



SANFORD

PERSEVERANCE

INTEGRATED REPORT 2022

— CARE —

At Sanford, we value caring for the wellbeing of ourselves, the team around us, our customers and consumers, key stakeholders and the communities we work in. Crucially, we care for the environment we are privileged to work in.

— PASSION —

We are passionate about our relationships with our people, customers, consumers, resources, country and future. Our passion extends to protecting our oceans, caring for the environment and having successful partnerships.

— INTEGRITY —

We strive to live our values every day in everything we do. This means having straight-up conversations, delivering on the expectations of our key stakeholders and being respectful, honest, open and transparent, as we work to always do the right thing.



ACHIEVING TOGETHER

Guided by the underlying principle of achieving together, we encourage, respect and value the contributions of all team members and utilise the talents of everyone to deliver the best outcomes across our business excellence framework. We actively build partnerships across the business and wider stakeholder community.



Lily Heidmann checking salmon eggs at the Kaitangata hatchery.

WELCOME TO SANFORD'S 2022 INTEGRATED REPORT, ENTITLED PERSEVERANCE. THE TITLE REFLECTS THE TIMES. OUR VALUE OF ACHIEVING TOGETHER HAS PROVED ITS WORTH THIS YEAR, AS ALL OF OUR TEAMS HAVE SHOWN THEIR PERSEVERANCE AND RESOLVE. THE RESULTS CONTAINED IN THIS REPORT DEMONSTRATE THAT WE ARE ON COURSE TO DELIVER IMPROVED RESULTS, PRODUCED WITH CARE, PASSION AND INTEGRITY.





INTRODUCING OUR 2022 REPORT

In our fishing and seafood farming operations, we work in some remote parts of the world. But nowhere was remote enough to escape the impacts of Covid-19 over the last three years. In 2022, we felt that the end of the pandemic was in sight, but, as this report shows, the third year had a sting in the tail. We saw many of our global markets show serious signs of recovery, but as Covid spread in New Zealand, we felt the impacts on our people and production in our home communities.

This report tells those stories and details how we managed those impacts. It also lays out our newly enhanced strategy. Much work was done on developing and evolving our strategy in 2022. The results of this can be seen in these pages, including examples of how we are already delivering on the commitments made and what we intend to deliver soon. That work is integrated with our performance outcomes and how we create value across our business. This report shows the interconnectedness between these areas and what it means to our stakeholders.

Over nearly three years of Covid-19 impacts, we have been kept apart from many of those stakeholders and from each other. Now, we are reconnecting and that is reflected in our materiality work, conducted face-to-face with many of our own people and in detailed conversations and surveys with external stakeholders. The results are found here and inform our thinking as we work towards delivering on the goals that matter to all our stakeholders in 2023 and beyond.

Our theme in 2022 is **PERSEVERANCE** and it is a fitting description of a key trait required to bring you our improved full year results. When times are testing, we discover our true character, something our people who work at and with the sea know very well.



Cover image shows the inside of our Precision Seafood Harvesting (PSH) gear as it is being deployed into the water from one of our inshore fishing vessels.



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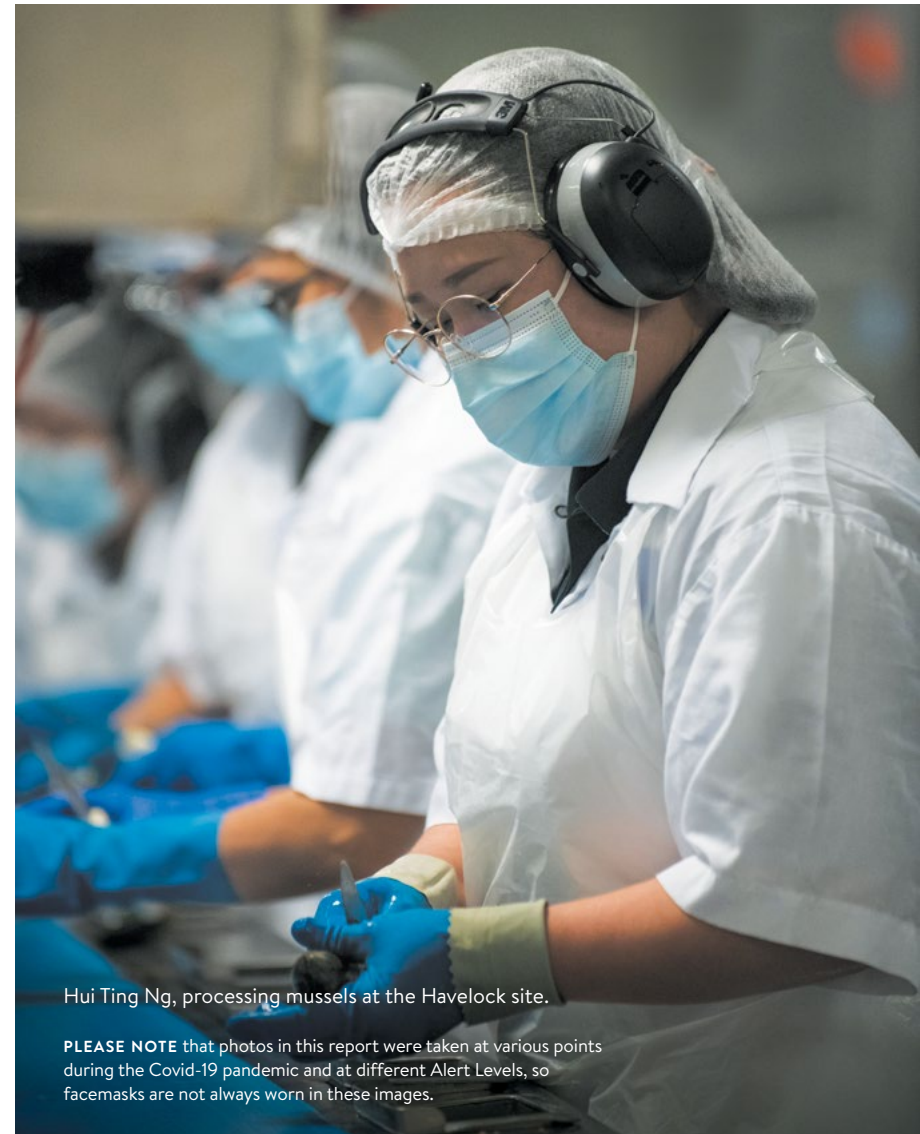
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QR CODES

QR codes appear throughout this Report. Use these to access relevant video and other content by opening the camera function on your smart phone and hovering over the code. Select the web link that appears on the phone's screen. Some phones will require users to download a QR reader app to enable this function.



WATCH VIDEO
Who is Sanford?
https://youtu.be/Ylj_rinGItA



Hui Ting Ng, processing mussels at the Havelock site.

PLEASE NOTE that photos in this report were taken at various points during the Covid-19 pandemic and at different Alert Levels, so facemasks are not always worn in these images.





SANFORD IN NUMBERS

SALES REVENUE
YEAR ENDING SEPTEMBER 30, 2022

\$531.9m
(8.6% HIGHER THAN FY21)

ADJUSTED EBIT

\$40.2m
(72.5% HIGHER THAN FY21)

REPORTED NPAT

\$55.8m
(244% HIGHER THAN FY21)

NET DEBT

\$145.5m
2021: \$178.6M

1,421
TOTAL WORKFORCE
2021: 1,409

422
INDEPENDENT SHAREFISHERS
2021: 421

SANFORD IS NEW ZEALAND'S
LARGEST QUOTA HOLDER

19.8%¹
2021: 19.8%

109,412
TONNES OF SEAFOOD HARVESTED
2021: 111,844²

1. Quota ownership based on New Zealand Annual Catch Entitlement.
2. See Note 3, Appendix A.

CHAIRMAN REVIEW



Sir Robert McLeod
CHAIRMAN

Our high-level business model can be described as very simple. We harvest wild and farmed seafood, convert it to a desirable product and send it through our supply chain to customers nationally and internationally.

Wherever we can, we increase product value by improving its sustainability and quality, or by using science and innovation to achieve better quality and productivity.

Before entering the pandemic, we consistently delivered some \$65 million in adjusted earnings before interest and taxation (EBIT). Covid-19 interrupted that, hitting our sector more severely than most. The impacts were rendered more transparent in Sanford as the only listed fishing company in New Zealand.

Two prolonged consequences of the pandemic in 2022 were the continued clogging of supply chains and the tightening of labour markets. We expected demand to return more quickly to pre-Covid levels in a classical V formation. However, these supply chain

and labour constraints slowed that recovery, particularly in mussels.

PRIORITIES DELIVERED

Our priorities this financial year were to rebuild mussel profitability, grow opportunities in wildcatch and retain salmon profitability while targeting future growth.

Our strategy pursued the steady financial rebuild we forecasted in FY21, and we reported Adjusted EBIT of \$40.2m, up 72.5% on the prior year. This has enabled the Board to resume dividend payments for our shareholders. With no payment in the half year, the full year dividend payment will be 10c per share. Thank you to our shareholders who have stood by us during the period when prudence demanded that dividends be suspended.

Our Adjusted EBIT expectation has been achieved in what has been our most challenging year, with 600 of our 1400-strong workforce afflicted with waves of illness and the need to isolate. We prioritised safety and productivity, adopting a vaccine mandate, introducing rapid antigen testing requirements and paying special attention to providing safe, healthy working environments.

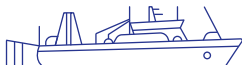
This meant we could keep fishing, harvesting and processing with no jobs lost or sites closed. Inventory levels reduced during the year as many of our markets began to recover.

REVENUES REFLECT IMPROVED DEMAND

Group revenue increased by 8.6% from \$489.6 million to \$531.9 million. Improving demand in our recovering global markets flowed through to improved pricing across our product categories, particularly whitefish. Wildcatch and Salmon built further on the volume and revenue growth of the first half. With labour shortages affecting production, Mussel revenues were down. Our CEO, Peter Reidie provides a detailed discussion on our financial performance, beginning on page 9.

The extremely tight labour market made for a very challenging year. In particular, recruitment in deepsea fishing and in mussel processing has been difficult, even with higher wages and added benefits such as subsidised accommodation near our Havelock-based mussel operations. Improved national immigration policies are required.

We had another year of supply chain constraints to our export markets. Freight, fuel, feed and labour costs along with tight shipping capacity were all contributing factors. These were mitigated by our supply chain agreement with Kotahi, which commenced in October 2021 and enabled us to secure space for our frozen export product, but vessel schedule reliability remained sub-optimal.





We expect network disruptions to cause ongoing constraints within the global supply chain.¹ Our arrangement with Kotahi should help mitigate the worst impacts of supply chain variability in the coming year.

STRATEGY EMPHASISES IMPROVED PROFITABILITY

We continue to emphasise improved profitability as the pathway to sustainably growing shareholder value. This remains a key focus of our strategy.

Sanford is a multi-product business across wildcatch, salmon and mussels. Profitability in each business requires tailored models. Our Wildcatch and Mussel divisions have been built on commodity products, with volume playing a bigger role than differential unit prices and margins. Sanford continues to supplement its commodity business with specialty products such as mussel powder supplements where unit prices are more important to profit than volume.

1. Sea Intelligence reports on global schedule reliability: www.sea-intelligence.com.
2. See pages 169 and 170 of this UN FAO document: <https://www.fao.org/3/ca9229en/ca9229en.pdf>. Plus refer to <https://www.newscientist.com/article/2290082-global-demand-for-fish-expected-to-almost-double-by-2050/> regarding demand for seafood.
3. <https://www.cawthron.org.nz/research/our-projects/musseling-up/>

We have set an ambitious five-year target range of \$85-\$105 million in Adjusted EBIT.

This goal reflects forecasts of growing demand, particularly for farmed seafood. The UN FAO (Food and Agriculture Organisation) anticipates that global demand for food from the sea will nearly double by 2050. It is further forecasting that the average price of internationally traded fish will increase by 22% by 2030, relative to 2018. Aquaculture will play a considerable role in meeting demand and farmed fish prices are expected to increase by 24% by 2030.²

We are building on our steady developments in aquaculture, setting ourselves up to meet our growth and revenue goals, while also maintaining our wildcatch volumes and returns.

GROWING IN AQUACULTURE

We are growing the size of our salmon operations, expanding our hatchery and working on the development of a new RAS (Recirculating Aquaculture System) hatchery to support volume growth and higher returns. We have invested in technology such as oxygenation, feed barges and support vessels and the factory upgrades needed to increase consistency and quality. We are mindful of the potential climate change impacts and these technologies help address those risks.



ABOVE Sanford's Big Glory Bay salmon.

We also have the environmental systems in place to support our case for further expansion of production. Creating the Big Glory Bay brand, with its unique New Zealand provenance, has enabled us to build demand in retail channels as well as foodservice in the US, and we are also growing in other markets.

In our mussels business, we stand on the science of our SPATnz breeding and hatchery, our farming assets and unique technology, such as automatic mussel openers. Mussels are an affordable and climate friendly protein, with one of the lowest carbon footprints of all animal proteins. They are also a rich source of bioactive compounds.

Sanford Bioactives, our innovation centre, which is now operating in Blenheim, is increasing our ability to generate higher returns from our mussels and other marine resources.

It has immediately doubled our mussel drying capacity for producing the mussel powder which ongoing research has shown provides anti-inflammatory benefits to joints.³ The Centre includes an extractor for mussel oil, which delivers a super-concentrated form of this product.

INVESTING IN WILDCATCH

Sanford owns 19.8% of total New Zealand quota. With the fourth largest EEZ in the world, and a robust Quota Management



System, scientific assessments are regularly carried out. These show 94.3% of New Zealand's assessed wildcatch is from stocks with no sustainability risks.⁴

Growth in returns can be achieved by operational efficiencies and by targeting higher value species and seeking to enhance utilisation of the entire product harvested. For example, we are intending to make a \$30 million investment in a new scampi vessel, to target higher catches and returns in this profitable species.

We also have underused annual catch entitlements (ACE) for ling, which provides an opportunity to increase returns from this species. Ling is a versatile eating fish, including ling sounds, which are highly sought after as a health supplement in Asia.



We continued to invest in upgrades to improve the efficiency and environmental performance of our deepwater fleet. This includes higher levels of automation in processing both at sea and on land, where efficiency gains help offset rising costs.

ACKNOWLEDGEMENTS

The Board acknowledges the effort put in by all our people during another demanding year. We know it has not been easy with staffing shortages and the waves of Covid, and we thank you for your tremendous efforts. It is pleasing to see that our engagement scores have stayed steady, despite the impacts of the pandemic and that they meet industry benchmarks.

Thanks also to GM of Infrastructure and Assets, Peter Young who capably took on the role of Acting Chief Operating Officer, following the departure of Clement Chia.

We welcomed Paul Alston as CFO, who joined us in October 2021 and is making a significant contribution. We also congratulate Louise Wood on her appointment to the Executive Team as Chief Supply Chain Officer and Colin Williams who joins the Executive as GM Fishing.

BOARD CHANGES

At this year's annual general meeting we will farewell Peter Kean who is retiring after eight years of service as an Independent Non-Executive Director. Peter joined the Board of Directors in December 2014 and

currently serves on the People, Health and Safety Committee and the Nominations Committee. Peter has brought invaluable management experience and a diverse governance background to his role. He has been a dedicated and hard-working director. His wise head and special interest in people, sales and strategy will be sorely missed.

Craig Ellison was appointed to the Board in December 2021 and serves on the Audit, Finance and Risk Committee and Nominations Committee. He is the Chief Executive Officer for Ngāi Tahu Holdings which acquired a 19.9% shareholding in Sanford last year.

David Mair was appointed to the Board on 7 November, 2022, replacing Peter Kean. David has been CEO of NZX listed Skellerup Holdings Limited since 2011, and a director since 2006. In accordance with NZX Listing Rules, David will offer himself for election at the Sanford Annual Meeting in December 2022.

OUTLOOK

I am pleased that we are delivering on our priorities and continuing to pursue performance improvements. We have set the business up well to maintain those improvements in the year ahead. The tide has not fully turned. Labour shortages continue to be problematic. As mentioned, improved immigration policies are also needed.

My remarks focus on the economic issues facing Sanford, but as we all know, the world faces significant uncertainty in relation to inflation, interest rates and geo-political conflicts. These are important risks in our macroeconomic environment, albeit largely beyond Sanford's control.

We are seeing a steady recovery in global demand, particularly as foodservice begins to benefit from the lift in tourism and travel, as well as the return of local consumers to hospitality venues. We believe we have struck a prudent balance between investing for growth – such as our scampi vessel – while maintaining high levels of financial discipline. Growth remains a priority, which we are well positioned to achieve.

Sir Robert McLeod
CHAIRMAN
14 November 2022

4. <https://www.mpi.govt.nz/dmsdocument/44893-The-Status-of-New-Zealands-Fisheries-2021>





WE ARE GRATEFUL
FOR THE PERSEVERANCE OF OUR

PEOPLE
REGIONS
SUPPLIERS
CUSTOMERS
PARTNERSHIPS
SHAREHOLDERS

IN 2022

CEO REVIEW



Peter Reidie
CHIEF EXECUTIVE OFFICER

Welcome to our Integrated Annual Report for the 2022 Fiscal Year ending 30 September 2022. I want to start my commentary with a call out to the considerable effort our Sanford people have made to contribute to our first steps in rebuilding Sanford to its pre-Covid profitability and beyond.

2022 has been a very tough year. Our markets have returned, but we have been increasingly challenged by our ability to supply our seafood due to labour availability and cost pressures, particularly in fuel, freight and feed. We could not have delivered a 73% improvement in profitability without an outstanding contribution from our people. Our teams consistently stepped up in times of need and looked after each other. I acknowledge this and say thank you to our people for the amazing effort they have made. In this context, words that describe FY22 include perseverance, persistence, tenacity, endurance, commitment and very hard work.

I recognise it hasn't come easily.

Although Covid continued to affect us, as travel opened up I had the opportunity to get in front of our customers more this year than I did in 2021. My belief in what we do has been further reinforced – that the products we catch and harvest from throughout New Zealand's territorial waters are outstanding and what the

world wants. Our product quality is excellent, whether that be orange roughy, hoki, snapper, scampi, mussels or King salmon. Our challenges are not around quality or demand, they are around our current ability to process that product and the management of the supply chain. Fortunately, these are areas where we can make a difference through effort and determination.

Sanford has never been without its challenges, and given our dependence on Mother Nature, we probably never will be. Having said that, I am confident we are building a sustainably stronger and more consistent company, which I believe has the ability to grow beyond pre-Covid levels.

OUR RESULTS

Given the challenges we have had with access to labour and the cost of fuel, freight and feed we have delivered a creditable result and are clearly on the road to returning to pre-Covid profitability and beyond.

- Adjusted EBIT has grown to \$40.2 million from \$23.3 million in FY22 an increase of \$16.9 million or 72.5%
- Reported profit (NPAT) benefiting from our sales of crayfish quota is \$55.8 million, up \$39.5 million or 244% versus FY21

- Our net debt levels have reduced to \$145.5 million from \$178.6 million, while we were still able to invest \$53 million capital into the business
- Operating cashflow is also positive at \$44.9 million compared to \$32.2 million in FY21.

