower emissions sources of energy to reduce costs, starting in the medium-term and onwards
- Transition: incremental increases in product revenues, starting in the medium-term and onwards, driven by:
  - access to new markets
  - development of lower emissions products
  - development of new products and services through research and development and innovation
  - shifts in customer preferences

Status Quo:

Climate Risk Type	Climate-related risk	Time horizon	Strategies for mitigation
Transition	Increased costs due to carbon pricing mechanisms – impact in relation to electricity costs	long-term	Move to renewable energy sources, strengthen carbon emissions monitoring & set reduction targets
Transition	Increased capital expenditure to transition to lower emissions technologies – impact to change production processes	long-term	Explore decarbonisation funding mechanisms

The general physical risks associated with climate change increase significantly over the time horizons considered for this scenario. Currently, we do not expect the associated physical impacts to be material to Rakon before 2050 (long-term time horizon).

Associated opportunity with a material anticipated impact on Rakon:

- Transition: Use of lower emissions sources of energy to reduce carbon pricing costs (long-term)

Limited Climate Action:

Climate Risk Type	Climate-related risk	Time horizon	Strategies for mitigation
Transition	None noted – see comment below this table		

The general physical risks associated with climate change increase significantly over the time horizons considered for this scenario. Currently by 2050 for this Limited Climate Action scenario, we expect associated physical impacts for Rakon to be at a consequence level below that required for a material impact to be disclosed.

No associated opportunities with a material anticipated impact were noted for this scenario.

Consideration of local factors:

Part of achieving greater maturity in our approach to managing climate-related risks is to include additional consideration of local factors. In FY24 we started that process by engaging ClimSystems to provide a climate-related physical risk report for Rakon India's manufacturing facility in India. In FY25 we extended that exercise to consider Rakon's operations in New Zealand, the UK, and at two Rakon France sites in France, bringing the total number of assessed locations to five. The reports cover environmental, chronic and acute climatic variables, with some hazards and risks assessed for the current day and others modelled under future climate scenarios.

ClimSystems have been providing data on the changing climate for over 20 years. Their climate risk management services support asset owners globally (www.climsystems.com).

These climatic variables showed changes from the baseline (2005) defined in the IPCC Sixth Assessment Report for the following scenarios and time horizons:

Scenarios	SSP1-2.6 (slightly higher emissions than the Rapid Transition scenario)
	SSP2-4.5 (emissions per the Status Quo scenario)
	SSP5-8.5 (emissions per the Limited Climate Action scenario)
Time horizons	2030 (Rakon's medium term horizon)
	2050 (Rakon's long term horizon)
	2070 (beyond Rakon's long term horizon)

The output from the ClimSystems reports identified some physical risks for Rakon's locations (both acute and chronic) associated with climate driven events. The only climatic variable that features as a higher risk within Rakon's long-term time horizon is:

- Extreme precipitation (2 locations) – this is daily extreme rainfall leading to hazards such as flooding that impacts Rakon's buildings and operations.

As a result, we are prioritising further analysis of that variable in those locations so we can identify appropriate actions.

The climatic variables that feature prominently as a higher risk beyond Rakon's long-term time horizon (in higher emissions scenarios) are:

- Monthly precipitation (1 location) – changes in the patterns of rainfall leading to water management issues that impact Rakon's operations
- Heatwave days (1 location) – increasing occurrence of heatwave events that increase employee discomfort, reduce productivity and increase operating costs to maintain comfortable temperatures (coupled with higher temperatures in general)

We are focusing our current work on extreme precipitation and will turn next to building further understanding of these variables.

Relationship to capital deployment and funding:

Climate-related risks and opportunities do not currently serve as an input to Rakon's internal capital deployment and funding decision-making processes. This is a matter we expect to address as we build our maturity in managing climate-related risks and opportunities.

ANTICIPATED IMPACTS AND FINANCIAL IMPACTS

In the previous section we have disclosed qualitative information on anticipated impacts that we have assessed as material to Rakon. We have elected to use adoption provision 2 and accordingly have not disclosed anticipated financial impacts.

TRANSITION PLAN ASPECTS OF RAKON'S STRATEGY

Our business model and strategy:

Our strategic pillars are our key drivers of value and underpin our planning, activities and how we measure performance. They are:

- Customer partnerships;
- Technology innovation;
- Core markets (telecommunications / space and defence / positioning); and
- Flexible, scalable operations – enabling efficient delivery.

These strategic pillars are critical to the creation of long-term value, while providing the flexibility to explore emerging opportunities and thrive.

This is shown in the strategic value chain diagram on the next page.