It is also pleasing to note the continued growth in volume, sales and profitability in Australia, where we acknowledge the hard work of the Melbourne based team.

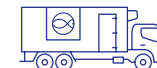
Another area of achievement has been in our environmental and sustainability delivery where, among other things, we have brought our operational carbon emissions down by 7.6% versus 2021, thanks to reductions in our Scope 1 and 2 GHG (Greenhouse Gas) emissions.

SECTOR PERFORMANCE

Within our revised strategy we have set ourselves four priorities:

- Grow Salmon
- Grow Mussels
- Sustain Deepwater (Wildcatch)
- Turnaround Inshore (Wildcatch)

We have delivered on these priorities and we have a list of initiatives that we are working our way through, to further progress in these areas. I would like to highlight what we have done in FY22 and what we have on our agenda for FY23 against each of these priorities.





SALMON FINANCIAL OVERVIEW

% Versus Last Year	FY 2022	FY 2021
Sales volumes	0.5%	40.6%
Revenue	17.9%	32.0%
Profit contribution	20.6%	8.5%

The strategic priority in this area has been to “Grow Salmon.”

Given its reliance on fresh product, our salmon business has been the first to recover as the world (particularly restaurants and foodservice) has re-opened post-Covid lockdowns. In FY22 we have maintained volume and continued to improve pricing. Our production volume is constrained by the limits of our resource consent and growth can only occur through longer term initiatives, such as the planned new RAS Hatchery (Recirculating Aquaculture System). The focus in this year and FY23 is to ensure the sustainability of what we have and deliver on revenue enhancing opportunities such as the Big Glory Bay brand and portion packaging.

What we have done – FY22

- Maintained volume despite higher-than-average summer temperatures affecting mortality rates. These stand at 8.2% for the year versus 3.4% in FY21 when measured on a like-for-like basis.
- Continued price improvement with average price per kilo for the fourth quarter being \$22.33, up 17.8% versus Q4 2021
- Continued growth of Big Glory Bay Brand reaching 42.7% of our volume for the year versus 25.1% in FY21
- Introduced water jet cutting packaging equipment to deliver on portion control packaging and more effective utilisation of every fish
- Investment in additional equipment with end-of-year addition of new feed barge (leased), oxygenation system and support vessels

What we are doing – FY23

- Split main growing farm in Big Glory Bay to de-risk site
- Gain consent and start building of RAS Hatchery
- Launch portion control pack into Foodstuffs
- Explore further utilisation of salmon by-product through our new Bioactives plant (marine extracts) in Blenheim
- Continue growth of the Big Glory Bay brand



GREENSHELL™ MUSSELS FINANCIAL OVERVIEW

% Versus Last Year	FY 2022	FY 2021
Sales volumes	-4.4%	4.1%
Revenue	6.3%	-16.4%
Profit contribution	-49.0%	-94.7%

The strategic priority in this area has been to “Grow Mussels.”

Our mussel business essentially had the opposite cycle to our salmon business. There was a lag effect in our price recovery due to the reduced demand caused by Covid lockdowns in our major markets and as we fulfilled existing contracts. This lag meant we had an artificially better year in FY20 and carryover of the negative demand prices and volume has continued into FY22, as we have had to honour contracts from FY21 and market bottoming prices from that time. The impact of this has been exacerbated by our challenge to attract people to our site at Havelock and our joint venture operation, NIML (North Island Mussels Limited) in Tauranga. Lower output has meant we have taken longer to clear these contracts than

we anticipated. The good news is market price has recovered and our people initiatives are beginning to bear fruit, with the reinstatement of our night shift at Havelock. September was the most profitable month of the year for our Mussels division.

What we have done – FY22

- Focused on getting people into our plants through increasing frontline pay rates and providing accommodation (Havelock), plus streamlining, outsourcing and using contract manufacturing
- Successfully made improvements in our SPATnz production systems
- Completed the build of our Bioactives Innovation Centre in Blenheim

What we are doing – FY23

- Diversify revenue sources through continuing growth in mussel powders and oils
- Design and implement packaging automation
- Expand our SPATnz mussel hatchery
- Investment in on-water infrastructure
- Optimise margins based on improved pricing and good crop availability.
- Build further channel diversification through retail focused new product development





WILDCATCH FINANCIAL OVERVIEW

% Versus Last Year	FY 2022	FY 2021
Sales volumes	-9.7%	7.4%
Revenue	8.8%	-0.6%
Profit contribution	62.3%	14.6%

This business division has two strategic priorities for FY22:

- Sustain Deepwater
- Turnaround Inshore

Deepwater has been our standout segment in FY22. As the world has opened up, post-Covid demand for seafood has returned and the quality of our products across deep sea species such as hoki, ling, orange roughy, scampi, squid and toothfish has been recognised and sought after. As in all of our businesses, we have faced difficulties recruiting staff in a tight labour market. We recognise that being at sea catching and processing fish for up to 45 days at a time is not for everyone. Our crews are typically New Zealanders who put their hearts and souls into fishing at sea. My admiration and appreciation goes out to these teams who have had to juggle

crewing between vessels to maintain safe operating levels due to the shortage of people dictated by Covid. The Timaru based team responsible for getting our boats to sea with safe crew levels every time have done an amazing job ensuring we have been able to catch our requirements.

What we have done – FY22

- Major surveys (inspections, maintenance and upgrades) on five wildcatch vessels
- Continued growth of retail pack white fish in the USA
- Invested in development of skills and capabilities for critical at sea positions

What we are doing – FY23

- Preparation for major surveys on four wildcatch vessels (including new propeller systems for two of those which will reduce CO₂ emissions)
- Contract the building of one new scampi vessel plus refurbish one inshore vessel as an addition to the scampi fleet
- Continued evolution of USA market model with continuation of move to more direct customers versus wholesalers
- Development of Sanford Fishmongers brand into retail formats in New Zealand, USA and Australia

Our inshore business is the fresh component of the wildcatch segment and provides fresh fish to New Zealand

customers, the fish auction, our Sanford & Sons retail outlet and fresh exports to overseas, predominantly to Australia and the USA. This business has not been performing to expectations and as we have prioritised and achieved recoveries in Salmon, Mussels and Deepwater, our focus has moved to the inshore business. We are developing options and I am confident we can get this business to a far better performance in a relatively short time.

DEALING WITH COVID'S IMPACTS

When we published our 2021 Annual Report, Auckland was in its fourth lockdown, one which would last a total of 107 days and not end till 3 December. It is important to think about what has happened and how much has changed in the space of twelve months: vaccine mandates and passes, New Zealand emerging from lockdowns, discussions and decisions about boosters, moving to the traffic light system, the opening of borders again with restrictions, then finally this year, fully opening the country to the world.

We have worked through the physical impact on our people of the spread of Covid-19 through the New Zealand community. With our 100% vaccination rate in the business, we were pleased to see most of our people avoided serious illness. However not all did and the impact of even a short bout of Covid should not be underestimated.

We put in Herculean efforts to keep our people safe. Sanford's vaccinate mandate was part of that, as was the thorough use of PPE and Rapid Antigen Testing in our workplaces.

We continue to use appropriate safety measures, although we have relaxed our vaccine mandate, now that Covid is firmly established in the community and Government measures have also softened.

LABOUR CHALLENGES

Labour challenges have had a significant impact on our operating performance in FY22 and we do not see them reducing. This is an area of serious concern to us, as it is to many other New Zealand employers. We know there is no silver bullet and we have to implement a number of initiatives to ensure we are making Sanford a very attractive place to work.

Our challenges are exacerbated by our locations in more remote and less populous areas. Our Havelock mussel processing plant is one example. We do not have enough people in New Zealand willing and able to fill these roles in these locations. We welcome recent changes to New Zealand's immigration settings and believe more will be needed to meet the needs of our sector and enable us to grow our business. This is important if we are to help meet the Government's goals for a stronger aquaculture industry, with their aim of the sector tripling in value to be worth \$3 billion a year by 2035.





The focus in this year and FY23 is to ensure the sustainability of what we have and deliver on revenue enhancing opportunities such as the Big Glory Bay brand and portion packaging.

SANCORE & STRUCTURE

In another year of challenges, we have taken the time to refresh our strategy to ensure we are prioritising in the right areas to deliver the growth we want and which our shareholders expect. Through our SanCore programme, updating our information systems across our business, we are building the capability to access greater knowledge more quickly, to understand and respond to performance in our business. Details of these programmes are contained throughout this report.

We are also asking ourselves if we have the right structure to support and enhance the delivery of our strategy. As a consequence, we are working through a proposal to create an SBU (Separate Business Unit) structure, whereby we have P&L plus balance sheet ownership in operating business units. This proposal is subject to a consultation with our people.

CAPITAL

We have demonstrated prudent capital management in FY22, and this will continue. We are conscious that our investments need to “earn the right” before we move onto additional spending. We are continuously working through the fiscally responsible way to make the investments we need to fund our growth aspirations, while returning to delivering an appropriate dividend. For example, we have challenged ourselves on our

proposal to replace the scampi fleet with three new vessels. We are now seeking to commission an initial vessel in order to prove capability and performance before we take the next step. We are repurposing one of our inshore vessels to de-risk the existing scampi fleet. I am confident there will be further examples of this approach so we can continue to deliver good profit outcomes, fund our investments for growth and maintain a sound dividend.

FOCUS ON SUSTAINABILITY & ENVIRONMENT

We understand we are privileged to operate in the pristine waters of New Zealand’s EEZ. This is a privilege we intend to protect, so we are always mindful of what, how and where we can do better. Caring for the environment and sustainable practices are part of everything we do, and our teams are very focused on doing what is right in this area.

Some of our achievements in the year include:

- Operational carbon emissions reduced by 7.6% (Scope 1 and 2 GHG (Greenhouse Gas) emissions)
- Coal use down to zero (from 2,000kg in FY21) with the introduction of heatpump units in our Stewart Island accommodation



- Maintained multi-year reduction trends (FY18-FY22) in harmful interactions between our fishing activities and marine mammals or seabirds (down to 27 in FY22 from 77 in FY18, or 65% for marine mammals and down to 227 in FY22 from 409 in FY18, or 45% for seabirds)
- Deployment of “Moana Project” ocean temperature and climate sensors across our fleet
- Seeking and obtaining approval for the use of Precision Seafood Harvesting technology on the west coast of the North Island
- Transitioning to PHEV electric vehicles, adding seven new PHEV vehicles to our fleet across three sites
- Reduction of waste directed to landfill of 2,821 tonnes (down 44% on FY21)
- Contributing just over \$300, 000 to New Zealand charities and donating 294,576 meal equivalents to charities and community initiatives

We are very pleased with our overall emissions reductions achieved in FY22. A number of projects contributed to this, including significant efficiency upgrades of propellers on the San Discovery and engine mode control on the San Aspiring. The good news is we are planning similar upgrades to two more vessels in FY23/24 (the San Waitaki and San Enterprise). Each of these can potentially save between 700 and 1,000 tonnes of CO₂ a year.



Our waste diversion initiatives diverted a total of 10,629 MT of waste from landfill in FY22, avoiding Scope 3 landfill emissions equivalent to 2,200 t CO₂-e. The biggest contributor to this was our mussel shell waste reduction programme which has seen the shells repurposed for landscaping and farming use. More details on these programmes and their achievements are included throughout this report, but particularly from pages 32 to 43.

SAFETY AND THE WELFARE OF OUR TEAMS

From a health and safety metrics perspective, we have had a good year. We have also managed the challenges of Covid very well. I am grateful for the efforts all our teams make in terms of the focus on health and safety and commitment to



ABOVE Sanford deepwater vessel San Enterprise berthed in Timaru.

looking after each other. It is an area where you can never rest. We operate in a complex and challenging environment where Mother Nature can have a significant influence on what we do and how we do it – there is no room to rest on our laurels. I do not see the team doing this and I am confident we will continue to remain vigilant on all things that affect the health, safety and wellbeing of our people.

THANKS

The outcomes we have delivered in a challenging year are due to the drive, passion and energy of our people. Since the lockdown lifted in December 2021, one of my pleasures has been the ability to get out amongst our teams and see the hard work they do every day to deliver the outcomes that we have all strived for in this year.

There are many great contributors to Sanford – you will see some examples throughout this report. I thank the Sanford team for all they have done to make our year as good as it could possibly be. During these times our engagement has remained strong which, once again, is a credit to all of our teams and their leaders.

I want to acknowledge and say thank you to our Board. Their advice, challenge, ideas and counsel has been critical in seeing Sanford come out of the year in a significantly better position than when we went into it.

This business operates in an environment where we face new challenges almost every single day. Our test has been dealing with those daily realities while continuing to deliver on our goals. The Sanford team – Board, leaders and our people – have adapted and changed to ensure we could deliver. I know this is what our shareholders expect of us. I appreciate their commitment to Sanford, and I look forward to rewarding them for that commitment over the coming years.

Peter Reidie
CHIEF EXECUTIVE OFFICER
14 November 2022



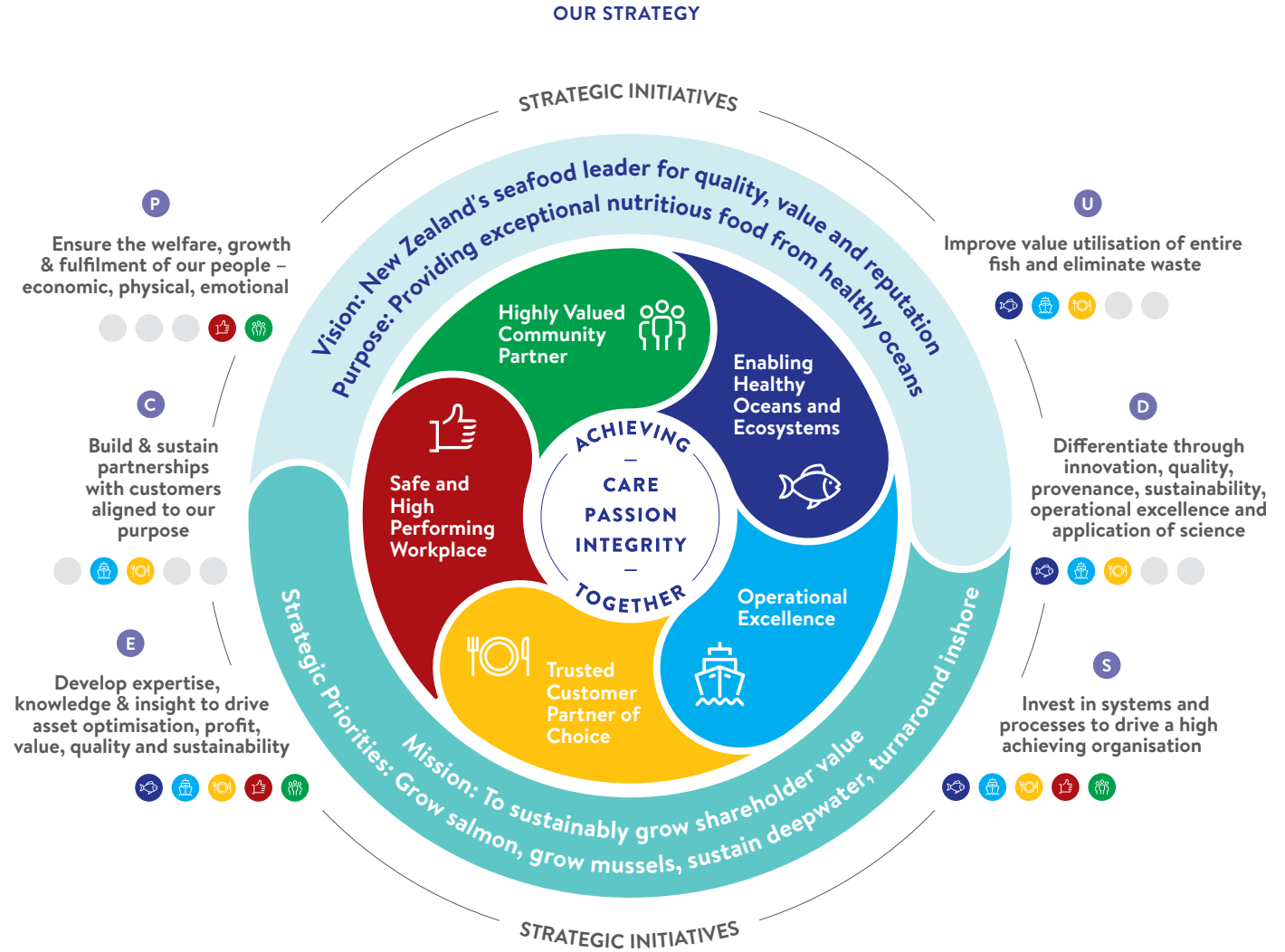


REPORT STRUCTURE

HOW TO READ THIS REPORT

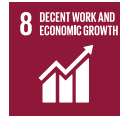
Thank you for reading our 2022 Integrated Annual Report. The following pages describe the structure of our report, how it integrates the United Nations Sustainable Development Goals plus our Business Excellence Framework and our newly refreshed business strategy.

In 2022, Sanford's leadership team refreshed our strategic goals and focus. Our values remain at the heart of what we do and are unchanged. In the next layer out in the diagram to the right, we have rearticulated the outcomes in our Business Excellence Framework, although the essence of these is unchanged. We have developed a new vision and purpose and set ourselves a mission: to sustainably grow shareholder value. Beneath this in the strategy wheel, we have laid out our current strategic priorities: to grow salmon, grow mussels, sustain deepwater and turnaround our inshore operations. Detail about how we have addressed these is contained in our chapters and in the CEO Review. Our shorter-term strategic initiatives are placed around the outside of the wheel. In the chapters of this Annual Report, we provide examples of how we are realising these initiatives.



THE UN SUSTAINABLE DEVELOPMENT GOALS

The United Nation’s SDGs are an urgent call for action to achieve prosperity for people and planet. The 17 goals were released in 2015 as part of the 2030 agenda for sustainable development. Beneath each goal sits 169 targets, which guide our decisions about which of the goals are most relevant to and actionable by Sanford. We focus on six of the 17, where we believe we can make a contribution and a difference.



Goal 8 is Decent Work and Economic growth which we apply in chapters two, three, four and five.



Goal 9 is Industry, Innovation and Infrastructure which we speak to in chapters three and five.



Goal 12 is Responsible Consumption and Production which is addressed in chapter one.



Goal 13 is Climate Action which is covered in chapter one.