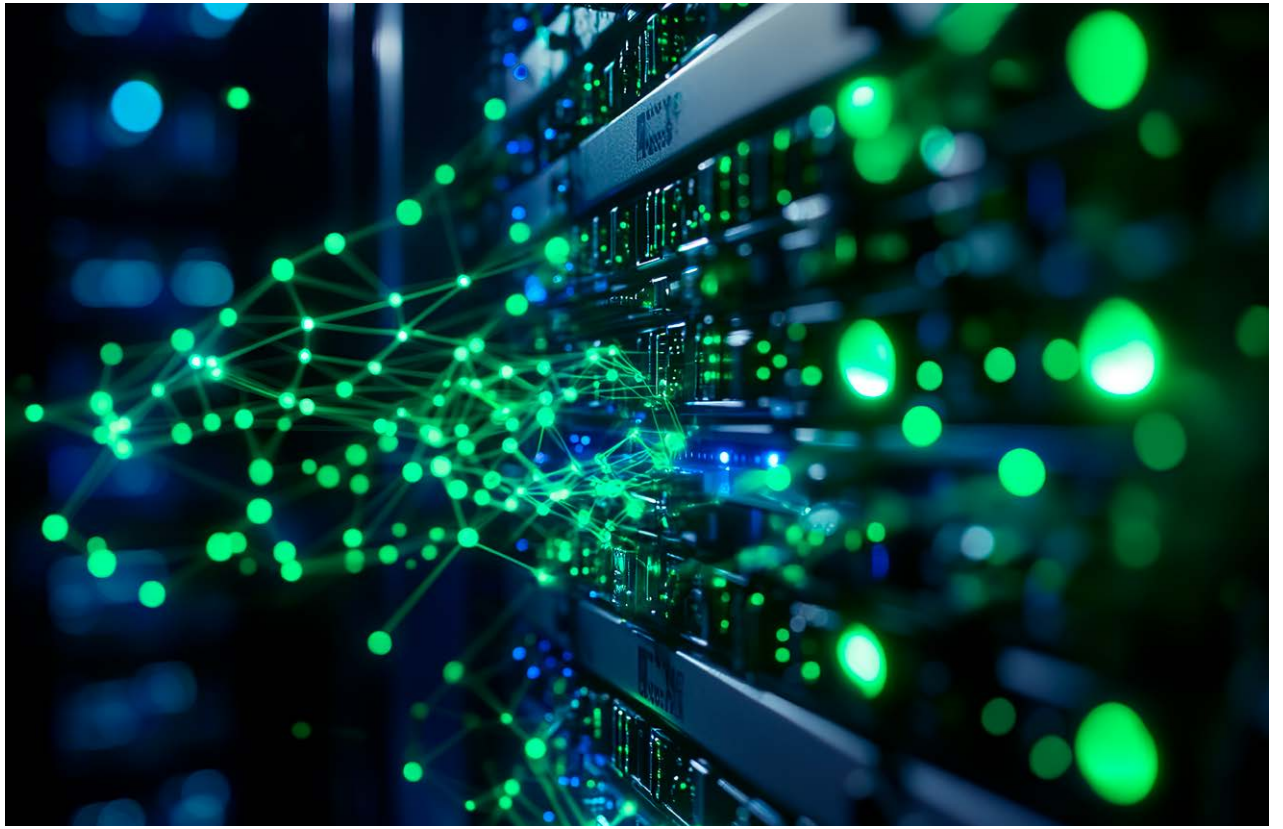
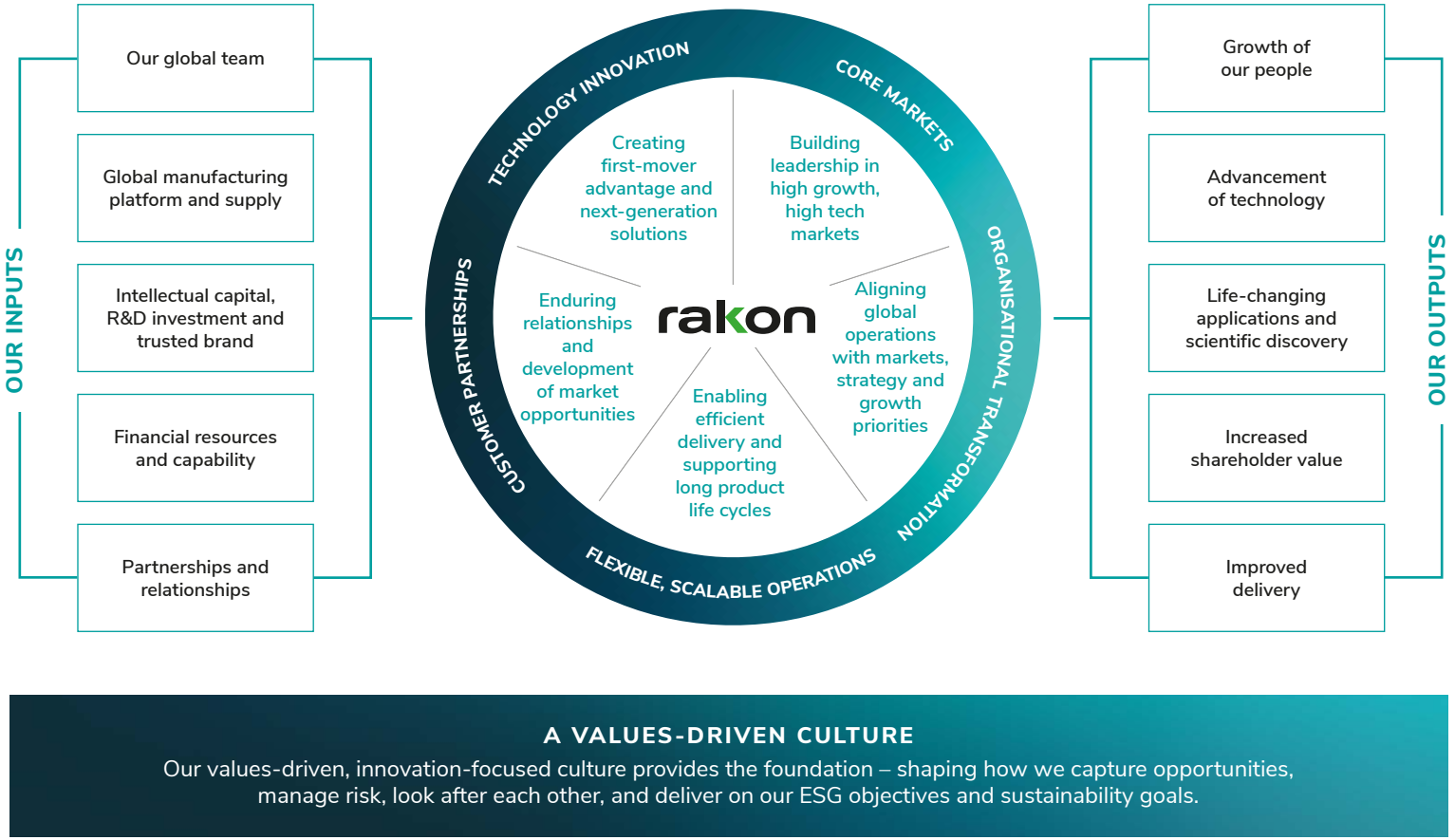


Figure 2: Rakon's strategic value chain



A VALUES-DRIVEN CULTURE

Our values-driven, innovation-focused culture provides the foundation – shaping how we capture opportunities, manage risk, look after each other, and deliver on our ESG objectives and sustainability goals.

We have assessed Rakon's future potential climate-related risks and opportunities based on scenario analysis for this business model and strategic value chain out to the long-term.

We have previously undertaken a preliminary assessment of the impact of climate change on Rakon's strategy focused on our four strategic pillars.

The preliminary assessment did not identify any significant potential impacts of climate change on the four strategic pillars that would necessitate material changes to Rakon's current business model and strategy. While there may be some challenges that our assessment did not identify, currently we consider that Rakon is well-placed to tackle challenges without significant potential impacts. For example, we believe that our continuing focus on building flexibility and resilience into Rakon's manufacturing operations and supply chain provides a good foundation for managing impacts related to climate change.

Transition plan aspects of our strategy:

We have now completed our first Transition Plan, being our initial response to the identified material climate risks and opportunities and our plan to build resilience to those risks and benefit from the opportunities. The key aspects of that plan are:

Key aspect	Elements	Expected start*
Decarbonisation of Rakon's own operations	Purchase of renewable power – to support the greening of the electricity grid, alongside initiatives to improve efficiency of power usage (starting with a focus on Scope 2 for Rakon India)	FY25
	Replacement of liquid CO_2 use in production processes – phasing in of liquid N_2 aligning with customer quality procedure requirements (focus on Rakon India)	FY25
	Leverage investment in sustainability management platform to drive local ownership – Cloud platform facilitates local measurement and ownership	FY25
	Establish GHG emissions targets (activity-based) for Scope 1 and 2 – to focus activity on what matters (starting with Scope 2 for Rakon India in FY25)	FY25
	Complete work to determine whether the agreements covering renewable power purchases by Rakon India meet the criteria for recognition under the GHG Protocol's market-based method^	FY26
Decarbonisation of Rakon's value chain	Measure value chain emissions outside Rakon's own operations (Scope 3) – associated GHG emissions are expected to be more significant than emissions from Rakon's own operations	FY26
	Engage with key suppliers – partnering to build understanding and achieve climate outcomes together	FY26
	Establish GHG emissions targets (activity-based) for Scope 3– to focus activity on what matters	FY26
Management of transition impacts	Key customer impact analysis – so that Rakon can better understand the transition challenges faced by our key customers and play our part in helping them respond	FY27
	Market opportunities analysis – so that Rakon can develop and implement plans for material opportunities in new markets and growth in existing markets	FY27
Building resilience to physical impacts	Rakon's own operations – take action in an appropriate timeframe to address material physical risks identified	FY26
	Rakon's supply chain – engage with key suppliers to identify and address material physical risks in the supply chain in an appropriate timeframe	FY26

The key aspects referenced here are taken from our first transition plan, which we expect to review and update as we build Rakon's capability in relation to planning for climate-related impacts on Rakon's business. Therefore, we expect there to be changes in the key aspects, the associated elements and their activities as our approach matures in the coming years. These key transition plan aspects of our strategy are not currently aligned with our internal capital deployment and funding decision-making processes. This is something we will look to address as we build our capability.

Rakon has started to take associated actions for the above elements where they are feasible, for example, the execution of short-term power purchase agreements (PPA) for renewable power by Rakon India≠ to cover the majority of its electricity needs for the second half of FY25 while longer term options are explored.

* although we have started or expect to start activities associated with these elements in the noted financial year, most are likely to be multi-year endeavours

^ the market-based method of GHG emissions measurement uses contractual instruments (e.g., renewable energy certificates) which reflect emissions from renewable electricity generation that organisations have purposefully chosen

≠ Rakon India Private Limited (Rakon India) is a wholly owned subsidiary of Rakon based in Bengaluru, in the State of Karnataka in India.

Risk management

Disclosure objective for the Risk Management section – to enable primary users to understand how Rakon's climate-related risks are identified, assessed, and managed and how those processes are integrated into existing risk management processes.

OUR PROCESSES FOR IDENTIFYING, ASSESSING AND MANAGING CLIMATE-RELATED RISKS

The tools and methods we use:

Operational management of climate-related risks at Rakon is covered by our ISO14001 Environmental Management System processes. We support those 'bottom-up' processes by:

- using TCFD generic risk listings and sector specific listings of risks from CDP to ensure that a wide range of potential climate-related risks are identified for consideration;
- using a scenario analysis toolkit to support our assessment of the anticipated impacts and time horizons of climate-related risks under plausible climate futures; and
- using an adapted risk assessment matrix with specific time horizons and the inclusion of three climate scenarios.

Rakon's standard risk assessment matrix splits risks into two levels:

1. Key risks; and
2. Non-key risks.

Risks are assessed in our standard approach based on the size of the potential consequence of a risk and the likelihood of the risk occurring. However, for the scenario analysis-driven assessment of climate-related risks, we treat impacts as either occurring or not occurring under a given scenario. As a result, climate-related risks with a Medium, Medium-High or High consequence assessment are those considered Key risks.

During FY25 we completed a review and update of our overall risk management framework. The exercise included an update of the consequence categories and the dollar ranges we use for financial consequences. The dollar values used across all financial consequences bands were increased to better reflect financial materiality levels at Rakon. These changes meant, for example, that the financial consequences required to meet a 'High' level in the standard risk assessment increased. We have applied the changes to the assessment of climate-related risks in FY25, resulting in a decrease in the number of those risks being classed as Key risks as well as some risks now meeting Key risk status at a later time horizon. These changes support greater focus by the Board and management on the smaller number of Key risks that remain.

Figure 3: Risk assessment – consequence categories

Financial	People	Operational
Reputation	Compliance	

Under our standard approach, Key risks are generally those with a larger potential consequence and higher likelihood of occurrence. A simplified version of this is shown in the diagram on the next page.

Management of climate-related risks that are classed as Key risks is guided by the strategies for mitigation identified as part of the scenario analysis (see Strategy section). In addition, other climate-related risks are managed within our ISO14001 Environmental Management System processes.

The short-term, medium-term, and long-term time horizons we have considered, and their duration

We have considered the same time horizons for risk assessment as used for scenario analysis:

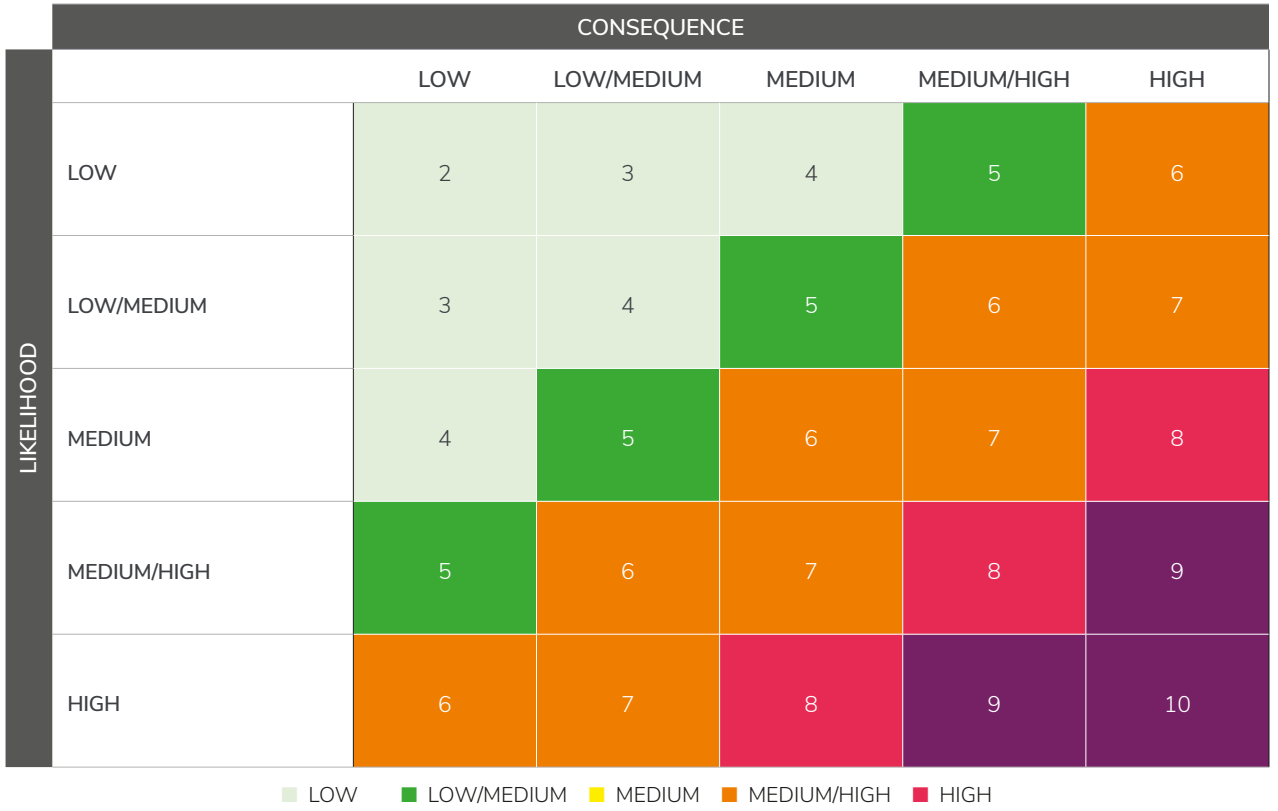
	Short term	Medium term	Long term
Time horizon	1-3 years	4-10 years	>25 years
Approx. year (rel. to 2025)*	2027	2030	2050+

* approximate year relative to 2025 is indicative only

Rakon recognises the worsening physical impacts of climate change beyond 2050 in higher emissions scenarios. Accordingly, we consider potential physical impacts beyond 2050 as part of our consideration of local factors in assessing climate-related risks (see page 14 within the Strategy section for further details on this). This is an exercise we expect to expand in future to consider other parts of the value chain now that we have considered all Rakon key locations.

Management of climate-related risks at Rakon occurs through the execution of risk reduction measures for Key risks and the management of Non-key risks through normal business processes.

Figure 3: Standard risk assessment matrix (simplified)



Key risks are those assessed as being outside the Board's mandated risk appetite level for a given risk category under our standard risk assessment approach. Rakon's Board has set a standard risk appetite level of 'Medium' for climate-related risk. However, as noted earlier in this section, under our scenario analysis driven risk assessment approach, climate-related risks leading to impacts with a Medium, Medium-High or Very High consequence assessment for a particular scenario and time horizon are those considered Key risks.

Value chain exclusions:

Rakon's climate-related risks have been identified and assessed based on the strategic value chain shown in Figure 2 (see the Strategy section of this Statement). We have not excluded any part of that value chain from the exercise.