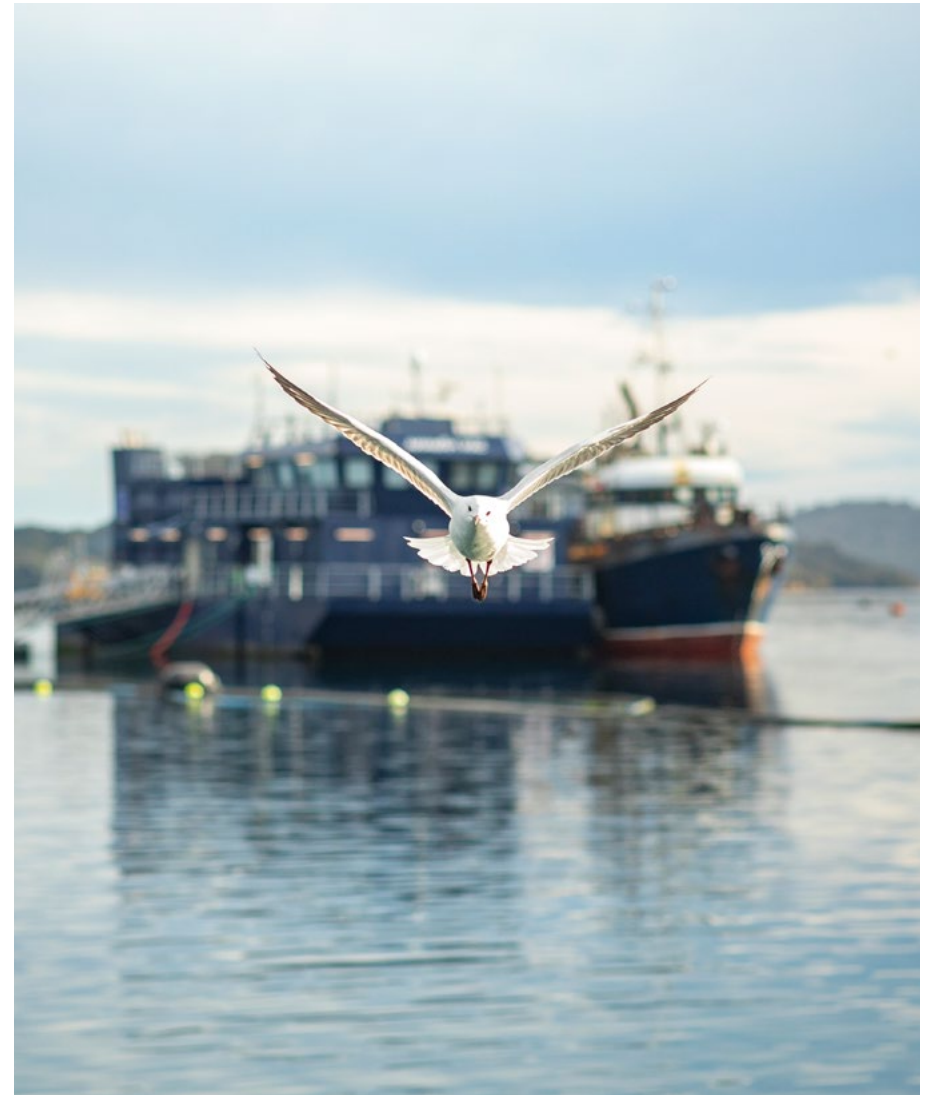


Goal 14 is Life Below Water which is a focus in chapter one.



Goal 17 is Partnerships for the Goals which we speak to in chapters one and four.

The SDGs appear for your reference in the dashboards at the start of each chapter.



VALUE CREATION – THE SIX CAPITALS



The inputs, or capitals are financial, human, manufactured, intellectual, natural and social and relationships. The value creation process, which leads to the outcomes, will typically draw on input from more than one of the six capitals.

The disc-shaped infographics in the dashboards at the start of each chapter demonstrate to what degree each input factors into that chapter's outcome. These are qualitative assessments, as there is no standard approach to putting numeric values on each of these categories.

Examples of the contributions of these capitals are demonstrated throughout our chapters. Financial capital contributes to our plans to develop new scampi vessels (chapter one) and our investments in new equipment and vessels for our salmon farming and processing (chapter five). Human capital is at work throughout our business and there are examples of this in

the success of our team in Australia (chapter three) and in our Covid-19 management (chapter two). Social capital is essential to our community interactions particularly with our partners at the Graeme Dingle Foundation and New Zealand Food Network (chapter four). Intellectual capital is at play in our supply chain management (chapter five) and the development of our Bioactives centre (chapter three). Manufactured capital contributes to operational excellence via the improvements to our processing plants and on-water assets (chapter five). Finally, natural capital is at the heart of our business as we seek to sustainably fish and farm beautiful New Zealand seafood. Every one of our chapters includes stories which reflect this.

REPORTING FRAMEWORKS

This Report has been developed in accordance with the International Integrated Reporting Council (IIRC) Integrated Reporting Framework. This enables us to explain how we create value over time and provide transparency on every aspect of our business activity.

We remain committed to integrated reporting because it is the right thing to do, and we know an increasing number of stakeholders are interested in how we create long term sustainable value.

WE WISH TO BE TRANSPARENT.

We also applied the Global Reporting Initiative (GRI) Sustainability Reporting Standard 2016 to a core level of compliance, and report across a range of best practice environmental, social and governance (ESG) indicators. The GRI index is included in Appendix E.

DISCLOSURES

Unless otherwise indicated, this Report covers performance from all our operations, including Joint Venture operations (North Island Mussels Ltd and SanWon Limited).

All financial data is presented in New Zealand dollars, unless otherwise stated. Any changes or restatements of previously reported figures are identified throughout the Report. KPMG has provided independent assurance of this Report, and this covers both statutory financial and selected nonfinancial information. The combined independent auditors and limited assurance report is on pages 176 to 182.

This Report, produced by Sanford's management team and reviewed by our Executive Team, has been signed off by Peter Reidie, our CEO and the Board as a true and accurate picture of Sanford's performance during the year. The

Directors are pleased to present the Integrated Annual Report of Sanford Limited for the year ended 30 September 2022.

For and on behalf of the Board of Directors:

Sir R A McLeod
CHAIRMAN
14 November 2022

F Mackenzie
CHAIR AUDIT FINANCE AND RISK
COMMITTEE
14 November 2022



REPORTING WHAT MATTERS

SANFORD'S MATERIAL TOPICS

OUR APPROACH

Sanford has evaluated, prioritised and presented on material topics in its annual report since 2014.

More recently, we've taken a dynamic approach to materiality over time, rather than the earlier rigid annual survey process, which often showed little difference in outcomes year-to-year. The gap between assessments (2020-2022) enabled us to review the approach to be used in the future by conducting a fresh round of desk research on industry best practice and address feedback from an assurance audit of our earlier process.

This has led to our topic definitions being revised, while also being informed by previous years' work, which followed the International Integrated Reporting Council (IIRC) Framework and the Global Reporting Initiative (GRI) Standards.

The 2022 assessment was undertaken in partnership with AK Research & Consulting and involved a combination of interviews, workshops and surveys.

Looking forward, we anticipate continuing our dynamic materiality approach, anticipating a formal review of our material topics over a 2-4 yearly cycle or when there is a significant shift within our external or internal operating environment.

MATERIALITY ASSESSMENT PROCESS

1. Review of topics and processes

The review of the process and subsequent approach adopted for 2022 was based on feedback from an assurance audit and insights from desk research. An internal workshop concluded there should also be a major revision of the material topics. This resulted in an initial expanded list of 33 potential material topics developed as part of the review with some topics omitted and added from 2020.

2. Stakeholder identification and participation

Internal stakeholders were chosen to represent a range of views and parts of the business, from the shop floor to senior executives and Board members. External stakeholders were selected to include a range of people with diverse perspectives, who have a connection to or degree of familiarity with Sanford.

The assessment included 50 stakeholders (38 internal and 12 external), with participants taking part via a workshop or in depth interview. Stakeholders were identified following the principles of the best practice AA1000 stakeholder engagement standard to represent the diverse views of interested and involved groups (Appendix C).

3. Finalising the topic list

Information from the internal workshops was collated and reviewed, resulting in a final list of 19 material topics.

4. Data collection for 'effect on the business', based on priority ratings from the Executive Team and participating Board members

A follow-up questionnaire was sent out to staff that participated in the workshops. The questionnaire asked respondents to prioritise the 19 material topics according to their effect on the business. The questionnaire was answered by 17 staff,

seven members of the Executive Team, and two Board members.

5. Data collection for 'effect on the economy, people, and the environment', based on priority ratings from external stakeholders

A similar follow-up questionnaire was sent to the stakeholders that participated in the one-on-one interviews. In this instance, each participant was asked to prioritise the material topics according to their effect on the economy, people, and the environment. This questionnaire was answered by 11 out of 12 stakeholders.

6. Developing the materiality matrix

The material topics were mapped according to three categories – very high, high and mid-level importance to produce a simplified matrix (external stakeholders on the y-axis versus internal stakeholders on the x-axis) which was in line with many peer companies reviewed in the desk research.

MATERIALITY MATRIX

The materiality matrix (Figure 1) shows Sanford's 19 material topics mapped by 'effect on the business' and 'effect on the economy, people and environment'.

The 'effect on business' axis represents the priority categories from the key decision makers within the business (9). The 'effect on economy, people and



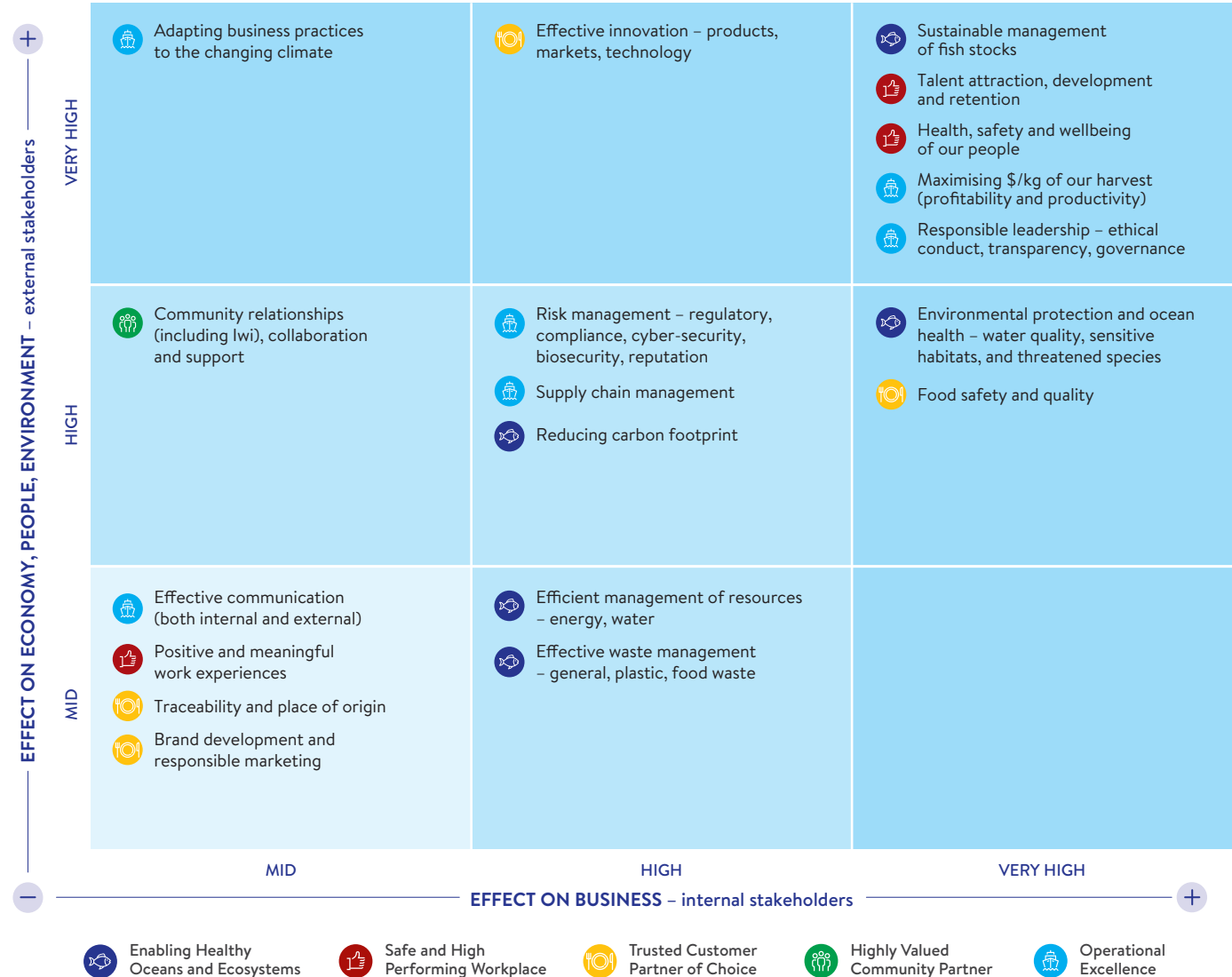
environment’ axis represents the priority categories for the participating external stakeholders (11 of 12).

Comparing the ranking of material topics across internal and external stakeholders, five topics were ranked in the ‘very high’ category by both – ‘sustainable management of fish stocks’, ‘talent attraction, development and retention’, ‘health, safety and wellbeing of our people’, ‘maximising \$/kg’, and ‘responsible leadership’.

Some topics differed in their ranking across groups, for example ‘adapting business practices to changing climate’ ranked as an issue of very high importance for external stakeholders but was only a mid-level issue for internal stakeholders. This may be because internal stakeholders saw other needs as more urgent such the post-pandemic recovery and the impact of the war in Ukraine.

Internal stakeholders ranked ‘environmental protection and ocean health’ and ‘food safety and quality’ higher than external stakeholders, which may reflect a deeper understanding of operational priorities and needs within the business.

FIGURE 1: MATERIALITY MATRIX



PRIORITY RANKINGS

The ranked material issues by their potential ‘effect on the business’ is outlined in Table 1 and are based on the results from the questionnaire for key decision makers within Sanford (9).

In the latest results, two out of three of the top topics remained the same as in 2020 – ‘**health, safety and wellbeing of our people**’ and ‘**food safety and quality**’, reinforcing the view that the success of our company is dependent on providing safe, high-quality seafood while looking out for the wellbeing of our staff and contractors.

A new topic added (re-defined) this year, rated in the top three ‘**environmental protection and ocean health**’ which acknowledges the need to minimise our environmental impact to support the future longevity of the industry. Linked to this and ranking next, was the ‘**sustainable management of fish stocks**’ which has always ranked as a top issue.

Two other new topics added this year came in next, which endorses their inclusion, ‘**responsible leadership**’ and ‘**talent attraction, development and retention**’.

TABLE 1: MATERIAL ISSUES RANKED BY THEIR POTENTIAL EFFECT ON BUSINESS

1=	Health, safety and wellbeing of our people
1=	Food safety and quality
1=	Environmental protection and ocean health – water quality, sensitive habitats, and threatened species
2	Sustainable management of fish stocks
3	Responsible leadership – ethical conduct, transparency, governance
4	Talent attraction, development, and retention
5	Maximising \$/kg of our harvest (including profitability and productivity)
6	Risk management – regulatory, compliance, cyber-security, biosecurity, reputation
7	Efficient management of resources – energy, water
8	Reducing carbon footprint/ emissions
9=	Effective innovation – products, markets, technology
9=	Supply chain management
9=	Effective waste management – general, plastic, and food waste
10	Community and lwi relationships, collaboration and support
11	Adapting business practices to changing climate
12=	Positive and meaningful work experiences
12=	Effective communications (including internal and external communication)
13	Traceability and place of origin
14	Brand development and responsible marketing

Mapping material issues against Sanford’s strategic pillars (Figure 2), highlights the key focus areas for each area.



ABOVE Oysters Mignonette





FIGURE 2: MATERIAL TOPICS BY SANFORD STRATEGIC PILLARS – POTENTIAL BUSINESS EFFECT (key decision makers within the business)

		POTENTIAL BUSINESS EFFECT			
		VERY HIGH	HIGH	MID	
	Enabling Healthy Oceans and Ecosystems	Reducing carbon footprint/emissions		●	
		Adapting business practices to changing climate			●
		Efficient management of resources – energy, water		●	
		Effective waste management – general, plastic, and food waste		●	
		Environmental protection and ocean health – water quality, sensitive habitats, and threatened species	●		
		Sustainable management of fish stocks	●		
	Safe and High Performing Workplace	Health, safety and wellbeing of our people	●		
		Talent attraction, development, and retention	●		
		Positive and meaningful work experiences			●
	Trusted Customer Partner of Choice	Food safety and quality	●		
		Traceability and place of origin			●
		Effective innovation – products, markets, technology		●	
		Brand development and responsible marketing			●
	Highly Valued Community Partner	Community and lwi relationships, collaboration and support			●
	Operational Excellence	Maximising \$/kg of our harvest (including profitability and productivity)	●		
		Effective communications (including internal and external communication)			●
		Risk management – regulatory, compliance, cyber-security, biosecurity, reputation		●	
		Supply chain management		●	
		Responsible leadership – ethical conduct, transparency, governance	●		



ADDRESSING MATERIAL ISSUES THROUGH OUR BUSINESS EXCELLENCE FRAMEWORK

Addressing the most material topics is our priority at Sanford. Its why we periodically review our topic definitions and revisit our materiality assessments. Based on what our stakeholders have told us this year, we've updated our material topics and topic definitions. We measure performance against material topics within each of the five pillars of our Strategic Business Excellence Framework, which is described in the Performance Outcomes section of this report (pages 30 to 88). To maintain consistency, performance during FY22 is measured against material topics defined at the start of that year (progress against targets for FY22), whilst our performance targets for FY23 are aligned with the material topics identified during our most recent materiality assessment, performed during July – September 2022.

In the diagrams below, we link our top material issues, from the recent stakeholder engagement to the five pillars and outcomes of our Strategic Business Excellence Framework, and associated Sustainable Development Goal outcomes (material topic ranking is shown alongside in brackets).