However, we recognise that, as we build Rakon's climate change capability, we will gain a greater understanding of our value chain and may uncover climate-related risks that are not currently identified. For example, as we now intend to measure material Scope 3 GHG Emissions in FY26, there may be significant emission sources that we are not currently aware of.

Frequency of assessment:

We review our assessment of climate-related risks annually and whenever we update our climate scenario analysis. Climate-related risks that are classed as Key risks are reviewed at least every six months as part of reporting on those risks to the Audit and Risk Committee.

Our processes for prioritising climate-related risks relative to other types of risks:

Rakon seeks to ensure that climate-related risks assessed as Key risks for any scenario are given sufficient priority for action within wider risk management activity, despite the occurrence of potential impacts of climate change typically having a longer time horizon than other risks.

HOW OUR PROCESSES FOR IDENTIFYING, ASSESSING, AND MANAGING CLIMATE-RELATED RISKS ARE INTEGRATED INTO OUR OVERALL RISK MANAGEMENT PROCESSES

Currently there is some degree of integration of climate-related risk processes into Rakon's overall risk management processes. For example, operational management of climate-related risks at Rakon is covered by our ISO14001 Environmental Management System processes. As part of the review and update of the overall risk management framework, there is now further recognition of climate-related risks within the following risk categories:

- Compliance
- Operational Continuity and Resilience
- External (factors outside of Rakon's direct control)

However, we have further work to do on this integration. We expect there to be further integration of climate-related risk management processes within the overall framework as we mature our approach to climate-related risk management.

Metrics & Targets

Disclosure objective for the Metrics and Targets section – to enable primary users to understand how Rakon measures and manages its climate-related risks and opportunities and provide a basis upon which primary users can compare Rakon with its sector or industry peers.

THE METRICS RELEVANT TO ALL ENTITIES

Greenhouse gas (GHG) emissions (incl. intensity):

Rakon's most relevant climate change metrics relate to GHG emissions. Previously we reported to CDP (since 2010 on a calendar year basis) and currently measure our Scope 1 (Direct) and Scope 2 (Indirect Energy) GHG emissions. Last year we changed the basis of our GHG emissions measurement from a calendar year basis to a financial year basis to meet the requirements of the climate-related disclosures regime.

GHG emissions	Sources
Scope 1	CO_2 usage in production, leakage of air conditioning refrigerants, fuel consumption (LPG, natural gas, diesel, petrol)
Scope 2	Electricity usage

Our latest global GHG emissions for the 2025 and 2024 financial years and calendar year 2022 (using the location-based method and including intensity metrics) are shown in the tables and charts below:

Measure	2022	FY24	FY25	% change 2022 to FY25	% change FY24 to FY25
Scope 1 emissions (tonnes CO_2e)	1,725	1,572	1,113	-35%	-29%
Scope 2 emissions (tonnes CO_2e)	3,803	3,807	3,091	-19%	-19%
Scope 1 & 2 emissions (tonnes CO_2e)	5,528	5,379	4,204	-24%	-22%
Scope 1 & 2 emissions intensity (tonnes CO_2e per $m of revenue)	31.2	42.0	40.5	+30%	-4%
Scope 1 & 2 emissions intensity (tonnes CO_2e per m units produced)	94.3	187.4	185.2	+96%	-1%

A limited assurance engagement has been performed over FY25 Scope 1 emissions (tonnes CO_2e) and FY25 Scope 2 emissions (tonnes CO_2e) by PwC. Other than as described as being subject to assurance, no other disclosures in this Climate Statement have been included in the assurance engagement and are not covered by the limited assurance report issued. Please refer to PwC's report, included as Appendix 4 to this Statement which states the scope of PwC's work and the parts of this Statement to which its assurance applies.

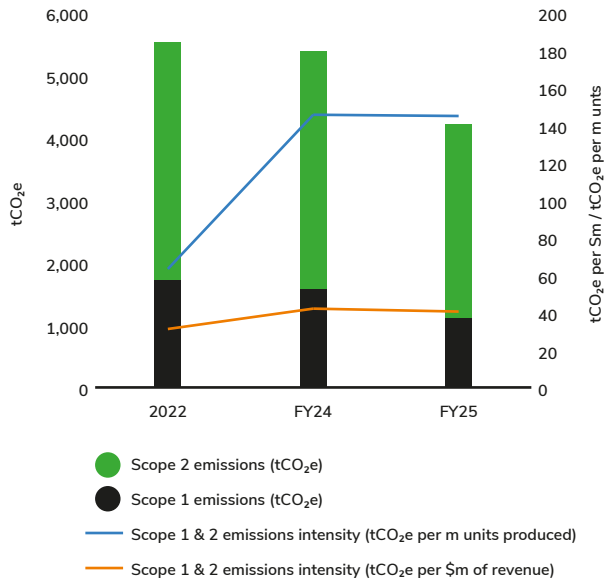
In FY25 Rakon India procured renewable power (wind and solar) for approximately 39% of its electricity needs. We have started the work to determine whether the agreements covering those purchases meet the criteria for recognition under the GHG Protocol's market-based method* for Scope 2 emissions. As that workstream is in progress as at the date of this Statement, we have not disclosed emissions under the market-based method for FY25. We intend to complete that work for Rakon's 2026 Climate Statement.

*Scope 2 GHG emissions measurement approaches:

- Location-based method – uses an emission factor calculated from all electricity delivered to the grid in a period; and
- Market-based method – uses contractual instruments (e.g. renewable energy certificates) which reflect emissions from renewable electricity generation that organisations have purposefully chosen.

Sourced from: www.toitu.co.nz

Figure 4: Our Scope 1 & 2 GHG emissions (location-based method)



We have not reported Scope 3 (Other Indirect) GHG emissions in this Statement as we have elected to use adoption provision 4. We have started the process to enable Rakon to measure those emissions.

Analysis of main trends

Scope 1: The overall 29% reduction in Scope 1 GHG emissions between FY24 and FY25 has been driven mainly by a reduction of carbon dioxide (CO_2) use in production processes at Rakon New Zealand (Rakon NZ) and Rakon India, with lower production activity and replacement by liquid nitrogen (N_2) use being the main contributors to that change.

Since calendar year 2022 there has been a 35% reduction in Scope 1 GHG emissions with the same factors as noted above being the key contributors.

Scope 2: The overall 19% reduction in Scope 2 GHG emissions between FY24 and FY25 has been driven mainly by lower production activity across Rakon sites.

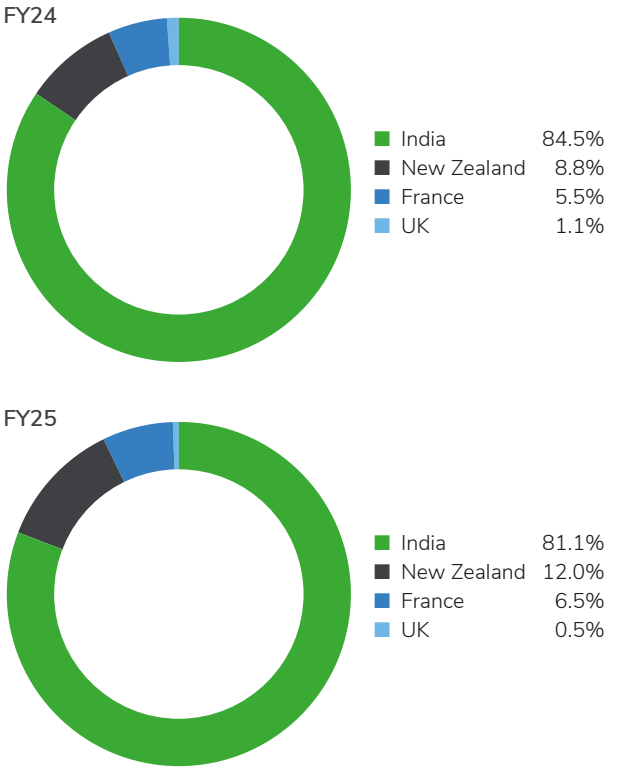
There has also been a 19% reduction in Scope 2 GHG emissions between 2022 and FY25, driven primarily by the same factor as noted above.

Total Scope 1 and 2 GHG emissions have reduced by 24% from 2022 to FY25 including a 22% from FY24 to FY25. Those changes were mainly driven by the factors described above.

Scope 1 and 2 GHG emissions by country

Rakon India's GHG emissions dominate Rakon's overall emissions, mainly due to grid carbon intensity being significantly higher in India than in New Zealand for Rakon NZ as a result of higher reliance on fossil fuels for grid electricity generation. There has been only a marginal change in each country's share of GHG emissions since FY24.

Figure 5: Our Scope 1 & 2 GHG emissions by country



Emissions intensity metrics

Increases in Rakon's emissions intensity metrics (tCO2e per $m of revenue and tCO_2e per million units produced) between 2022 and FY25 reflect:

- The impact of changes in the mix of products produced/ sold. In 2022, production and sales included large high volume one-off chip shortage contracts that required production to run at high capacity. This was not repeated in FY24 or FY25, leading to lower production volumes at lower, less energy efficient capacity.
- The planned reduction in Rakon's holding of units of finished goods stock over FY24, leading to reduced production volumes to meet demand; and
- Lower production and sales volumes in FY25 than the two previous years due to the impact of the difficult global economic environment.

Electricity consumption is relatively fixed for a given Rakon facility regardless of the volume of production and is influenced by the type of products we manufacture, and the volumes required. As a result, we expect on-going variability in these intensity measures and consider the absolute GHG emissions measures (tonnes CO_2e) to be of more relevance.

We use a sustainability management software platform to support us to measure and manage GHG emissions (and other sustainability metrics). The platform facilitates the collection of sustainability data across our operations globally with local responsibility for measurement. We expect this to lead to support greater local focus and responsibility for achievement of sustainability outcomes.

Further disclosures in relation to GHG emissions (subject to assurance):

GHG emissions measurement is often based on estimates or proxy data and, as a result, does not provide a perfect view of Rakon's exposures or risks. GHG emissions quantification is inherently uncertain due to the necessity to estimate and apply judgements, and because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases. Data quality improvements are an on-going focus for Rakon, and any outputs should be interpreted as approximate and not precise (see Appendix 3 for further detail on data limitations).

Rakon's GHG emissions have been measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

We have used the financial control GHG emissions consolidation approach to set Rakon's organisational boundary for GHG emissions measurement purposes. The current GHG Protocol guidance suggests leases that have the characteristics of operating leases are reported as Scope 3 Category 8 Upstream leased assets for reporting entities with a financial control approach. However, consistent with the principles of NZ IFRS 16 Leases and Rakon's application of it to capitalise lease assets in the statement of financial position as a right of use asset, we have determined that during the lease period, Rakon has the right to control the use of the asset as well as the right to substantially all of the related economic benefits and therefore we have included the related emissions in Scope 1 and Scope 2.

All emissions were calculated using emission factors and Global Warming Potentials (GWPs) from:

- New Zealand – Ministry for the Environment – Measuring Emissions Guidance – Detailed Guide – 2024
- United Kingdom – Department for Energy & Net Zero – Conversion Factors Methodology – 2024
- France – Association of Issuing Bodies (AIB) European electricity factors – 2023
- India – Ministry of Power – CO_2 Baseline Database – 2024
- GHG Protocol - Refrigeration and Air-Conditioning Equipment – Guidance on emissions factors – 2005
- Market Economics Limited, Consumption Emissions Modelling, report prepared for Auckland Council – 2023.

100-year GWPs from the IPCC's Fifth Assessment Report (AR5) have been used as a preferred approach where available.

For electricity usage in India, the emission factor used is weighted average factor (grid emissions factor), calculated using a mix of all grids and energy sources. The source data

referred to in Appendix 3 does not disclose the GWPs associated with this emission factor. (See Appendix 3 for more details on emissions calculation methodology, associated limitations and references)

We have excluded the following sources of GHG emissions from Rakon's FY25 Scope 1 and 2 GHG emissions measurement:

Sources*	Justification for exclusion
Overseas Sales functions (China, Taiwan, USA, Korea, Germany)	Estimated to be below a de minimis threshold, and adequate data collection processes are not in place
Natural gas used by UK operation (Cambridge)	Used only to heat common areas of a shared building. Rakon UK premises use isolated electric heating. Estimated as below a de minimis threshold

*sources includes facilities, operations or assets

Amount or percentage of assets or business activities vulnerable to transition risks:

A description of Rakon's identified transition climate-related risks and strategies for their mitigation can be found under the 'Rakon's climate-related risks and opportunities' heading in the Strategy section of this Statement.

Our work on transition risks remains at an early stage and we note that we have more work to do to further assess our transition risks, including the consideration of our Scope 3 GHG emissions. As a result, we are unable to disclose a measure for this metric at this time.

Amount or percentage of assets or business activities vulnerable to physical risks:

Our work to consider Rakon's physical climate-related risks can be found under the 'Rakon's climate-related risks and opportunities' heading in the Strategy section of this Statement. We consider such risks to be approaching a material level in the long-term time horizon and increasing thereafter in the higher emissions scenarios.

Our work on physical risks remains at an early stage and we note that we have more work to do in that regard, including further work on the local climate-related physical risk factors we have identified for some Rakon locations and associated impacts. As a result, we are unable to disclose a measure for this metric at this time.

Amount or percentage of assets or business activities aligned with climate-related opportunities:

The production process of a significant percentage of the products manufactured in Rakon's New Zealand factory has switched from the use of CO_2 to N_2. The analytical work necessary to ascertain the associated revenue for these products separately has not been completed for FY25 due to workforce focus on other priorities including activities related to the transfer of the manufacture of certain New Zealand product lines to Rakon's operations in India. As a result, we are unable to disclose a measure for this metric at this time.

Amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities:

There was a small amount of capital expenditure in FY25 on the conversion of small-scale production processes from CO_2 to N_2 at Rakon India but it was not a material amount.

Internal emissions price and management remuneration:

Rakon has not currently implemented internal GHG emissions pricing or linked management remuneration to climate-related risks and opportunities. We expect to consider these initiatives as we increase our maturity in this space.

INDUSTRY-BASED METRICS

At present we have not identified any industry-based metrics relevant to our industry or business model that could be used to measure and manage climate-related risks and opportunities. We expect to consider industry-based metrics as we increase our maturity in this space

OTHER KEY PERFORMANCE INDICATORS

There are no other key performance indicators used by Rakon to measure and manage climate-related risks and opportunities.

TARGETS USED TO MANAGE CLIMATE-RELATED RISKS AND OPPORTUNITIES

We measure our Scope 1 and 2 GHG emissions and have commenced initiatives focused on reducing those emissions. However, due to Rakon's production activities taking place across a number of countries and potential changes in the balance of those activities between countries and between Rakon and its subcontractors in the coming years, there is uncertainty in the potential emissions outcomes for Scope 2 in relation to electricity usage. In addition, the timing and/ practicality of the replacement of liquid carbon dioxide with liquid nitrogen for production processes is subject to a range of factors that need to be considered, impacting Scope 1 emissions outcomes. Together these two sources of GHG emissions accounted for approximately 90% of total Scope 1 and 2 emissions in FY25.