Enabling Healthy Oceans and Ecosystems

- Environmental protection and ocean health – water quality, sensitive habitats, threatened species (1=)
- Sustainable management of fish stocks (2)
- Efficient management of resources – energy and water (7)
- Reducing carbon footprint (8)
- Effective waste management – general, plastic, and food waste (9=)
- Adapting business to climate change (11)



Safe and High Performing Workplace

- Health, safety and wellbeing of our people (1=)
- Talent attraction, development, and retention (4)
- Positive and meaningful work experiences (12=)



Trusted Customer Partner of Choice

- Food safety and quality (1=)
- Effective innovation – products, markets, technology (9=)
- Traceability and place of origin (13)
- Brand development and responsible marketing (14)



Highly Valued Community Partner

- Community and iwi relationships, collaboration, and support (10)



Operational Excellence

- Responsible leadership – ethical conduct, transparency, governance (3)
- Maximising the \$/kg of our harvest (incl. profitability and productivity) (5)
- Risk management – regulatory, compliance, cybersecurity, biosecurity, reputation (6)
- Supply chain management (9=)
- Effective communications (internal and external) (12=)



– HOW WE CREATE VALUE –

INPUTS

OUR BUSINESS



FINANCIAL CAPITAL

Pool of necessary funds (equity, debt and grants) provided by banks and shareholders, or generated through operations or investments



HUMAN CAPITAL

Competencies, capabilities and experience of our employees, our key asset, and the capacity to add value through human capital development



MANUFACTURED CAPITAL

Tangible, production-orientated goods and infrastructure owned, leased or controlled by Sanford that contributes to the delivery of our products and services



INTELLECTUAL CAPITAL

Intellectual property, brand and reputation, a key element of our future earning potential and competitive advantage



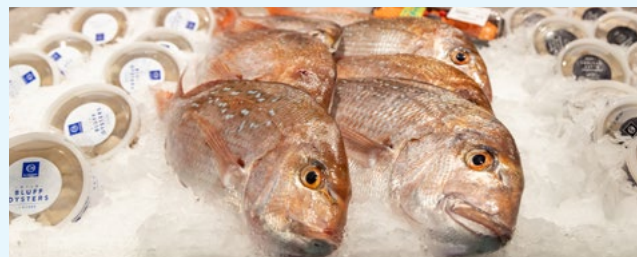
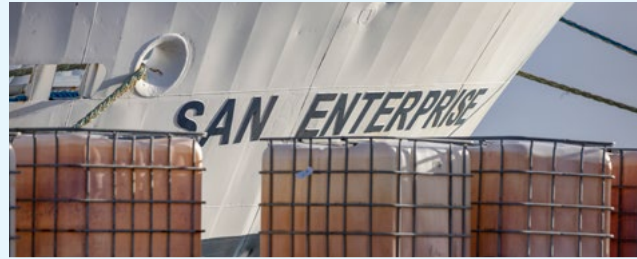
NATURAL CAPITAL

Stock of natural resources or environmental assets (water, atmosphere, land, materials, biodiversity and ecosystem health) that are fundamental to our future prosperity



SOCIAL & RELATIONSHIP CAPITAL

Relationships within Sanford, and between Sanford and its external stakeholders, which are essential to retaining our social licence to operate, including relationships to maintain quotas and licences fundamental to our future prosperity



FISHING



43

FISHING AND AQUACULTURE VESSELS

FARMING



225

AQUACULTURE FARMS

OPERATIONS SITES



16

ACROSS NZ / AU

CUSTOMERS



572

OUTPUTS



OUTCOMES

\$531.9^M

REVENUE IN 2022

109,412

TONNES OF SEAFOOD HARVESTED

704^M

MEALS PRODUCED

STANDARD MEALS BASED ON A 100G PORTION OF SEAFOOD



Enabling Healthy Oceans and Ecosystems

We will lead by example in ocean management, so that future generations can enjoy and benefit from our biologically diverse, safe and healthy oceans. We will work with our people, customers and suppliers to lead the way in maximising resource utilisation, minimising our footprint and protecting the environment wherever we operate.



High Valued Community Partner

We are a valued and respected partner both at a local community level and with our national strategic partners. We are a positive contributor to all our stakeholder communities and are regarded as being an integral part of the local and national communities we participate in.



Operational Excellence

We are New Zealand's seafood leader for quality, value and reputation. We deliver consistent and sustainable, profitable, and socially beneficial outcomes to our shareholders and stakeholders through our people, sector leadership, approach to innovation, and risk management strategies.



Safe and High Performing Workplace

We strive to become an employer of choice by delivering industry leading safety risk management, ensuring a culture of high performance and growth and by living our values.

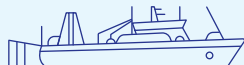


Trusted Customer Partner of Choice

We will work with customers and consumers to bring them the best of our sustainably harvested seafood and marine extracts, demonstrating great care for our beautiful New Zealand products and achieving the optimal value for these precious resources.

OUR VISION

NEW ZEALAND'S SEAFOOD LEADER FOR QUALITY, VALUE AND REPUTATION





VALUE CREATION OUTCOMES

HIGHS

LOWS



ENABLING HEALTHY OCEANS AND ECOSYSTEMS



CONSISTENT AND SUSTAINED REDUCTION IN FISHERIES INTERACTIONS WITH SEABIRDS AND MARINE MAMMALS SINCE FY18

(down 45% for seabirds and 65% for marine mammals)



44% REDUCTION IN WASTE DIRECTED TO LANDFILL

FY22: 3,536 tonnes
FY21: 6,357 tonnes
FY20: 9,627 tonnes



INCREASE IN VOLUME OF NOTIFIABLE SPILLS

FY22: 160 litres of liquids, 136kg of gases
FY21: 146 litres of liquids, 0kg of gases



SAFE AND HIGH PERFORMING WORKPLACE



ENGAGEMENT SCORE STEADY DESPITE COVID IMPACTS

(overall engagement score of 7.4 in July 2022, a slight drop from 7.6 in June 2021)



7% PAY INCREASE FOR ENTRY LEVEL FRONTLINE POSITIONS



18% YEAR ON YEAR INCREASE IN VOLUNTARY TURNOVER OF PERMANENT STAFF

FY22: 22.48% of permanent staff
FY21: 19% of permanent staff



VALUE CREATION OUTCOMES

HIGHS

LOWS



TRUSTED CUSTOMER PARTNER OF CHOICE



COMPLETION OF THE BUILD OF SANFORD BIOACTIVES

our marine extracts centre in Blenheim



CUSTOMER COMPLAINTS RECEIVED REDUCED BY 42%

Number of validated complaints per million kgs sold reduced by 20%



DELAYED DELIVERY OF NEW PRODUCT LINES IN NEW ZEALAND AND US MARKETS



HIGHLY VALUED COMMUNITY PARTNER



294,576 SEAFOOD MEALS DONATED TO COMMUNITY GROUPS



SUPPORTED 24 FOOD BANK SERVICES ACROSS NEW ZEALAND

15%

REDUCTION IN COMMUNITY SUPPORT VALUE compared to 2021



OPERATIONAL EXCELLENCE

NPAT \$55.8M UP 244% ON FY21

(assisted by crayfish quota sales)

ADJUSTED EBIT \$40.2M UP 72.5% ON FY21

MUSSEL HARVEST VOLUMES DOWN

8%

due to labour shortages and Covid-impacts





OUR GLOBAL SALES FOOTPRINT

2022 has seen New Zealand go from regional Covid-related lockdowns, which dominated the beginning of our financial year, to our reopening to the world by the end of it. We have been able to resume travel to visit key customers and see first-hand how our products are being received.

We continue to pursue a strategy of market diversification, which has served us well, as different markets have moved through the pandemic at different speeds and with different approaches. As a general observation, market demand has returned to pre-pandemic levels faster than expected.

NORTH AMERICA

The North American market provided 17.1% of our total sales revenue in 2022, down slightly on FY21 (17.4%). This drop

is attributable to a shift in our half-shell mussels focus, with volume down, despite strong demand. This is because other markets increased demand for our half-shell product, as they recovered from Covid related challenges.

In this region we had an outstanding year for salmon, driven by Big Glory Bay brand growth and an increase in our direct to customer business, as opposed to exclusively using a traditional wholesaler model. These changes saw us achieve 63% revenue growth for salmon in this region.

AUSTRALIA

Overall this market has continued to perform well for Sanford, with Sanford Australia having a very positive year and contributing \$3.8 million to the Adjusted EBIT.

We were able to realise increased margins into this market on all major product categories.

We launched our Big Glory Bay brand in Australia in the middle of our year, across all channels, including creating strong partnerships with the likes of Fishbowl, a chain of high-end, wellness-focused restaurants.

CHINA

China (including Hong Kong) represented a higher proportion of our Sales revenues in 2022 at 14.6% versus 11.1% in the prior year. We saw significant salmon growth, driven by a small volume increase and significant growth in brand value. Mussel revenue remained flat as we continued to diversify our markets for this product globally. Wildcatch saw significant growth, driven by value growth for our premium scampi offering.

EUROPE

The share of our sales revenue from Europe was up slightly compared to the prior year (10.9% in FY22 and 9.1% in FY21). We sent less of our squid to this market as we were able to achieve stronger pricing in Asia. Our mussel revenue increased as the European market recovered from Covid-impacts and foodservice went from strength to strength in the region.

JAPAN

The Japanese market was largely flat versus the prior year (2.6% in FY22 compared to 2.2% in FY21), however a highlight was strong hoki sales, assisted by favourable currency changes. The mussel market in this country also saw good recovery from the Covid-impacts of the prior year.

OTHER ASIA

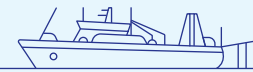
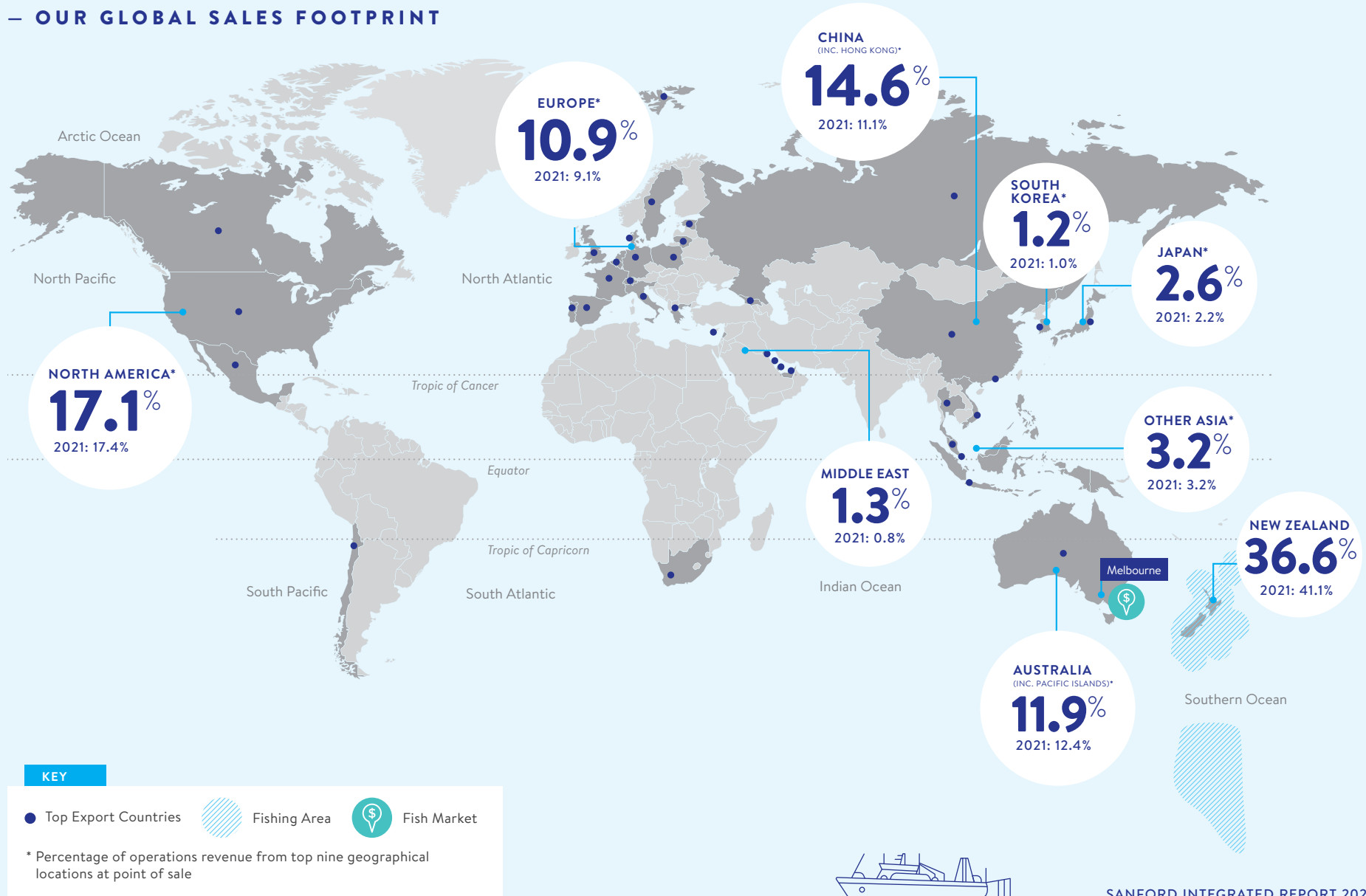
We saw growth in demand for salmon in smaller markets like Singapore, Taiwan and Thailand, however these same markets saw lower mussel revenue, as they were unable to meet the prices we could achieve elsewhere. We have positive expectations about continued growth in demand for our salmon and scampi across Asia.

CONCLUSIONS

The year saw rapid growth in demand, as many of our key markets bounced back from Covid-related impacts, and we were able to realise the benefits of key components of our market strategy such as our more direct connections to our customers. Supply chain pressures continue to be challenging, both in getting our goods out of New Zealand and in managing port congestion and transport-related issues when our goods reach their intended markets. However, the stabilising influence of our relationship with supply chain collaboration group Kotahi has been beneficial. The latter part of our year has seen consumers feeling the impacts of inflation on their shopping baskets which may constrain price growth in the seafood category.



— OUR GLOBAL SALES FOOTPRINT





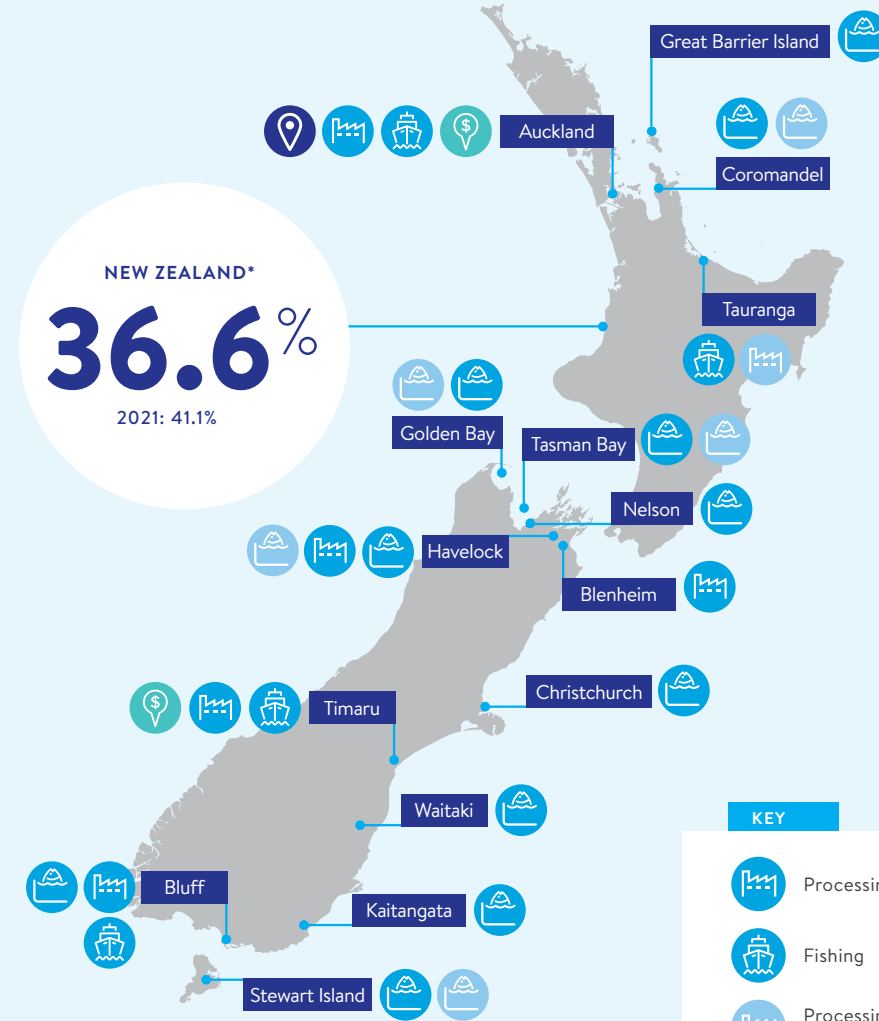
OUR NEW ZEALAND FOOTPRINT

NEW ZEALAND

Sales volumes in our New Zealand market have grown, despite the reduction in the percentage of our total sales output taken by domestic customers.

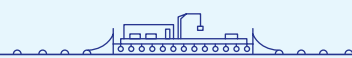
Our domestic salmon business has performed well ahead of where it was in FY21, despite lower volumes. Our relationship with key domestic partner Foodstuffs remains strong and our seafood is available at its supermarkets across the North Island and in some South Island outlets.

Our Big Glory Bay premium salmon is now offered in high end and iconic restaurants from Stewart Island to the top of the North Island.



KEY

- Processing
 - Fishing
 - Processing Joint Arrangements
 - Head Office
 - Aquaculture
 - Fish Market
 - Aquaculture Joint Arrangements
- * Percentage of operations revenue from top nine geographical locations at point of sale





Luke Jones on board PSH vessel, Tengawai.





OUR PERFORMANCE OUTCOMES

In the following chapters you will find our reporting on our performance in 2022. The five chapters describe our progress across the five outcomes or pillars of our Business Excellence Framework.

These chapters can be cross referenced with the Global Reporting Initiative (GRI) guidelines (described and indexed in Appendix E). Their content is selected with the International Integrated Reporting Council frameworks as our guide.

On the first page of each chapter you will find a dashboard with three wheels. One shows which of the UN Sustainable Development goals are related to that content. Another wheel describes which of our strategic initiatives are reflected in the chapter's content. The third links capital inputs to the content of that chapter.

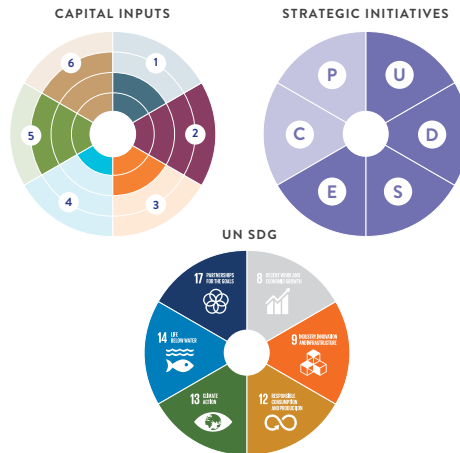
- KEY** — **CAPITAL INPUTS**
- 1. Financial
 - 2. Human
 - 3. Manufactured
 - 4. Intellectual
 - 5. Natural
 - 6. Social & Relationship

- STRATEGIC INITIATIVES**
- U Utilisation
 - D Differentiate
 - S Systems
 - E Expertise
 - C Customers
 - P People

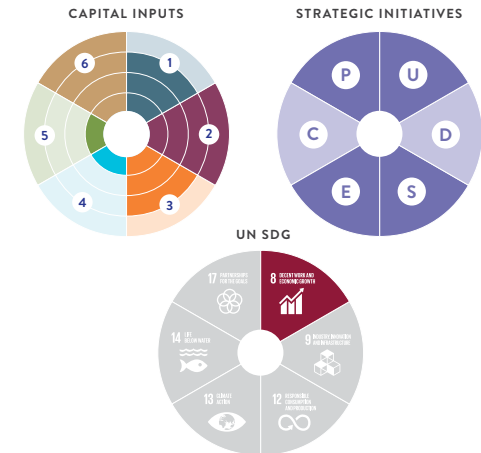
- UN SDG**
United Nations Sustainable Development Goals



Enabling Healthy Oceans and Ecosystems




Safe and High Performing Workplace





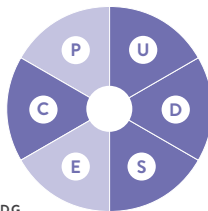
Trusted Customer Partner of Choice



CAPITAL INPUTS



STRATEGIC INITIATIVES



UN SDG



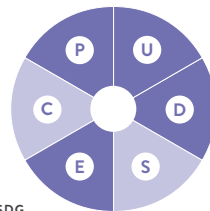
Highly Valued Community Partner



CAPITAL INPUTS



STRATEGIC INITIATIVES



UN SDG



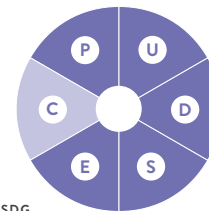
Operational Excellence



CAPITAL INPUTS



STRATEGIC INITIATIVES



UN SDG





Enabling Healthy Oceans and Ecosystems

OUR VISION: We will lead by example in ocean and environmental management, so that future generations can enjoy and benefit from our biologically diverse, safe and healthy oceans. We will work with our people, customers and suppliers to lead the way in maximising resource utilisation, minimising our footprint and protecting the environment wherever we operate.

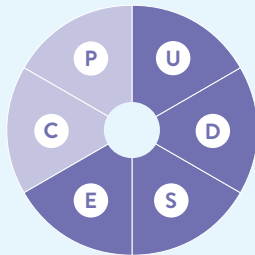


CAPITAL INPUTS



- 1. Financial
- 2. Human
- 3. Manufactured
- 4. Intellectual
- 5. Natural
- 6. Social & Relationship

STRATEGIC INITIATIVES



- U Utilisation
- D Differentiate
- S Systems
- E Expertise
- C Customers
- P People

KEY: DARKER SEGMENTS APPLY TO THIS OUTCOME. SEE PAGE 14

UN SDG



United Nations Sustainable Development Goals

KEY: COLOUR SEGMENTS APPLY TO THIS OUTCOME.

Material issues and value creation – 2022

This table summarises Sanford's actions relating to our desired business outcome of **enabling healthy oceans and ecosystems**. It includes the targets we set at the commencement of year 2022, organised by the material topics defined in our 2021 Annual Report, and our progress against these targets. At the end of this section, we use revised and refreshed material topics (the outcome from the materiality process) to define future targets for 2023 and beyond as well as our future vision.

PROGRESS AGAINST TARGETS FOR FINANCIAL YEAR 2022

MATERIAL TOPICS	2022 TARGETS	PROGRESS AGAINST TARGETS
Sustainable Fish Stocks, Marine Farms and Marine Conservation	Expand the application of Precision Seafood Harvesting (PSH) technology by gaining regulatory approval of, constructing associated equipment, and deploying PSH on Sanford vessels within the West Coast North Island fishery, thereby realising benefits from precision harvests, environmental improvements, and catch quality within this key fishery.	→ Ongoing. During FY22, applied for and obtained the regulatory approval for PSH use within the West Coast North Island. Bespoke PSH construction for our vessels which fish that area hampered by availability of the composite fabric material required for construction. Construction and deployment now anticipated for FY23.
	Continue to monitor and ensure full compliance to catch reporting and fisheries regulation. Promote and support active fisheries management decisions to ensure the sustainability and resilience of fish stocks, along with their sustainable utilisation for the benefit of the whole community.	✓ Achieved. Full compliance to catch reporting. Sanford was also actively involved in submissions on sustainability rounds and fisheries management systems during FY22 – all positions taken support robust stock management to enable the sustainable utilisation of fisheries resources.
Endangered, Threatened and Protected Species	Maintain multi-year reduction trends (FY18: FY22) in harmful interactions between our fisheries activities with seabirds and marine mammals through continuous improvements, trigger levels, mitigations in operations, and targeted partnerships.	✓ Achieved. Consistent and sustained reduction in fisheries interactions since FY18 with both seabirds (45% reduction in interactions) and marine mammals (65% reduction in interactions).

IMAGE (PAGE 32) Henry Baine, a local Stewart Islander who works for New Zealand Diving and Salvage (NZDS) and is part of the contracted dive team.





MATERIAL TOPICS	2022 TARGETS	PROGRESS AGAINST TARGETS
Endangered, Threatened and Protected Species – Cont	Complete our contribution toward the Māui63 drone partnership programme, supporting the field surveys, and distribute outcomes to fishing vessels to further reduce the already low interaction risks with Māui dolphin.	✘ Not Achieved. Support of the Māui63 drone program has continued throughout FY22. The program is not yet complete, with further field testing and systems to support data communications links remaining to be deployed.
Environmental Effects	<p>Ensure no environmental abatement notices across Sanford managed operations.</p> <p>Review and further strengthen prevention and mitigation controls for environmental spills and discharges to further reduce environmental risk associated with these unplanned events.</p>	<p>✔ Achieved. No environmental abatement notices received.</p> <p>Mitigation controls for spills and discharges were reviewed with systemic improvement measures put in place such as scheduled hydraulic hose and fitting audits –improving preventative maintenance regimes.</p>
Resource Utilisation and Efficiency	Reduce our water use intensity by a further three percent (m ³ /GWkg).	✘ Not Achieved. Marginal increase (1%) in water intensity (m ³ /GWkg), influenced by a reduction in volumes (GWkg) processed onshore for whitefish and mussels.
	Achieve 65% waste diversion from landfill, including metals and marine.	✔ Achieved. Waste diversion from landfill across operations was 75% as teams continued a focus to reduce waste and identify alternative re-use opportunities across a range of materials including mussel shell and end-of-life fishing nets.
	Prepare and implement internal processes to ensure the systematic consideration and evaluation of waste, water, energy, carbon efficiency in capital purchase decisions.	✔ Achieved. Qualitative processes adopted to ensure environmental features are considered for capital purchase decisions within both project evaluation and decision-making stages. Further maturity planned to be developed during FY23 and beyond through the deployment of quantitative environmental hurdles for new projects.
	Prepare and implement a sustainable procurement policy and procedures, using our influence with suppliers to further our values, vision and goals.	➔ Ongoing. A Supplier Code-of-Conduct has been prepared during FY22. Engagement with select suppliers to test implementation has been initiated. Further testing and roll out anticipated during FY23.



MATERIAL TOPICS

2022 TARGETS

PROGRESS AGAINST TARGETS

Carbon Reduction

Implement progress along our long-term emissions reduction pathway, targeting a 25% absolute reduction of Scope 1 and 2 GHG emissions by 2030 from a 2020 base year. Projects for implementation during FY22 include:

- Energy efficiency and refrigerant loss prevention initiatives at processing sites
- Targeted EV/PHEV replacements for light passenger vehicle fleet
- Establishing and embed internal processes, such as internal carbon pricing, within our business planning frameworks to promote project and asset strategy and decisions in support of a low-emissions future

Address indirect (Scope 3) emissions by working with suppliers to embed emissions reductions targets and initiatives. Target engagement and target setting with top 20% of suppliers by value during FY22.

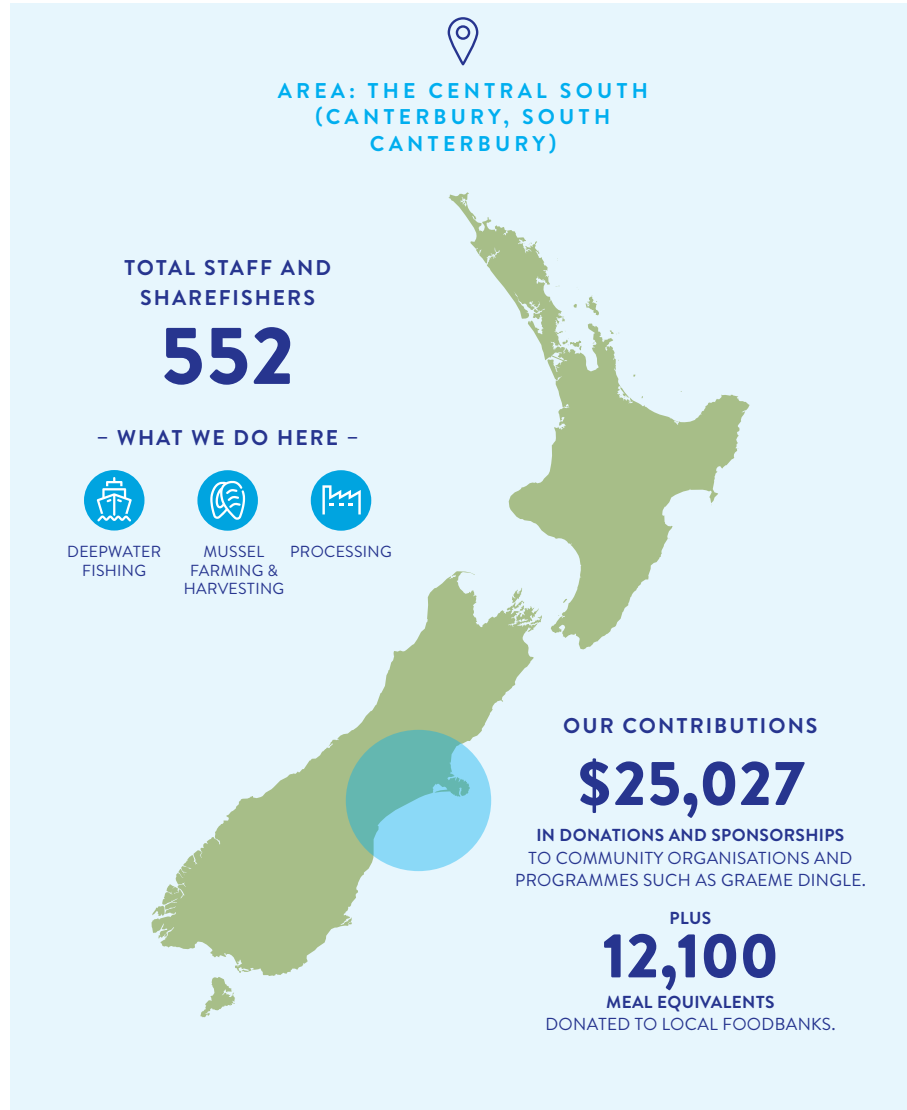


Achieved. 7.6% reduction in Scope 1 and 2 GHG emissions. Significant efficiency project implementation achieved during FY22 including:

- Vessel based efficiency projects – Modification of San Aspiring engine operational mode control, updating of large vessel Ship Energy Efficiency Management Plans;
- Review of light vehicle operations to optimise use, and transition to PHEVs at main sites.

Waste diversion initiatives diverted a total of 10,629 MT of waste from landfill in FY22, thereby avoiding Scope 3 landfill emissions equivalent to 2,200 t CO₂-e. Top tier suppliers engaged and evaluated for emissions reductions targets.





PERSEVERANCE OF OUR **REGIONS**

Greening the Fleet

From changing weather patterns to warming waters, the increasing effects of climate change are as evident at sea as they are on land. As New Zealand’s largest integrated fishing and aquaculture business, operating 43 vessels and 225 aquaculture farms, we’re constantly looking at what we can do to lighten our impact on the oceans. Sustainability is a focus across our strategy from the long-established, shared value of care to the current strategic initiative to “differentiate through innovation, quality, provenance, sustainability, operational excellence and the application of science.”

How does this play out in our deepwater fishing fleet, which is based out of the Port of Timaru in Canterbury? Our fishing vessels account for the lion’s share of our volumes and revenues, but they also

account for the largest share of our direct emissions. They have long life spans and are in a sector where alternative technologies are lagging in development.

Nonetheless, in 2022 we continued to make progress on reducing emissions by focusing on fuel efficiency and projects which have achieved operational improvements.

Our 64m deepsea trawler San Discovery delivered an annual emissions reduction of an estimated 218 tonnes of CO₂ equivalent (CO₂e) following work which improved vessel efficiency. This included a propeller upgrade, new underwater hull coating to reduce friction and overhauled steering controls. A new boiler is using less fuel for the output of steam heat for the upgraded meal plant, and for the conversion of steam to water. This has





-401 tonnes

(ESTIMATED) – ANNUAL EMISSIONS REDUCTION – CO₂e
FOR THE DEEPSEA TRAWLER, SAN DISCOVERY
FOLLOWING UPGRADES

achieved a further estimated annual emissions reduction of 183 tonnes CO₂e.

Adopting a system that allows for the main engine to operate at lower revolutions per minute also achieved emissions reductions and fuel efficiency gains on board our long liner *San Aspiring*. This system is known as “propeller curve mode” where the engine optimises its output speed based on the demand of the propeller. This provides significant benefit when hauling lines (which it does for most of the time) producing a 25% reduction in diesel consumption.

Staying on top of energy consumption can also contribute to lower emissions. Our ship energy efficiency management plans (SEEMPs) set out operational measures to optimise fuel use when steaming and trawling in our largest vessels.

Examples include measures to reduce drag on nets under tow or controlling the vessels to optimise efficiency through the water. Regular dry dockings and renewal of underwater paint remain integral to vessels’ fuel efficiency longevity, while thermal imaging of cargo holds regularly verifies insulation efficiency in our cold storage.



ABOVE A PHEV in Havelock, one of seven added in 2022 across our light vehicle fleet.



ABOVE Sanford deepwater vessel the San Discovery, boiler replacement.

We also recover heat from the main engine exhaust to supplement boilers and the desalination plant. The SEEMPs ensure energy efficiency remains a priority on vessels, with documentation of improvements enabling shared gains across the fleet.

We are greening our fleet on land, as well as at sea, progressively shifting to hybrid vehicles where it’s practical. This year our pool cars were replaced with seven plug-in hybrids, four in Auckland, two in Timaru and one in Havelock. The change is

forecasted to reduce emissions by 13.5 tonnes CO₂e annually. While this represents a small proportion of our overall emissions, we’ve selected to make the change, as passenger vehicles is one area where renewable based technologies are currently available and practical, unlike large fishing vessels at present. Making the PHEVs available to our staff has also proven positive in that some pre-conceived opinions on electric vehicle technology have changed. They are now championing it. ●



SUPPORTING SOUND SCIENCE FOR SUSTAINABILITY

SCIENCE HAS an invaluable role to play in assessing the health and abundance of the wildcatch species we target and it supports proven tools like Quota Management in protecting that sustainability. The more we know, the better.

So, when many of our vessels now deploy their fishing gear, they are trawling for more than fish. Smart sensors, attached to the gear, are quietly capturing real-time data on ocean depths and temperatures for the Moana Project, a five-year research initiative by the oceanographic division of MetService (Meteorological Service of New Zealand Limited).

The project is building a picture of how climate change is driving changes in marine temperatures with the potential to affect fish stocks. Sanford now has

sensors on eight deepwater and three inshore vessels, and we're part of a 200-strong network of vessels capturing valuable data for the research as we go about fishing.

The data is transmitted directly to the MetService for inclusion in their ocean forecasting models. The project will improve understanding of coastal ocean circulation, connectivity, and marine heatwaves, supporting a sustainable seafood industry and the management of our marine environments.

Meanwhile, our skippers can access detailed surface and underwater ocean forecasting covering five-to-six-day spans and use this data in their planning. Longer term, the research will enable us to better forecast and respond to biological changes in the fisheries because of climate change.

MPI SUMMARY OF SANFORD'S REPORTED INCIDENTAL CATCH DATA¹

	SEABIRDS				MARINE MAMMALS ²			
	2022	2021	2020	2019	2022	2021	2020	2019
Uninjured	102	98	140	83	2	0	3	5
Injured	2	5	2	3	0	0	0	0
Dead	123	191	220	164	25	44	33	46
Total	227	294	362	250	27	44	36	51
Mortality Rate (%)³	54%	65%	61%	66%	93%	100%	92%	90%

1. Vessels operating under Sanford fishing permit over the period July 2021 to June 2022, reflecting data availability from MPI.

2. For context, since our records began, Sanford has never harmed a Māui dolphin.

3. Mortality rate calculated as the ratio between total species caught and those caught dead.



ABOVE Andrew "Lizard" Hetherington, skipper of the Tengawai in the wheelhouse.



Our involvement with the Moana Project is one example of how we support sound marine science. Another is providing vessels for scientific surveys. It's a very cost-effective approach, as the survey work can often be accommodated free of charge when we are fishing, or at discounted rates as the vessel is already 'in-position'.

In January, the San Aotea extended its routine 60-day Ross Sea voyage by three weeks to support the annual scientific survey of Antarctic toothfish. Sanford has collaborated with scientists

from the Ministry of Primary Industries, NIWA (National Institute of Water and Atmospheric Research) and the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) for 10 years.

The survey focuses on the number and health of juvenile toothfish in parts of the Ross Sea shelf, areas of shallower water where the fish undergo an initial growth spurt before migrating into the wider Ross Sea.

This year we also supported Marine Stewardship Council (MSC) recertification of orange roughy stocks on the Chatham Rise. MSC Certification not only considers the health and sustainability of specific fish stocks, but also effective fisheries management and how fishing activities are managed to maintain the overall health of the habitat and other species within it. We harvest six species that are MSC certified - orange roughy, hake, hoki, ling and southern blue whiting, which are certified in New Zealand, as well as toothfish from the Ross Sea. ●



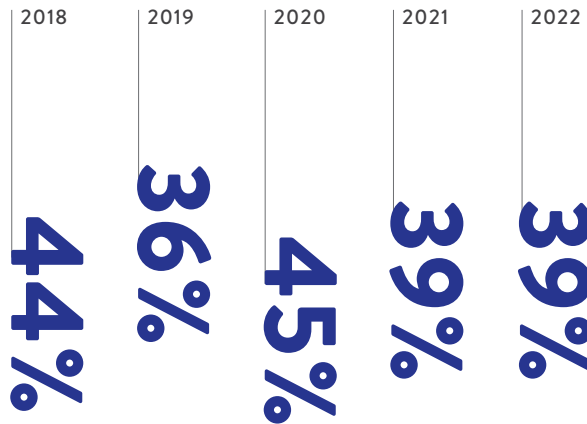
DURING 2022 SANFORD PEOPLE COMPLETED

209

SEPARATE SHORELINE CLEAN-UP EVENTS

Comprising **687 PERSON HOURS** and **155 VESSEL HOURS**, resulting in the removal of **1,408 KG OF WASTE** from shorelines in the Auckland, Marlborough, and Southland/Stewart Island regions.

WILD CAUGHT MSC CERTIFIED CATCH*



* Based on Sanford's total wildcatch (by GWT). Deviations reflect fluctuations with seasonality, annual catch entitlements, species composition and climate events such as El Niño/La Niña.



ABOVE San Aotea II in the Ross Sea while doing CCAMLR work.



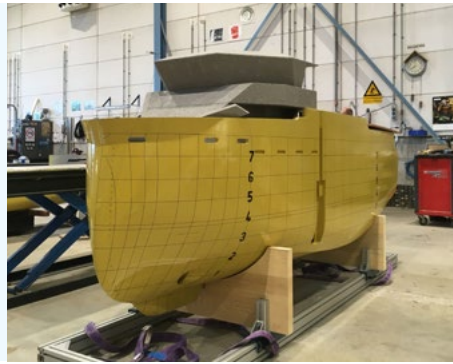


SUSTAINABLE, LOW CARBON AND AS TOUGH AS THE SOUTHERN OCEAN

IT'S NOT BUILT YET, but we know precisely how our new scampi vessel will perform on the Chatham Rise in the Southern Ocean where we fish for this delicacy.