That uncertainty makes it difficult to set numerical targets for those emissions that Rakon can credibly stand behind. Therefore, we have set initial interim Scope 2 targets based on expected activities for Rakon India.

Rakon India Scope 2 emissions (65% of Rakon's total Scope 1 and 2 emissions in FY25)

Scope 2 target for Rakon India is to procure an increasing percentage of electricity from renewable sources, with the following initial interim targets:

- For FY26, complete the assessment for recognition of renewable power purchases under the market-based method of measurement
- For FY26, 50% of electricity to be procured from renewable sources
- For FY27, 65% of electricity to be procured from renewable sources
- For FY28, 75% of electricity to be procured from renewable sources

These targets are neither absolute nor intensity targets and do not rely on the use of offsets.

The Science Based Targets initiative (SBTi) has previously set the following minimum acceptable thresholds for renewable electricity procurement between 2025 and 2030 (using the market-based method of measurement), noting that targets at this ambition level are consistent with limiting warming to 1.5°C (i.e., they align with the goals of the Paris Agreement*):

Metric measured	2025	2026	2027	2028	2029	2030
Renewable electricity procurement share (% of scope 2 electricity that is renewable)	80%	84%	88%	92%	96%	100%

Rakon's initial interim targets do not meet SBTi requirements as shown above because they do not extend to 2030 (for an interim target), do not apply to all Rakon operations, and the percentage of renewable power purchased is below the required level for the selected years. Therefore, our targets do not align with limiting global warming to 1.5 °C. We note that the SBTi is currently considering feedback received on a draft standard which includes an update of Scope 2 emissions target requirements and is expected to supersede the thresholds noted above.

*At COP 21 in Paris (2015), it was agreed to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C (https://unfccc.int/process-and-meetings/the-paris-agreement). The agreement is known as the **Paris Agreement**.

Scope 1 targets for Rakon India and Scope 1 and 2 targets for other Rakon key locations (New Zealand, France, UK) (35% of Rakon's global emissions in FY25)

We expect to review the above initial interim targets and to consider GHG emissions interim targets for Scope 1 emissions for Rakon India and for Scope 1 and 2 emissions for other Rakon key locations in FY26.

Our other focus area in FY26 will be Scope 3 emissions measurement. Therefore, we are not currently able to consider Scope 3 emissions targets but expect to be able to do so following the completion of that work. We expect that our initial targets for Scope 3 emissions will relate to actions, such as engagement with key suppliers.

Appendices

APPENDIX 1: SCENARIO PARAMETERS AND ASSUMPTIONS

Scenario Parameters & Assumptions		Rapid transition to a low carbon world, limiting temperature increase to 1.5°C. High degree of transformation across the economy.	A status quo, middle of the road scenario in which the world follows a path in which social, economic, and technological trends do not shift markedly from historical patterns until close to mid-century. Resulting temperature increase of c. 2.7°C	Limited action towards a low carbon global economy and lack of coordination result in high emissions and a resulting temperature increase of c. 4.4˚C.
Scenario Description	Emissions levels	Global emissions decline to around 22 $GtCO_2e$ per annum by 2030, reaching net zero by ~2050. The second half of the century is characterised by net negative CO_2e emissions, implying the use of carbon dioxide removals such as negative emissions technology	Global emissions peak at around 42 $GtCO_2e$ per annum by 2040, are falling by 2050 but fail to reach net zero by 2100	Global emissions continue to rise, reaching around 83 $GtCO_2e$ per annum by 2050, continuing to rise until very late in the century
	Physical impacts	Increase in physical climate-related impacts such as increased extreme temperatures, increased heavy precipitation, increased droughts. Worst impacts avoided	Extreme weather events become increasingly damaging. Signs of climate instability globally. Increasing risk to human health	Catastrophic climate-related impacts result in severe damage, displacement and economic instability
		The warming over the next few decades is largely already determined by past emissions & inertia in the climate system, so whilst there is limited divergence of physical impacts between scenarios up to 2050, the 2nd half of the century is when the physical impact differences between scenarios become much more apparent		
	Global policy response	Policy coordination. All regions demonstrate strong leadership in reducing emissions	Global and national institutions work toward but make slow progress in achieving sustainable development goals, including emissions reductions	Lack of robust action to reduce emissions, fossil fuelled development continues, minimal environmental policy
	Technological impacts	Technology disruptions required to drive the transition. New markets created for energy efficient and zero emission products and services	Uneven and delayed transition drives some technology disruption but that is limited until a later wave of disruption, driven by increasing physical impacts	Minimal demand for low-emissions goods and services. Increasing physical impacts drive technology uptake for adaptation in the longer term

Scenario Parameters & Assumptions		Rapid transition to a low carbon world, limiting temperature increase to 1.5°C. High degree of transformation across the economy.	A status quo, middle of the road scenario in which the world follows a path in which social, economic, and technological trends do not shift markedly from historical patterns until close to mid-century. Resulting temperature increase of c. 2.7°C	Limited action towards a low carbon global economy and lack of coordination result in high emissions and a resulting temperature increase of c. 4.4˚C.
Scenario Description	Reference sources	IPCC, 2021: Summary for Policymakers: The Physical Science Basis / IPCC SSP1-1.9 (Riahi, et al., 2017), supported by parameters from the IEA Net Zero Emissions by 2050 scenario (2023) where required	IPCC, 2021: Summary for Policymakers: The Physical Science Basis / IPCC SSP2-4.5 (Riahi, et al., 2017), supported by parameters from the IEA Stated Policies scenario (2023) where required (although this is a slightly lower emissions scenario, leading to a c. 2.4°C temperature increase)	IPCC, 2021: Summary for Policymakers: The Physical Science Basis /
Assumptions	Global population	8.0 billion 2030, 8.5 billion 2050 (IPCC)	8.3 billion 2030, 9.2 billion 2050 (IPCC)	8.0 billion 2030, 8.6 billion 2050 (IPCC)
	Economics	World GDP assumed to grow at rate of c. 3.2% between 2030 & 2050 (IPCC)	World GDP assumed to grow at rate of c. 2.5% between 2030 & 2050 (IPCC)	World GDP assumed to grow at rate of c. 4.0% between 2030 & 2050 (IPCC)^ (^ - impact of assumed economic growth & associated growth in energy demand in SSP5 reduced for assessment of business strategy & financial implications due to the expected substantial physical impacts of climate change on growth in this scenario)
	Timeframe	to 2100 (IPCC) (IEA to 2050)	to 2100 (IPCC) (IEA to 2050)	to 2100 (IPCC)
Key Scenario Metrics	Carbon Price	Estimate per tCO2e range from 15-140 USD in 2030, and 55–250 USD in 2050 depending on the stage of development of a country's economy & its net zero pledge status (WEO 2023)	Estimate per tCO2e range from 0-130 USD in 2030, and 0–155 USD in 2050 depending on the country's stated policy (WEO 2023)	Carbon Price remains low or not in place (IPCC)
	Energy demand	Total final energy consumption declines by an annual average of 0.9% every year from 2022 to 2050 (WEO)	Total final energy consumption rises by 1.1% per year to 2030 & then continues to rise at a slower rate through to 2050 (WEO)	A more than tripling of energy demand over the course of the century (IPCC) ^