In September 2022, the Board took the next step towards approving the \$30 million capital investment for the new vessel by proceeding to a formal tender and contract stage. This will be in line with a number of our strategic initiatives and the priority to sustain our deepwater operations. We expect to gain final approval by the end of calendar year 2022. The vessel design has come from Damen, a family-owned Dutch shipbuilder which also built our Ikawai and Tengawai inshore vessels in 1980. The performance of the new vessel in the scampi fishery will guide decisions on a further two being bought.

We are confident about the new vessel's capability because the design phase has included some of the most rigorous due



ABOVE Scale model used for tank testing

diligence Sanford has ever undertaken for fleet investments. Undertaken by MARIN, a globally recognised marine research institute in The Netherlands, this work determined how the hull design would perform – right down to how the crew may feel when the vessel pitches or rolls.

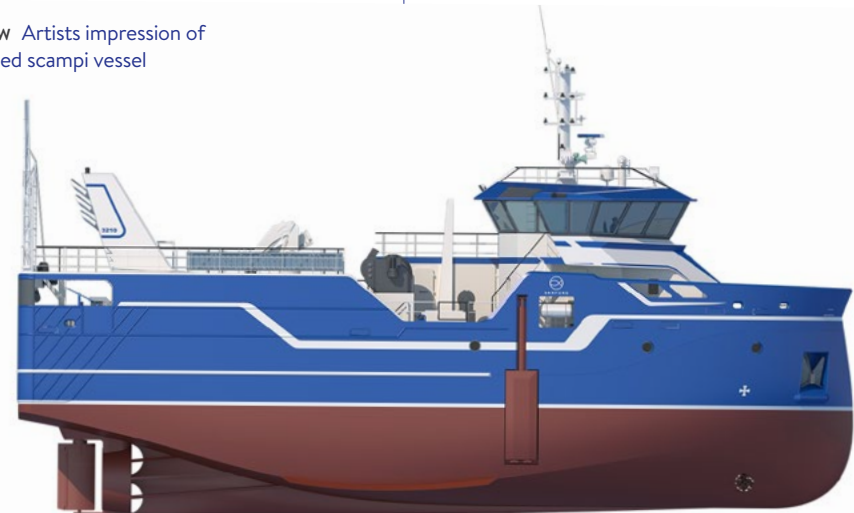
Elliot Kendrick, Group Manager, Engineering & Infrastructure Assets, says testing was undertaken in MARIN's 170 metre long and five-metre-deep seakeeping and manoeuvring basin.

“We had a wooden model of about three metres, at a geometric scale of approximately 1:11. It was fitted with a propeller, propeller nozzle and rudder, and sensors including accelerometers, motion sensors, strain gauges and pressure sensors to work out how the vessel would react to various sea conditions.

“The tank testing data used environmental data specific to where we fish in the Southern Ocean and at the Chatham Rise. Recognising the tough conditions our crew operate in, we wanted to make the hull and its movement as good as we could get.

The results of the tank testing determine how the vessel pitches and rolls. This data was used to calculate the likelihood of sea sickness for the crew, whether the vessel would take on water when sailing, and its response in head, beam and quartering seas. Shipping water is where waves break over the bow or stern, which can then run down the upperdeck, potentially causing issues for equipment and crew. The data from the tank testing is then put back into the software model to ensure that the hull and it's seakeeping are as good as can be.”

BELOW Artists impression of planned scampi vessel



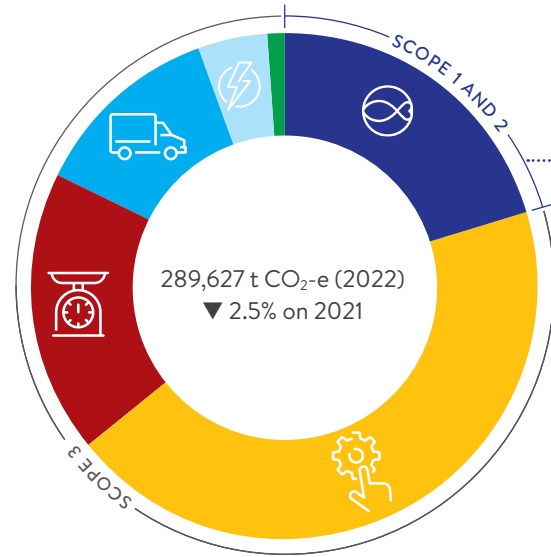
This due diligence continued the care and practical experience that has gone into the scampi replacement vessel project. Scampi skippers have fed into the project, with its aim of a future-proofed fleet which is a safer operating platform for crews, the environment and marine birds and mammals.

With sustainability at the heart of the project, paints for the vessel have even been evaluated by the volume of solvent released as they dry.

The vessel will employ low emission diesel/ electric power and the refrigeration plant will use environmentally friendly gas. Sensors will control the speed of fans and pumps so that they can be controlled by demand – thus saving electrical power and fuel. ●



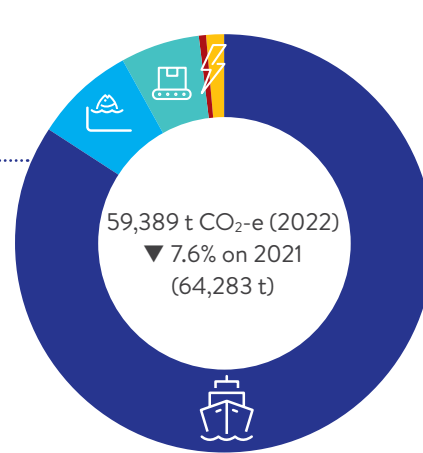
SANFORD'S WHOLE VALUE CHAIN EMISSIONS PROFILE – 2022 (SCOPE 1, 2 AND 3)



* Operational emissions defined as Scope 1 and 2 emissions.

Latest emissions factors applied, 1% materiality threshold applied for GHG Protocol Scope 3 categories. FY21 data categories updated to ensure like-for-like comparison.

SANFORD'S OPERATIONAL EMISSIONS PROFILE – 2022* (SCOPE 1 AND 2)



● Fishing operations (on-water, wharf and support)	84.3%
● Aquaculture operations (on-water, wharf and support)	7.8%
● Processing and storage sites (coldstores, process heat, processing energy etc.)	5.9%
● Supply Chain (owned fleet)	0.62%
● Other (Head office, etc.)	1.23%

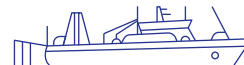
Our approach to emissions reductions

We've been measuring, reporting and working on reducing our Greenhouse Gas (GHG) emissions since 2001. Over that time we've developed our systems for GHG accounting.

We apply ISO 14064-1:2006 standards for the measurement of our operational direct and indirect emissions (Scope 1 and 2). We apply firstly an operational control consolidation methodology followed by an equity share basis for non-operationally controlled joint ventures. We take guidance from the GHG Protocol standards for Corporate Value Chain emissions (those emissions that are the result of activities not controlled by us, but that we indirectly impact in our value chain (Scope 3)). Emissions factors are based on the latest versions available from the Ministry for the Environment, DEFRA, EORA, and in the absence of those, relevant sector information.

In FY20 and 21, we conducted a full measurement of value chain emissions, both upstream and downstream, across all 15 GHG Protocol Scope 3 categories. This financial year, we applied a materiality threshold of 1% of total Scope 3 emissions, to ensure our measurement efforts are focused on areas meaningful for our business operations. For comparability, we have restated our FY20 and FY21 Scope 3 emissions to only include the identified material categories (Appendix A) to allow like-for-like comparisons.

We are on track with our target of a 25% absolute reduction in Scope 1 and 2 GHG emissions by 2030 from a 2020 baseline, with several emissions reduction projects implemented during FY22. Our baseline year of 2020 was selected as it was subjected to an independent assurance process via Toitū, following ISO 14064-1 standards. For further information refer to the Progress on Target Statement for Carbon Reduction on page 35.





Our future focus – Targets for FY2023

VISION AND STRATEGIC LINKS

OUR VISION:

We lead by example in ocean and environmental management, so that future generations can enjoy and benefit from our biologically diverse, safe, and healthy oceans. We work with our people, customers, and suppliers to lead the way in maximising resource utilisation, minimising our footprint and protecting the environment wherever we operate.

LINKS TO RELEVANT STRATEGIC INITIATIVES:

- U** Improve value utilisation and eliminate waste
- D** Differentiate through innovation, quality, provenance, sustainability, operational excellence and application of science
- S** Invest in systems to drive a high achieving organisation
- E** Develop expertise, knowledge and insights to drive asset optimisation, profit, value, quality, and sustainability

MATERIAL ISSUES & STRATEGIC GOALS

Sustainable Fish Stocks and Marine Farms

Comply with all applicable laws, regulations, and conventions governing our operations. Recognise and prioritise the importance of a healthy ocean for the sustainable utilisation of fisheries resources.

2023 TARGETS

100% compliance to catch reporting and fisheries regulation.

Take an active role engaging in fisheries management forums and sustainability rounds, supporting science-based decisions and management frameworks which prioritise sustainability and sustainable utilisation.

Manufacture and deployment of Precision Seafood Harvesting (PSH) units suitable for Sanford's inshore West Coast North Island vessels.

Protecting Environments and Ocean Health

Deliver best practice fishing, farming and environmental operations to ensure and enable the protection of water quality, habitats, and endangered, threatened, and protected marine species.

Zero environmental abatement notices.

Support and implement continuous improvements in protected species avoidance and mitigation practices – including for FY23:

- operational application of near-real time Maui dolphin observation data to vessels via the Maui63 platform; and
- practical development of technology facilitating detection and safe underwater release in the unlikely event of containment.



MATERIAL ISSUES & STRATEGIC GOALS

2023 TARGETS

Efficient Management of Resources (Energy and Water)

Do more with less by maximising our efficient use of resources.

Implement process wastewater improvement projects at both Havelock and Timaru processing sites.

Deliver water and energy intensity use levels lower than, or equal to, FY20-22 averages, through a continued focus on water and energy savings and loss detection projects.

Implement efficiency hurdle processes (water, energy, emissions etc.) for new business assets into planning and decision-making processes.

Effective Waste Management

Reduce waste generation across our operations, with an aspirational goal of elimination. Prioritise reductions in waste generation, followed by re-use opportunities, and then re-cycling.

Embed waste avoidance and diversion initiatives to ensure waste to landfill volumes from Sanford operations remains >40% below 2020 levels. (FY22: 3,536 t, FY21: 6,357 t, FY20: 9,627 t).

Perform a systematic review of single use plastics within our operations – identifying reduction opportunities and using the outcome to set a reduction target during FY23.

Reducing Carbon Footprint

Demonstrate our commitment to climate change responses by actively reducing our energy consumption and emission of greenhouse gases and seeking to introduce low carbon solutions into our value chain, where practicable.

Implement progress toward our long-term emissions reduction target of 25% absolute Scope 1 and 2 emissions reduction by 2030 from a 2020 baseline.

For FY23, we aim to implement projects in support of that target, which include:

- Vessel efficiency improvement projects
- Investment in efficient diesel-electric technology for select replacement vessels
- Implement internal business planning process in support of the long-term goal





Safe and High Performing Workplace

OUR VISION: We are an employer of choice by delivering industry leading safety risk management, ensuring a culture of high performance and growth and by living our values.

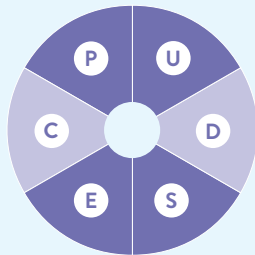


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Material issues and value creation – 2022

This table summarises Sanford's actions relating to our desired business outcome of ensuring a **safe and high performing workplace**. It includes the targets we set at the commencement of FY22, organised by the material topics defined in our 2021 Annual Report, and our progress against these targets. At the end of this section, we use revised and refreshed material topics (the outcome from the materiality process) to define future targets for 2023 and beyond as well as our future vision.

PROGRESS AGAINST TARGETS FOR FINANCIAL YEAR 2022

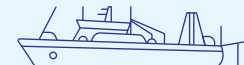
MATERIAL TOPICS	2022 TARGETS	PROGRESS AGAINST TARGETS
Health and Safety	Further reduce our Total Recordable Injury Frequency Rate (TRIFR) by 5%.	✓ Achieved. TRIFR reduction of 25% (FY21: 32.74, FY22: 24.53 #/mill.hours).
	Further reduce Health and Safety risk profiles by deploying critical risk teams across the business, deployment of audit plan, and close out 100% of high priority actions related to serious events and critical risks within target date.	✓ Achieved. Critical risk teams were identified and deployed, along with associated monthly reviews by operations and audit plan. Close out of 100% of relevant high priority actions within target date.
	Achieve green status with successful audits of control effectiveness across all 12 critical risks for health and safety.	✓ Achieved. Critical risk control effectiveness reviewed monthly with immediate actions taken as required. Our Critical Risk Management Framework (incl. control effectiveness) was reviewed by external experts as we focus on continuous improvements.

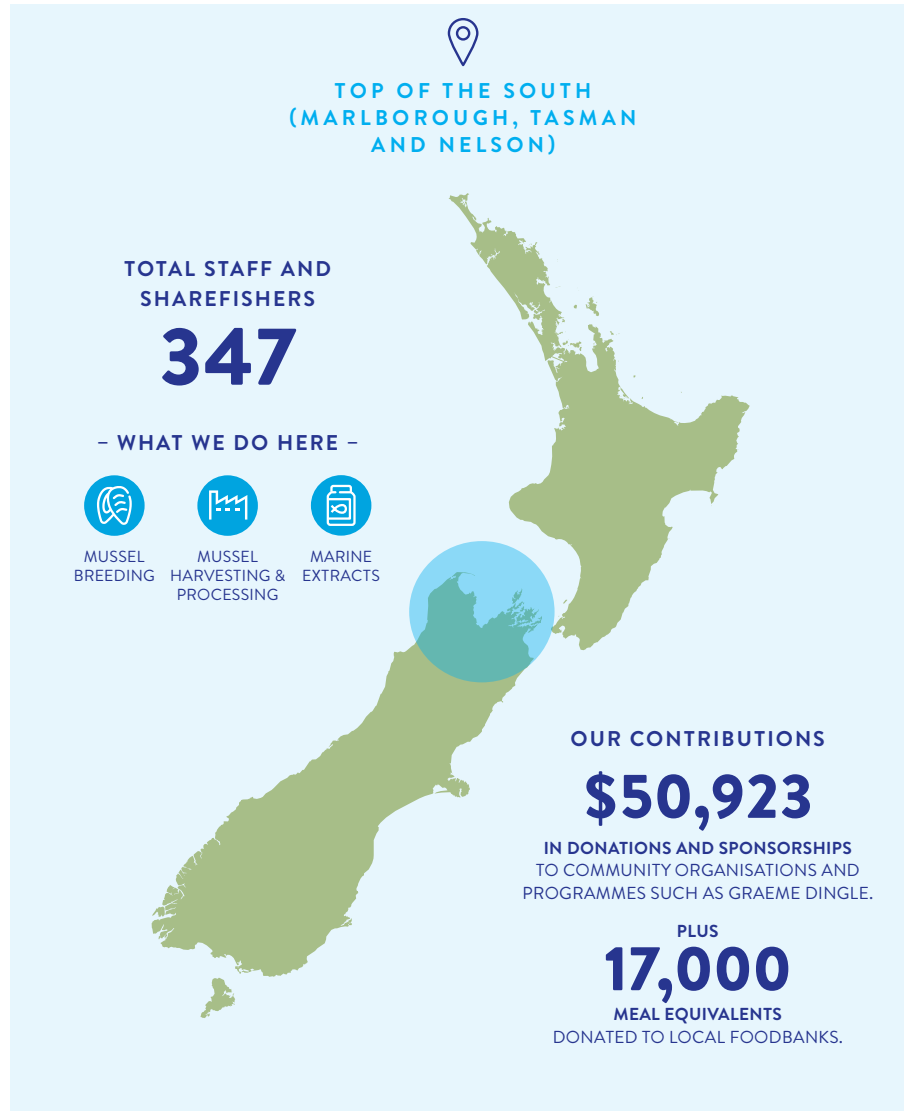
IMAGE (PAGE 44) Rex Ryan, skipper of the San Hauraki.





MATERIAL TOPICS	2022 TARGETS	PROGRESS AGAINST TARGETS
Developing our People, and Workplace Wellbeing and Culture	Ensure alignment of our people's contributions and delivery of business results through 100% completion of core people processes (incl. objective and KPI setting, development planning, and performance reviews).	✘ Not Achieved. 78% completion for objective setting, 91% for development planning, and 81% for mid-year reviews across staff during FY22. These people processes continue to be focused and will be supported by forthcoming deployment of systems to assist these processes.
	Achieve a 3% improvement in the goal setting and management support categories (contributors to overall staff engagement) of our staff survey (June 2021 scores 8.4 & 7.9).	✘ Not Achieved. Steady 1% growth in goal setting and management support categories in the year. Both measures have had challenges during a difficult year with Covid impacting our priorities.
	Design and deploy a targeted learning program to develop the skills, technical capabilities and knowledge required for our people to excel in their roles. Target to achieve a 3% improvement in the personal growth category (contributor to overall staff engagement) of our staff survey (June 2021 score: 7.2).	✔ Achieved. Targeted learning programs (seafood processing, cleaning and sanitation, logistics, fish and fish products) designed and deployed; Workplace assessors certified and in-place. Growth category improved by 4% (June 21-June 22). Further growth will be provided for in learning and development via existing and future learning programs.
	Develop and deploy a pilot organisational excellence training program across Auckland operations and deliver improved operational targets.	✔ Achieved. A technical unit standard based learning framework has been designed and commenced deployment in our Auckland site as a pilot. Several internal workplace assessors are currently obtaining certification. Further roll out to other sites is planned.





PERSEVERANCE OF OUR REGIONS

When labour pools become puddles

Finding staff has been one of the most significant challenges of 2022. Across the country, we have sought to remove obstacles for potential employees, particularly in more remote areas such as Havelock at the top of the South Island, population approximately 590.

This is where our Greenshell™ mussels are harvested and processed. Growing our mussel business is a strategic priority for us and this means we need good people. On the processing side, we often have more roles than we have local applicants. In the past, these gaps have often been filled by visitors on working holiday visas. But with New Zealand’s borders closed until July 2022, that solution was ruled out. Add record low levels of unemployment and the pool of work-ready labour has dried up to a puddle.

In Havelock, that’s meant getting creative to overcome the housing shortages that act as a disincentive for potential workers from other regions.

Leasing a motel in Havelock helped us to attract families and workers into the region and enabled us to restore the night shift at our processing plant, lifting production.

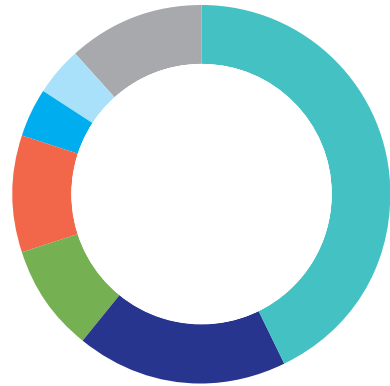
“Because of worker shortages we lost our night shift for around 10 weeks,” says Site Manager Matt Loose.

Across our sites, lifting our frontline wages by 7% in June also helped recruitment and retention in a competitive market. The increase recognised the rising costs faced by our process workers.





OUR WORKFORCE IN ETHNIC GROUPS*



	2022	2021
● New Zealand European	42.8%	41.2%
● Māori	18.1%	18.0%
● Pasifika	9.3%	9.7%
● Asian	10.0%	9.3%
● European	4.1%	4.1%
● Other	4.2%	4.4%
● Not stated	11.5%	13.3%

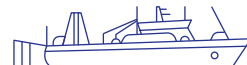
* Based on annual quarterly averages.

We've always welcomed new generations of people from the same family through the doors at Sanford. That continues, but to fill all our roles, we're also paying bonuses to workers whose referrals of candidates lead to a confirmed hire in our fleet or on land.

Matt says the Havelock site will continue to push hard in recruitment and to retain our existing staff.

“All primary industry must offer more than just a job and a wage, particularly during a time of absolute staff shortages.”

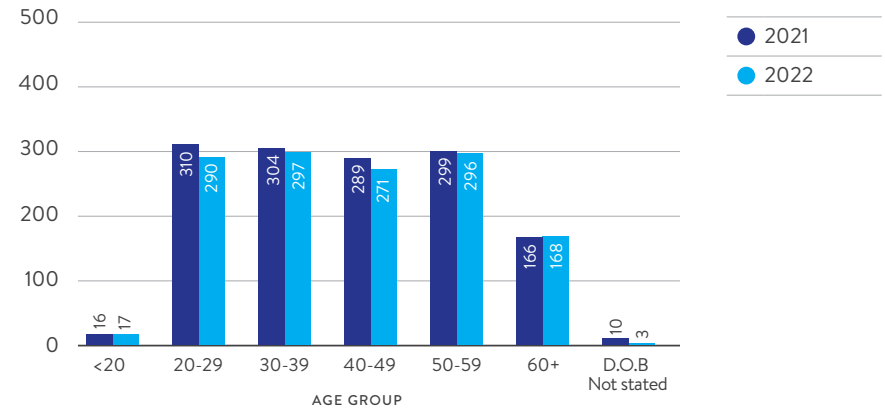
Sanford is doing its utmost to remove obstacles to employment – including successfully partnering with dedicated recruitment contractors. Meanwhile, our thanks go to all our workers for their perseverance through a third year of Covid-impacts and other adverse events such as the August floods in Marlborough and Nelson. ●



NEW HIRES BY AGE GROUP

AGE GROUP	NUMBER OF NEW HIRES 2022	NUMBER OF NEW HIRES 2021
Under 20	5	6
20 to 29	47	42
30 to 39	59	49
40 to 49	42	22
50 to 59	25	22
60+	8	4
Total	186	145

OUR WORKFORCE IN AGE GROUPS*



* Annual quarterly averages.

ACHIEVING TOGETHER PUTS PAID TO PAIN

PROUD PEOPLE with a passion for their work and strong team spirit is just what you need in a processing site. But not when it means people push themselves too hard.

That was the problem faced by Bluff Site Manager, Sarah Bynevelt and Health and Safety Advisor, Charlotte Melvin 12 months ago and it's one they never want to see again. Discomfort, pain and injury is not uncommon in manual work, but this had peaked. Something not in line with our strategic initiative to “ensure the welfare, growth and fulfilment of our people – economic, physical and emotional.”

“We had an average of 11 people in our weekly physio programme – 20% of our processing workforce – and 70% of these were from our primary processing line. It was taking an average of six physio sessions to reach recovery, and we were managing with four to six people on light



ABOVE Team members in Bluff packing boxes of Big Glory Bay salmon.

duties each week. We just cycled people through injury-recovery-injury-recovery which was so disheartening. It was definitely impacting morale, with poor attendance to our most physical roles which were also some of our most skilled and operationally critical.”

Sarah says there were many contributing factors to the injury increase, including a reluctance to report problems quickly, a poor ergonomic programme, high manual handling loads and a shortage of skilled labour in key roles. There were also echoes of an old culture where injuries were almost expected to happen.

She and Charlotte implemented a holistic and wide-ranging programme to turn the tide. It worked. The site reported just seven Lost Time Injuries in FY22, with no LTIs recorded since May.

Replacement of the primary processing line has made an impact, with new equipment reducing manual handling and physical loads associated with the average 18 MT of salmon processed each day.

“Before the primary line was replaced, our salmon were handled five times by five people, in the first part of our process. Now that is down to two. There’s been substantial decrease in heavy lifting with our new equipment. The team love the new work stands, which are adjustable to suit their individual heights, meaning they can work both comfortably and safely.”

The primary line not only changed the way the team worked, but also how, with a full ergonomic programme deployed as part of the change management process to ensure the right techniques are used by workers. The success with the primary line saw the programme rolled out right throughout the factory.

Micropauses were formalised, with a bell sounding every 30 minutes, reminding people to step back from their tasks to do specialised exercises to suit the work they are doing. The pauses, plus rotating roles at the 30-minute mark, help people refocus and provide a change of work and pace.



Before the primary line was replaced, our salmon were handled five times by five people, in the first part of our process. Now that is down to two. There’s been a substantial decrease in heavy lifting with our new equipment.

—
Sarah Bynevelt
BLUFF SITE MANAGER

Training sessions are held with the workplace physio ahead of new tasks, such as feeding the filleting machine, being introduced. Sarah explains that “to support full rotation within any team, everyone needs to understand that task and have no pain performing it. Feeding the filleting machine was previously one person’s job, but with training and correct technique, we now have the whole team rotating through this key task.”

New starters now have a physio session to learn specific exercises for their area, discuss any pre-existing injuries, and receive a comfort pack for home use, which includes a hot/cold pack and a massage ball. They are inducted into the new way of working, including the exercises and the disciplines of micropauses and rotations.





Charlotte said breaking down scepticism was part of the process, especially among older hands who had heard promises of change in the past but were still waiting to see results.

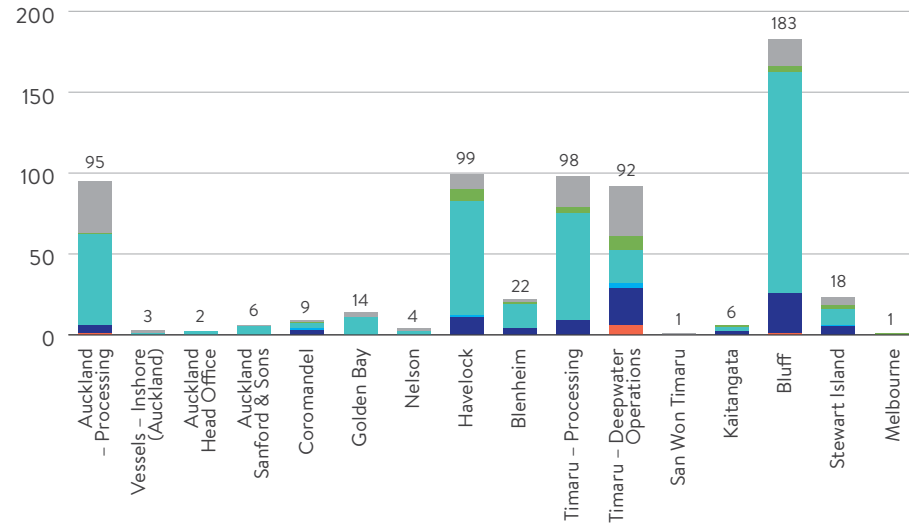
“You can’t force people to change, but they will come on board if you can demonstrate there is something positive in it for them. We took the time to build up trust and work with many people one-on-one. And while as an employer we absolutely have responsibility to resolve

causes of injuries, we also took the approach that every individual and team needed to have accountability because that’s key to getting results for everyone. Attitudes have changed as people have realised they feel better and they are going home feeling good, rather than in pain. They are also more willing to say something if they are uncomfortable and we can address that before an injury sets in.” ●

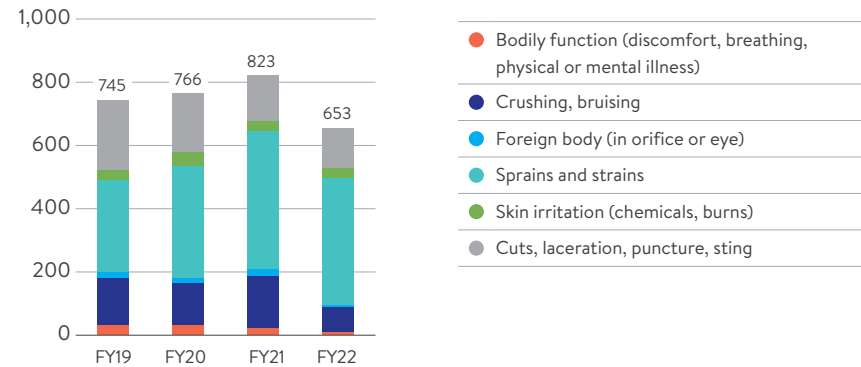


ABOVE Bluff team members taking a break with micropauses.

TYPE OF INJURY BY SITE IN 2022



INJURIES BY TYPE 2019-2022



CARE AT THE CORE OF COVID ROUND THREE

WE THOUGHT Covid-19 was tough in FY20. We thought it tested our resilience in FY21. As it turned out, both years were a dress rehearsal.

The FY22 financial year started with Auckland just over a month into a 107-day lockdown. The first Omicron case was detected at the border in December¹.

By January 2022, the first community transmission of the virulent Omicron variation had occurred. By close to the end of our financial year in September², 1,915 deaths could be attributed to Covid-19.

Care is a core value for us at Sanford. It defined our response this year to the pandemic's biggest impact yet on our business. Chief People Officer, Karen

1. NZ Doctor timeline <https://www.nzdoctor.co.nz/timeline-coronavirus>

2. MOH data at Sept 5, 2022, https://covid19.govt.nz/?gclid=EAlalQobChMI8v6y6s--QlVe5lmAh26_ASIEAAyAAEgJTJ_D_BwE



ABOVE RAT test used at Sanford.

Duffy, says – with some pride – that this response was “phenomenal”, and she has the data to prove it.

One data point is 17 out of 1,400, a measure of staffing losses after Sanford extended a vaccine mandate to all workers from 1 January, 2022, following on from a previous early call to introduce a vaccine mandate for offshore crews.

“Our key concern was providing a safe place for people to work. Our crews live and work in close proximity on board and they are at sea for extended periods. On shore, many of our people, especially in processing, cannot work from home and need to be safe. The majority understood where we were coming from and supported the vaccine mandate. We were able to suspend the mandate across the company when the risk reduced in June 2022,” says Karen.

“Taking care meant all our onshore sites managed to continue operating. Nobody had to be laid off. Our Auckland processing plant was closed for just one shift, although we did at times have high absenteeism. We drew on all our experience from the previous two years to keep people safe.

“Shifts were changed to enable people to work in the same bubble, rapid antigen testing (RAT) was undertaken every day. All the basic measures, from hand hygiene to mask wearing were in place. People felt safe and were proud to come to work.”



ABOVE Mobile RAT testing for our Deepwater crew, used before they were allowed to board their vessel.

Care was also evident in the approach taken when workers had to isolate, either because of their own illness, or that of a close contact or family member. Those in mandatory isolation received full pay and a special isolation code was established in payroll so that days lost were not taken from annual or sick leave.

Those in isolation and those who contracted the virus also received ongoing support from the HR team.

General Manager, HR, Rebecca Stewart, says a dedicated team of four made daily calls ensuring workers had sufficient help or resources at home.



“It took the pressure off because we could reassure them, they would be paid, and it helped them navigate the minefield of being caught up in Covid. We had around 600 to 700 away in the year, and when we made the calls, they were appreciated.”

Sharefishers, who contract to Sanford but are considered “family”, continued to receive retainers when unable to fish and where necessary, were also provided with accommodation and meals if their vessels were away from their home port.

“This is not a job where you can use casual labour. All our crews have qualifications, so there were times when some vessels had to stay in port. But the crews were flexible about changing vessels or extending a voyage so we could maintain operations,” says Rebecca. ●



WATCH VIDEO
How to do a RAT test
<https://youtu.be/1OdKd7DYwSM>

STAFF LEADERSHIP AND DEVELOPMENT TRAINING (INTERNAL)

	PARTICIPANTS			TRAINING HOURS DELIVERED
	FEMALE	MALE	TOTAL	
Leadership Programs	217	172	389	578.5
Finance and CAPEX	28	45	73	265.5
Licensed Fish Receiver Training	6	9	15	112.5
High Performing Teams	6	10	16	24.0
Soft Skills (Accountability, Leading Change, Tough conversations, Safety conversations)	130	93	223	227.5
Fisheries 101	15	9	24	72.0
Workplace Assessor	4	7	11	82.5
Totals	406	345	751	1,362.5

NZQA CREDITS AND QUALIFICATIONS AWARDED THROUGH PRIMARY INDUSTRY TRAINING OFFICE BY LEVEL AND GENDER – 2022

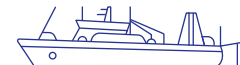
LEVEL (NZ QUALIFICATIONS FRAMEWORK)	GENDER		TOTAL
	FEMALE	MALE	
Level 2 (Primary Industry Skills - Seafood)	0	0	0
Level 3 (Seafood Processing / Receiving Commercial Fish)	172	224	396
Level 4 (Commercial Fishing – Marine Cranes, Seafood Processing Level 4)	70	785	855
Level 6 (Seafood Vessel Operations)	0	0	0
Total credits	242	1,009	1,251
Total hours*	2,420	10,090	12,510

* One credit is approximately 10 hours training.

NZQA CREDITS AND QUALIFICATIONS AWARDED THROUGH PRIMARY ITO*

	2022	2021
Completed Primary ITO programmes	52	47
Total credits awarded	1,251	1,374
Formal qualifications received (national certificate)	52	47
Active enrolments at end of quarter	6	13

* Data received from Primary ITO and based on end date of training for completed courses, month of credit achieved for credits, completion date for NZQA qualifications. Active enrolments includes grace period and on-hold training programmes.



SHORT ON MANPOWER BUT NOT ON WILLPOWER

COVID, YEAR THREE. The fishing continued, the sites stayed open, cold stores kept chilling, most of the fleet sailed most of the time and crucial export licences for China were maintained.

As Acting Chief Operating Officer, Peter Young says, “it was much harder than previous years, especially when the Omicron and Delta variants hit the regions. At times, it looked impossible, especially trying to maintain the crew numbers needed to legally sail, but we made it and we’re now coming out the other end. We were frequently short on manpower, but not on willpower.”

He says all the crisis management systems that stood up to cope with Covid in 2020 continued to prove their worth in identifying priorities and managing impact. The difference this year was adding rigorous testing regimes as cases of the virus took hold across the country,



ABOVE San Won team member, Hazel Lecomte.

“We imported our own rapid antigen tests (RATS) and had our own testing processes on every boat and the gates of all sites, depending on the prevailing risk assessment for the region and the business. On our vessels, testing was especially important before departure, immediately after sailing and over set periods until we were happy we had a safe bubble on board.”

Fishing crews are an area where labour hire pools can’t be tapped to ensure sufficient hands on deck. Regulations specify both numbers and roles, such as engineers, first mates and skippers, and being one short in critical roles means the vessel cannot leave port.

“The whole industry has the same problem, all scrabbling for crew. Our guys showed great flexibility in changing

vessels, or agreeing to work longer periods at sea, to get the quota caught and that’s something all of us appreciated, because if we are not fishing, that’s felt by our shore-based workers and through our supply chain. Having no closures was quite an achievement.”

Peter says there was countless examples of Sanford’s ‘achieving together’ value at work as our mussel and salmon farming teams also found ways to work around manpower shortages.

“There was plenty of support for those who caught the virus and a real ‘can-do’ attitude in play when it came to harvesting. A great example is our Havelock mussel farm support services travelling up and down to Stewart Island to help our salmon farmers. That’s great teamwork.

He says the commitment to keep going flowed directly into the year-end results “and we appreciate everyone’s effort. 2022 has not been an easy year and people are tired, but they can be proud of what’s been achieved through their effort.” ●



ABOVE Jason Smith and Richard Stone, on board the Erin Mussel barge on Stewart Island, hanging mussel stocking for harvest in three years’ time.



BOW TIES ENABLING A SAFER OPERATIONAL CULTURE



ABOVE The ammonia compressor, located in the refrigeration room, on board San Waitaki.¹

BOW TIES have proved to be an excellent tool in the ceaseless effort to keep our people safe on land and sea. In this case though, they are not a sartorial accessory, they are a model to identify appropriate safety controls for critical risks and to manage the effectiveness of those safety controls.

The bow tie model puts the risk event in the middle. To the left, are the risk mitigators or controls used to prevent the event from occurring or to reduce its likelihood. On the right are the processes that can reduce the severity of the event or assist with recovery.

By clearly identifying risks and controls and then mitigation or recovery measures, we are able to audit these and verify their effectiveness.

Critical risk management teams were established at Sanford in 2020 and are responsible for the development of the

bow ties for the risks identified as critical by the business. Examples of these critical risks include machine safety, ammonia management, traffic management and suspended loads.

HAZARD IDENTIFICATION

Bow ties are just one tool used by these teams. They also complete site assessments, research global safety developments and use operational expertise within the business to identify hazards, both existing and emerging, in a continuous process of assessment and improvement.

All team leaders are encouraged to complete regular safety walks. These walks build a safety culture, helping to

1. The ammonia compressor pressurises the ammonia gas, which heats up as the pressure increases. As the ammonia is pressurised, it travels up into the coils at the back of the refrigeration unit, where the heat dissipates.

normalise and embed ongoing hazard identification and management, as well as critical risk control assurance. Leaders are trained to engage with team members about hazards or risks they may be seeing in their work and their understanding of critical risks in the workplace. These walks are recorded in our Intelex system to build and share what has been learned and constantly improve our safety results.

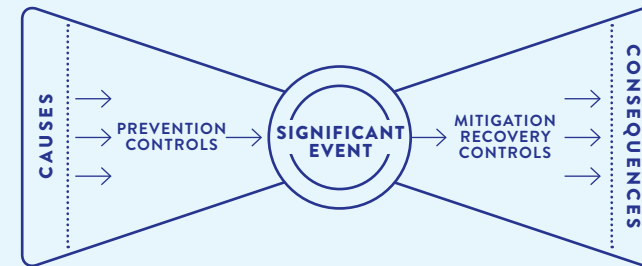
RISK ASSESSMENT AND INCIDENT INVESTIGATION

Our Intelex software enables us to capture, report and manage health and safety data. At Sanford, anyone can report any event such as an injury, a near miss or a potential hazard, adding photos or other evidence if they wish, either via a laptop or on the app on their phone. Reports may be negative or positive – highlighting desirable safety behaviour.

These then go to management, health, safety and environmental leads as well as our Critical Risk Team sponsors. This ensures all events are captured company-wide, properly assessed, investigated and relevant lessons learned can be applied across other sites and vessels. Every incident will be reviewed and lessons will be shared. Hazards and risks are discussed at team level across the business, at toolbox meetings or similar.

We also assess risks using a standard risk assessment matrix which examines the likelihood of an incident and the consequences of it. The objective is to put controls in place which will reduce risks associated with any given activity, to as low as is reasonably practicable.