Scenario Parameters & Assumptions		Rapid transition to a low carbon world, limiting temperature increase to 1.5°C. High degree of transformation across the economy.	A status quo, middle of the road scenario in which the world follows a path in which social, economic, and technological trends do not shift markedly from historical patterns until close to mid-century. Resulting temperature increase of c. 2.7°C	Limited action towards a low carbon global economy and lack of coordination result in high emissions and a resulting temperature increase of c. 4.4˚C.
Key Scenario Metrics	Energy mix	Low emissions electricity generation increases to 71% of total electricity generation by 2030, reaching nearly 100% by 2050. Approx. 73% of global total final energy consumption is fueled by low emissions electricity and modern renewables by 2050 (WEO)	The global share of electricity generation from low emissions sources rises to about 56% by 2030 & 78% by 2050. Approx. 34% of global final energy consumption is fueled by low emissions electricity and modern renewables by 2050 (WEO)	Primary Energy Triangle shows increasing domination of coal and oil in the energy mix with continuing low level of renewables through to 2100 (IPCC)
	Forestry and Afforestation	There is a pervasive expansion of land under forestry from the late 2030s. This increases by around 300 million hectares from that time by the end of the century. These changes are the result of dedicated measures to reduce deforestation and encourage afforestation and reforestation activities (IPCC)	Deforestation continues to occur up to around 2050. The global loss of land under forestry does not exceed 100 million hectares of land by that time. After that there is a modest increase of land under forestry by the end of the century. These changes reflect a reduction and eventual elimination of deforestation, with some afforestation, but supportive measures are not effective until the 2nd half of the century (IPCC)	Deforestation continues to occur up to about 2060 and the global loss of land under forestry exceeds 200 million hectares of land by then. After that there is a modest increase of land under forestry by the end of the century. This is driven by an eventual elimination of deforestation, not by mitigation-induced afforestation (IPCC)
	Technology investment	Solar PV capacity additions reach 820 GW by 2030 and the same level is achieved by 2050 (was 220GW in 2022). Wind capacity additions reach 320 GW in 2030 & 350 GW in 2050 (was 75GW in 2022) (all above are per annum and per WEO).	Solar PV capacity additions reach 500 GW by 2030 and 580 by 2050 (was 220GW in 2022). Wind capacity additions reach 175 GW in 2030 & 195 GW in 2050 (was 75GW in 2022) (all above are per annum and per WEO).	Limited given the substantial exploitation of fossil fuel resources that is noted for IPCC SSP5. Investment focus is more on adaptation than mitigation (IPCC).

Further details of the reference scenarios are available at:

IPCC –

- IPCC, 2021: Summary for Policymakers. In: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the IPCC
- https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM.pdf
- Riahi et al. (2017). The Shared Socioeconomic Pathways and their energy, land use, and greenhouse gas emissions implications: An overview, Global Environmental Change, Volume 42, Pages 153-168, 2017, ISSN 0959-3780, DOI: 110.1016/j.gloenvcha.2016.05.009

IEA –

- World Energy Outlook 2023 https://www.iea.org/reports/world-energy-outlook-2023

APPENDIX 2: SCENARIO NARRATIVES

Scenario name	Narrative
Rapid Transition	Collective global climate action is taken from the short term in this scenario and the ambitious goals of the Paris Agreement are met. Governments worldwide move forward simultaneously towards a low carbon economy. Carbon prices rise steadily and significantly in the short term and onwards, adding costs to all industries, especially higher emitting ones. Regulations promoting low carbon products, services and operations are strengthened. For example, increases in the size and scope of carbon border taxes. These changes promote low-carbon producers and drive customer behaviour change substantially. End consumers are well aware of the need to decarbonise the economy and so expect products and services to have low carbon emissions associated with them. Similarly, businesses and other organisations are expected to reduce their emissions in line with global carbon net zero by 2050. This flows through the global economy, impacting all industries. From the short term onwards, technology is steadily but quickly developed to mitigate emissions. For example, electrification of transport and industry happens at pace whilst carbon capture and sequestration becomes a viable option. Global electricity generation moves towards fully renewable sources as fossil fuels are gradually phased out to be replaced by these low emissions technologies. Resilience measures also benefit from technology development, which also support adaptation initiatives. As a result of this coordinated and timely action around the world to curb GHG emissions, annual emissions decline to 2030 and reach net zero by 2050 globally, preventing the worst predicted physical impacts of climate change and their impact on GDP.
Status Quo	Worldwide, action to decarbonise is limited at first and fossil fuels continue to dominate energy use until near to mid-century. In some countries, decarbonisation occurs in line with stated policies, but the overall emissions impact is minimal. There is limited development of low emissions technologies which limits the possible transition until near to mid-century. Global emissions per annum continue to increase in the short and medium term, peaking in about 2040 before they start to decline. The global transition commences between the medium and long terms, driven by the clear physical effects of climate change and awareness of its harmful consequences to society, the economy and the environment. From this time global carbon prices increase and there is widespread adoption of low emissions technologies. Those changes cannot prevent more acute and chronic physical climate impacts occurring from the long term onwards. Those impacts negatively affect GDP.
Limited Climate Action	There is minimal action across all time horizons towards a low carbon global transition, with minimal low carbon regulations and carbon pricing remaining ineffectually low. This leads to little behaviour change, coupled with a lack of technology development and uptake. Fossil fuel use continues increasing as does mass consumption. Actions are driven by cost-saving concerns rather than a change in societal expectations and behaviour. Renewable electricity grows globally but that growth is not significant. There are increasing levels of social, economic and environmental degradation caused by the significantly worsening climate by the long term but there is minimal shift in social and political traction towards a low emissions future. The combined impact of the above pushes annual emissions higher until very late in the 21st century. This leads to significant materialisation of acute and chronic physical risks globally, especially after 2050. Between the medium and long terms, this sees some increase in severity of extreme weather, accompanied by rising sea levels beyond the long term that drive high physical risk. As these risks materialise, they increasingly impact GDP negatively.

APPENDIX 3: OTHER GHG EMISSIONS DISCLOSURES & CLIMATE DATA LIMITATIONS

GHG emissions measurement methodology, limitations, assumptions and uncertainty (subject to assurance)

The calculation methodology we have used to quantify the emissions inventory is based on the following calculation approach below (unless otherwise stated):

Emissions = activity data x emissions factor

Activity data is derived from reports, invoices and data from the relevant data source/supplier and the most relevant and recent emission factors available are applied to calculate the emissions.

Where applicable, unit conversion methods were also applied when processing activity data that could not be used directly to calculate emissions, e.g., to calculate emissions from spend on fuel for vehicles where litres of fuel purchased was not available. Where activity data was not available in some key locations, we used assumptions to estimate emissions, e.g., for some locations we used floor area of buildings and national data on air conditioning refrigerant usage and leakage to calculate emissions from leakage of refrigerant. The emissions calculated from these emissions sources were not material to Rakon's total Scope 1 and 2 GHG emissions for FY25.

Uncertainty has been calculated through using estimates of uncertainty, using both the data completeness category and the emission factors themselves. The uncertainty values have been assessed in accordance with Greenhouse Gas Protocol guidance.

There are systems and procedures in place that will ensure applied quantification methodologies will continue in future GHG emissions inventories.

References (subject to assurance):

World Resources Institute and World Business Council for Sustainable Development. 2004. The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised), https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf

Ministry for the Environment NZ. 2024. Measuring emissions: A guide for organisations, 2024 detailed guide, https://environment.govt.nz/assets/publications/Measuring-Emissions-2024/Measuring-emissions_Detailed-guide_2024_ME1829.pdf

United Kingdom – Department for Energy & Net Zero - Conversion Factors Methodology – 2024, https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024

France - Association of Issuing Bodies (AIB) European electricity factors – 2023 https://www.aib-net.org/sites/default/files/assets/AIB_2023_Residual_Mix_FINALResults.pdf

India - Ministry of Power – CO2 Baseline Database – 2024, https://cea.nic.in/wp-content/uploads/2021/03/User_Guide_Version_20.0.pdf

GHG Protocol – Refrigeration and Air-Conditioning Equipment – Guidance on emissions factors – 2005, https://ghgprotocol.org/sites/default/files/hfc-cfc_1.pdf

GHG Protocol guidance on uncertainty assessment in GHG inventories and calculating statistical parameter uncertainty, https://ghgprotocol.org/sites/default/files/2023-03/ghg-uncertainty.pdf

Market Economics Limited, Consumption Emissions Modelling, report prepared for Auckland Council – 2023, https://knowledgeauckland.org.nz/media/2593/consumption-emissions-modelling-market-economics-march-2023.pdf

The Science Based Targets initiative (SBTi), https://sciencebasedtargets.org/

Subsequent events for GHG emissions measurement (subject to assurance)

We have checked for available updates of the emission factors we used for FY25 emissions measurement as required by our policy on updates to emission factors that are made available between the end of a reporting period and the issuance of reporting for that period. We concluded that, in accordance with the policy, no updates to reported emissions or disclosures of potential adjustments were required as the potential adjustments for available updated emission factors since 31 March 2025 were not material.

Climate data limitations

Climate change is an evolving challenge, with high levels of uncertainty; climate data is subject to the uncertainties of scientific and technical research. It is important to have an understanding of the uncertainties and limitations inherent to climate projections and modelling when considering the information in this Statement.

Climate change science is currently unable to accurately forecast how the future impacts of climate change will affect the environment, economy or society. In addition, the wide range of variables that will influence global GHG emissions trajectories cannot be predicted with certainty. Rakon is committed to progressing its response to climate-related risks and opportunities over time but is constrained by the novel and developing nature of this subject matter.

The evolution of climate change science and associated datasets is constant, and climate scenario analysis uses the best information available at the relevant time. However, the underlying datasets and assumptions, on which climate models are built, may not be reliable.

We have prepared the information in this report based on our current knowledge and understanding. However, as a result of the limitations noted here, our estimates of the potential impacts of climate change on Rakon involve a high degree of uncertainty.

APPENDIX 4: GHG EMISSIONS ASSURANCE

Independent Assurance Report

To the Directors of Rakon Limited

Limited Assurance Report on Rakon Limited's Greenhouse Gas (GHG) Disclosures

Our conclusion

We have undertaken a limited assurance engagement on the gross GHG emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty (the GHG Disclosures), within the *Scope of our Limited Assurance Engagement* section below, included in the Climate Statement of Rakon Limited (the Company) and its subsidiaries (the Group) for the year ended 31 March 2025.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the GHG Disclosures are not fairly presented and are not prepared, in all material respects, in accordance with the Aotearoa New Zealand Climate Standards (NZ CSs) issued by the External Reporting Board (XRB), as explained on page 2 of the Climate Statement.

Scope of our Limited Assurance Engagement

We have undertaken a limited assurance engagement over the following GHG Disclosures on pages 21, 23-24 and 31 of the Climate Statement for the year ended 31 March 2025:

- gross GHG emissions:
  - Scope 1 emissions of 1,113 tCO2e on page 21; and
  - Scope 2 emissions of 3,091 tCO2e on page 21;
- additional required disclosures of gross GHG emissions on pages 23-24 and 31; and
- gross GHG emissions methods, assumptions and estimation uncertainty on page 31.

Our assurance engagement does not extend to any other information included, or referred to, in the Climate Statement on pages 1 to 31. The comparative information for the years ended 31 March 2024 and calendar year ended 31 December 2022 disclosed in the Group's Climate Statement are not covered by the assurance conclusion expressed in this report. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

Emphasis of matter

We draw attention to the disclosure on page 23 which explains how Rakon has classified certain emissions from leased assets in Scope 1 and Scope 2. In our judgement, this disclosure is of such importance that it is fundamental to the users' understanding of the GHG Disclosures. Our assurance conclusion is not modified in respect of this matter.

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Other matter - comparative information
The comparative GHG Disclosures (that is, GHG Disclosures for the year ended 31 March 2024 and for the calendar year ended 31 December 2022) have not been subject to assurance. As such, these disclosures are not covered by our assurance conclusion.

Directors' responsibilities
The Directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of the GHG Disclosures in accordance with NZ CSs. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of GHG Disclosures that are free from material misstatement whether due to fraud or error.

Inherent Uncertainty in preparing GHG Disclosures

As discussed on page 23 of the Climate Statement, the GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our independence and quality management
This assurance engagement was undertaken in accordance with New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures*, issued by the External Reporting Board (XRB) (NZ SAE 1). NZ SAE 1 is founded on the fundamental principles of independence, integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have also complied with the following professional and ethical standards and accreditation body requirements:

- Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand);
- Professional and Ethical Standard 3: Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements; and
- Professional and Ethical Standard 4: Engagement Quality Reviews.

In our capacity as auditor and assurance practitioner, our firm also provides audit, other assurance, and agreed-upon procedures. Our firm carried out other assignments relating to providing access to training material through an on-line platform. The firm has no other relationship with, or interests in, the Group.

Assurance practitioner's responsibilities
Our responsibility is to express a conclusion on the GHG Disclosures based on the procedures we have performed and the evidence we have obtained. NZ SAE 1 requires us to plan and perform the engagement to obtain the intended level of assurance about whether anything has come to our attention that causes us to believe that the GHG Disclosures are not fairly presented and are not prepared, in all material respects, in accordance NZ CSs, whether due to fraud or error, and to report our conclusion to the Directors of the Company.

As we are engaged to form an independent conclusion on the GHG Disclosures prepared by management, we are not permitted to be involved in the preparation of the GHG information as doing so may compromise our independence.

Summary of work performed

Our limited assurance engagement was performed in accordance with NZ SAE 1, and ISAE (NZ) 3410 *Assurance Engagements on Greenhouse Gas Emissions*. This involves assessing the suitability in the circumstances of the Group's use of NZ CSs as the basis for the preparation of the GHG Disclosures, assessing the risks of material misstatement of the GHG Disclosures whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG Disclosures.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. In undertaking our limited assurance engagement on the GHG Disclosures, we:

- Obtained, through enquiries, an understanding of the Group's control environment, processes and information systems relevant to the preparation of the GHG Disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;
- Evaluated whether the Group's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Group's estimates;
- Tested a limited number of items to, or from, supporting records, as appropriate;
- Assessed all of in-scope emission factor sources and reperformed emissions calculations for mathematical accuracy;
- Inspected the Group's vehicle asset register and performed a keyword search related to fugitive emissions against its expense general ledgers and performed a site visit to Rakon India to assess the completeness of the reported emissions;
- Performed analytical procedures on particular emission categories by comparing the expected GHGs emitted to actual GHGs emitted and made enquiries of management to obtain explanations for any significant differences we identified; and
- Assessed the presentation and disclosure of the GHG Disclosures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement and does not enable us to obtain assurance that we would become aware of all significant matters that we otherwise might identify. Accordingly, we do not express a reasonable assurance opinion on these GHG Disclosures.

Inherent limitations
Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance may occur and not be detected.

Who we report to
This report is made solely to the Company's Directors, as a body. Our work has been undertaken so that we might state those matters which we are required to state to them in our assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Directors, as a body, for our procedures, for this report, or for the conclusions we have formed.

The engagement partner on the engagement resulting in this independent assurance report is Victoria Ashplant.

For and on behalf of:

PricewaterhouseCoopers
31 July 2025

Auckland

rakon

www.rakon.com