Near-miss information is also used to understand risks and prevent future incidents. The actual severity and the



ABOVE Bow-tie model of hazardous event analysis, modified from Markowski and Kotynia.



potential severity of an event are compared, to allow the teams to take appropriate risk mitigation actions.

A hierarchy of controls is established. First, we seek to eliminate the hazard. This is the ideal. If it is not possible, then we seek to replace the hazard via substitution, then engineering controls may be adopted, to isolate people from the hazard. Next administrative controls can help change the way people work to reduce a hazard and finally, PPE is used to protect the worker.

Chief People Officer, Karen Duffy, says the risk management approach gives a holistic overview of risk in the business.

“Health and safety culture must be companywide. This achieves that. In the past, we may have had a site which was especially good at managing a critical risk, but this level of performance was not consistent across all operations with the same risk. This is what we are achieving now.”

This multidisciplinary approach is also delivering some innovative risk mitigations. Our leased forklifts, for example, are being fitted with artificial intelligence sensors which can identify human shapes in the vicinity – especially those behind the units. AI is also being adopted in the vehicle fleet to monitor driver safety, especially for longer-haul journeys.

Acting Chief Operating Officer Peter Young says machine guarding remains a



ABOVE Curtis Shields, Okiwi Spirit Skipper, inspecting final seed mussels in Golden Bay.

priority with attention being shifted to our mussel operations, with independent risk assessments being carried out on barges. This follows on from the intensive push on our deepwater fleet in the past two years.

Other risks, such as ammonia and refrigeration gases, remain under constant scrutiny.

“Just as we do everything in our power to prepare for a seismic event, we also do everything possible to drive down the risk of an ammonia incident, because of the consequences. Fit and proper engineering controls are key, supported by training and inductions, as well as signage. Independent audits are also undertaken, and we use these as an opportunity to learn and improve whenever possible.” ●

STAFF MOVEMENTS

Voluntary turnover during 2022 was 22.48% across our permanent staff workforce (FY21:19%); Involuntary turnover was 5% (FY21: 5%); and absenteeism reached 6.8% (FY21: 5.4%).

TURNOVER BY AGE GROUP – PERMANENT STAFF

AGE GROUP	2022		
	VOLUNTARY	INVOLUNTARY	TOTAL TURNOVER
Under 20	4	3	7
20-29	57	11	68
30 to 39	58	11	69
40 to 49	40	7	47
50 to 59	27	3	30
60+	14	5	19
Total	200	40	240

TURNOVER BY GENDER – PERMANENT STAFF

GENDER	2022		
	VOLUNTARY	INVOLUNTARY	TOTAL TURNOVER
Female	86	15	101
Male	113	24	137
Other Gender	-	1	1
Prefer not to say	1	-	1
Total	200	40	240



CONTRACT TYPE AND GENDER

CONTRACT TYPE	TOTAL 2022 (2021)	FEMALE 2022 (2021)	MALE 2022(2021)	GENDER UNDECLARED 2022 (2021)
Permanent Full Time	893 (849)	37% (36%)	63% (64%)	-
Permanent Part Time	33 (41)	88% (88%)	12% (12%)	-
Fixed Term Full Time	20 (41)	45% (54%)	55% (44%)	- (2%)
Fixed Term Part Time	10 (4)	67% (50%)	33% (50%)	-
Casual and Seasonal	43 (53)	44% (47%)	56% (53%)	-
Independent Sharefishers*	422 (421)	16% (14%)	83% (84%)	1% (2%)
Total Workforce	1,421 (1,409)	32% (32%)	67% (67%)	1% (1%)

* Fishing boat worker for profit/share (supply of labour only).



ABOVE Andy Walker, Stewart Island harvest team member, shovelling ice onto fish.



Our future focus – Targets for FY2023

VISION AND STRATEGIC LINKS

OUR VISION:

We are an employer of choice, delivering industry leading safety risk management, ensuring a culture of high performance and growth and by living our values.

LINKS TO RELEVANT STRATEGIC INITIATIVES:

- S Invest in systems to drive a high achieving organisation
- E Develop expertise, knowledge and insights to drive asset optimisation, profit, value, quality, and sustainability
- P Ensure the welfare, growth and fulfilment of our people – economic, physical, emotional

MATERIAL ISSUES & STRATEGIC GOALS

Health and Safety

Through the way we work and behave and initiatives we implement to continually enhance our work environments, we take all practicable steps to protect our people from the risk of harm and support their wellbeing.

2023 TARGETS

Deliver planned health and safety management information system modules to support effective leadership, management and reporting of HSW (Modules: observations; action plans; audit and risk management).

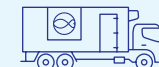
Embed quarterly reviews of critical risk controls across all operations as part of our assurance program, ensuring 100% achievement of those review processes during FY23.

Safety leadership and culture improvement is delivered through the completion of >500 safety walks/interactions by the Senior Leadership Team (SLT).

Talent Attraction, Development, and Retention; Positive and Meaningful Work Experiences

Workplace conditions and behaviours support staff attraction, development, and retention. Our people's welfare, growth and fulfilment is demonstrated via values based leadership actions delivering experiences which engage and enable our people to be their best.

Implement planned learning and development programs to improve our people's work experience as measured by a 3% improvement in engagement, employee Net Promotor Score (eNPS) and retention.





Trusted Customer Partner of Choice

OUR VISION: We work with customers and consumers to bring them the best of our sustainably harvested seafood and marine extracts, demonstrating great care for our beautiful New Zealand products and achieving the optimal value for these precious resources.

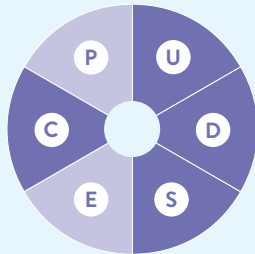


CAPITAL INPUTS



- 1. Financial
- 2. Human
- 3. Manufactured
- 4. Intellectual
- 5. Natural
- 6. Social & Relationship

STRATEGIC INITIATIVES



- U Utilisation
- E Expertise
- S Systems
- D Differentiate
- C Customers
- P People

KEY: DARKER SEGMENTS APPLY TO THIS OUTCOME. SEE PAGE 14

UN SDG



United Nations Sustainable Development Goals

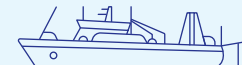
KEY: COLOUR SEGMENTS APPLY TO THIS OUTCOME.

Material issues and value creation – 2022

This table summarises Sanford's actions relating to our desired business outcome of becoming a **Trusted Customer Partner of Choice**. It includes the targets we set at the commencement of year 2022, organised by the material topics defined in our 2021 Annual Report, and our progress against these targets. At the end of this section, we use revised and refreshed material topics (the outcome from the materiality process) to define future targets for 2023 and beyond as well as our future vision.

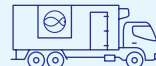
PROGRESS AGAINST TARGETS FOR FINANCIAL YEAR 2022

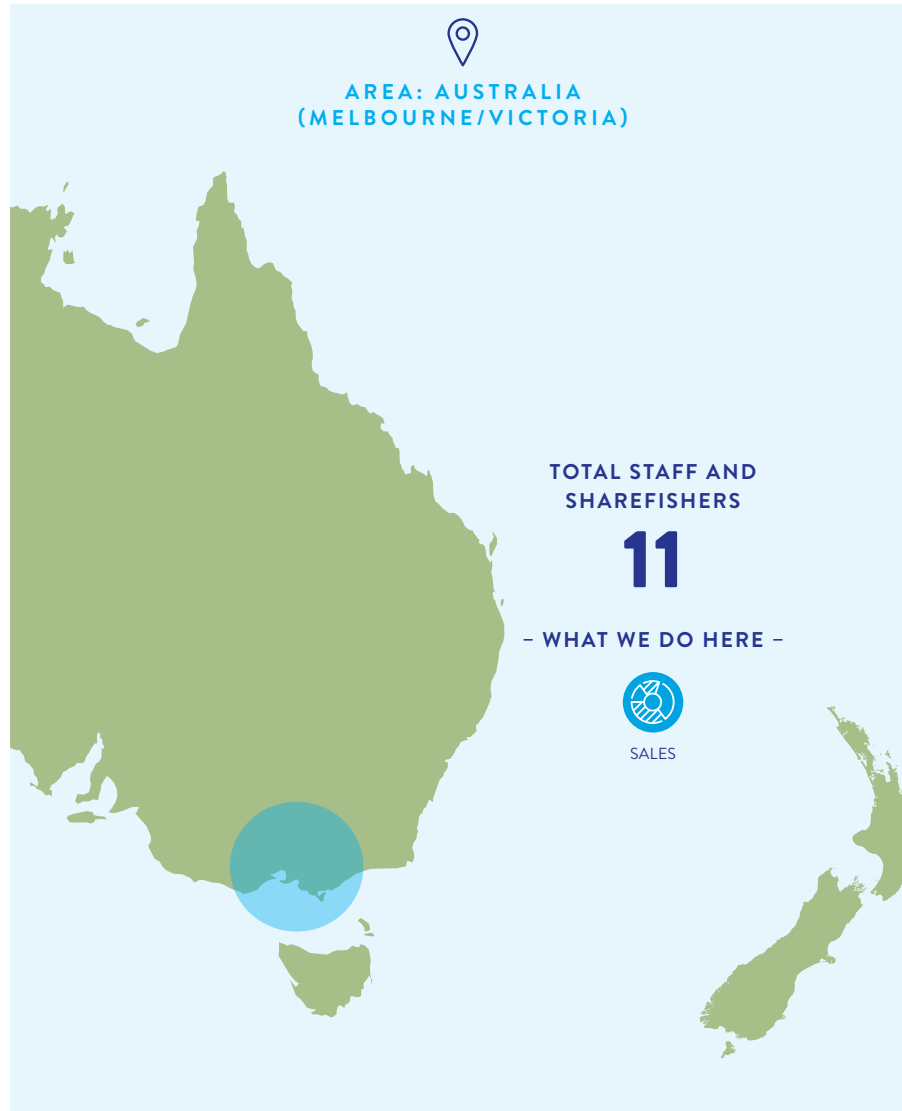
MATERIAL TOPIC	2022 TARGETS	PROGRESS AGAINST TARGETS
Drive Value Growth Through Brand Development and Awareness	Increase the proportion of Big Glory Bay (BGB) salmon sales such that 45% of Salmon Division margin for common format product is derived from BGB branded product (FY21: 33%).	✓ Achieved. Successfully grown this brand through a range of markets. Leveraged the product quality and brand position to create additional value. Finished the year with 51% of margin sourced from BGB branded product.
	Successfully implement new product development lines to market to achieve a successful launch of four branded SKUs in the NZ market and ≥2 in the USA market to diversify and build consumer ready product portfolio.	✗ Not Achieved. A robust plan and brand design strategy were developed; however implementation was constrained by travel barriers and challenges faced when looking to secure processing relationships during H1, along with freight cost barriers associated with international processing.
	Support and grow key customer partnerships by preparing and implementing joint business plans with 8 key customers to deliver growth in volume, revenue, and margin aligned with our product portfolio.	✓ Achieved. Successfully developed existing relationships and built new ones with customers, leading to the implementation of joint business plans in multiple markets during FY22.





MATERIAL TOPIC	2022 TARGETS	PROGRESS AGAINST TARGETS
Food Safety and Quality	Demonstrate our commitment to food safety by ensuring no food safety product recalls. Maintain independent food safety related certifications including MPI certificates at maximum frequency levels, and Food Safety System Certification 22000 (FSSC 22000).	✓ Achieved. No food safety product recalls, and all food safety certifications retained.
	Reduce the number of justified food quality related product complaints by 3% (total number of complaints, and number of complaints per million kg sold).	✓ Achieved. 22% reduction in total number of substantiated food quality complaints (FY21: 119, FY22: 93). 20% reduction in number of complaints per million kg sold (FY21: 1.67, FY22: 1.34).
Innovation and Technology	Use the upcoming completion of the marine extracts facility to scale and move in-house production of high value products and extracts including oil extraction and collagen manufacturing.	➔ Ongoing. Construction of the new marine extracts centre was completed in September 2022 with operations including drying, supercritical fluid extraction, and collagen production all underway from October 2022.





PERSEVERANCE OF OUR REGIONS

Advancing in Australia – and the world

The test of an acquisition is how well it performs in the tough times. By that measure, Australia has earned gold.

It's a turnaround story, beginning with losses prior to acquiring Saltwater, then a \$2.4 million contribution to Adjusted EBIT in year one post-acquisition, \$3.8 million in FY22 and a target of \$4.5 million for the coming year.

General Manager Global Sales, Blair Robinson says Nick Geralis and his tight-knit team have performed well despite all the uncertainties of the pandemic and the impact that has had on the market. This is an example of at least four of our strategic initiatives in action – growing our people, building partnerships with customers, developing expertise and knowledge and differentiating through quality, provenance and sustainability.

“We had a long-term relationship with Saltwater Seafood. Post-acquisition three years ago Nick has integrated himself and his team into Sanford, established our new Australian headquarters in Melbourne and brought together a well-performing business.

“Australia is a key market for us, representing 11.9% of sales in FY22. It has continued to grow returns and its profit levels throughout the Covid-impacted period. With the borders opening it has been great to get over there to map out the growth plan for the next couple of years. We have appointed a head of sales, Nick Stewart who will relocate from our New Zealand business to improve our route to market in frozen and we have big growth ambitions for the business, moving it up the value chain.”



While Sanford had operated in Australia for some years, the acquisition of Saltwater Seafoods represented a step change in our approach to the market. We now service other wholesalers and foodservice, as well as traditional retailers like fish shops and the fish counters at Melbourne's thriving city markets. We are also benefiting from being able to offer customers a wider range of New Zealand and Australian fresh and frozen seafood with one point of contact. Frozen is a large channel, with the business working with key distributors on the Eastern Seaboard.

"We're very happy with Australia. Nick and the team have also validated what we think is a good approach to other markets like the US. It shows the value of having a presence on the ground, because you are more alert to market opportunities, relationships can be built, and we can demonstrate the quality and sustainability of our product."

Blair says the Australian approach is looking to be mirrored in the United States, a key strategic growth market where we want to sell more of everything, from half-shell mussels to Big Glory Bay salmon and scampi.



ABOVE Siam Makro store in Thailand with its "Taste New Zealand" retail promotion featuring Sanford mussels.



We have both an in-market presence with Los Angeles-based Steve Mantville and a market champion at the source with our New Zealand-based market manager for North America, Karyn Murray.

"Having Steve on the ground was instrumental in our opening up the supermarket channel last year to offset the decline in foodservice demand. This year, foodservice has rebounded to pre-Covid levels and high demand has lifted prices. But as inflationary pressures are building, we are starting to see that taking a bit of a toll on discretionary spending."

Our supermarket channel for salmon in the US has grown to more than 150 stores and the strategy is to grow our range to complement salmon with wildcatch species and mussels.



150+

STORES IN THE US
STOCKING SANFORD SEAFOOD

"We are putting a lot of energy into premium natural retail chains that are geographically diverse, such as Harmons in Utah with their 21 stores. We are finding the best version of these chains in each of the states in the US. Similarly, we are targeting larger scale restaurant groups with hundreds of outlets and one central buying point."

Blair says the success of the supermarket and restaurant group channels in the US is being replicated in Asia where Market Manager Emily Swan champions our products.

"We are in these channels in Thailand, Vietnam, Singapore, South Korea, Japan and China. This is a work in progress. Volumes will not grow overnight but we can increase the value we achieve through a significant focus on our customers and through branding and premium products like scampi and salmon. We are building a diverse set of markets for both margin growth and to manage risk." ●



SANFORD BIOACTIVES INNOVATION CENTRE

OUR NEW Sanford Bioactives site at Blenheim is pivotal to our business strategy in many ways. It helps deliver on our strategic initiatives around expertise, utilisation and differentiation and demonstrates an alignment with customer demands for health-enhancing supplements.

The site specifically supports our goal to grow mussel earnings in FY26 by 164%, compared to pre-Covid averages. In dollar terms, that's EBIT of \$32-\$45 million compared to \$17 million, with our new centre intended to achieve a significant portion of that growth. That is second only to price and efficiency gains (at \$13-\$17 million).

The development, valued at around \$20 million, will be officially opened in late November, but the team was on site commissioning and beginning operations from late September.

The Sanford Bioactives Centre will generate immediate revenue through the production of mussel powder and oil, and marine collagen, while creating the platform for new revenue streams.

It is opening with four mussel dryers, increasing our powder processing capacity – and there is scope to eventually house eight dryers.

Also due for commissioning is the supercritical CO₂ extraction system, which will enable extraction of mussel oil from powder for high value formats. The process works like an espresso machine, using



supercritical fluids to extract the oil from powder. Mussel oil delivers a concentrated form of the anti-inflammatory benefits found in mussels and mussel powder.

The innovation team has also been involved in overseeing several clinical trials which investigated Greenshell™ mussel benefits to human health. The latest, which has been supported by the High Value Nutrition National Science Challenge, has involved Massey University, Cawthron Institute, and Plant & Food Research, confirming the positive effects of Greenshell™ mussels on early signs and



DEVELOPMENT

\$20million

OFFICIAL OPENING - LATE NOVEMBER 2022
PRODUCTION OF MUSSEL POWDER AND OIL
AND MARINE COLLAGEN



Trusted Customer Partner of Choice





Trusted Customer Partner of Choice



There is also a premium for New Zealand marine products. The Sanford Bioactives centre will enable us to develop an entire portfolio of products under our own Bioactive branding and support it with science and innovation capabilities

—
Andrew Stanley
SANFORD – INNOVATION GENERAL MANAGER

symptoms of osteoarthritis and other health outcomes, such as exercise-induced joint and muscle pain and inflammation.

Collagen extraction has been moved to Sanford Bioactives and scaled up from October. Collagen extracted from hoki skins for cosmeceuticals is already a high value product used for beauty masks where the retail value of the gram of collagen exceeds that of a gram of gold.

Innovation General Manager, Andrew Stanley says there's more potential for extracting similarly high valued bioactives from our wildcatch and farmed resources.



ABOVE Sanford CCO, Andrew Gargiulo (centre) and GM Innovation, Andrew Stanley (right) host PM Jacinda Ardern at Sanford's new home of Innovation, Bioactives.

“We see significant potential to develop other mid and high value bioactives from underused resources such as fish and shellfish by-products and seaweeds from our aquaculture farms. This is very much in line with our strategy to improve the value utilisation of fish and shellfish while minimising waste.

“There is also a premium for New Zealand marine products. The Sanford Bioactives centre will enable us to develop an entire portfolio of products under our own Bioactive branding and support it with science and innovation capabilities.

“There are opportunities for collaboration with other parties leveraging our knowledge, technology and processing capacity. Our centre also has the potential to support new areas of learning and discovery, to play our part in New Zealand's stated goal to grow aquaculture into a \$3 billion industry by 2035. The top-of-the-South region houses a strong network of collaborators including industry, Cawthron, Plant & Food Research, and our own SPATnz hatchery, with Sanford Bioactives adding to this capability.

“We expect initiatives like these will deliver returns which more than justify the \$20 million plus investment in the centre, have clear links to our strategy to build and sustain partnerships, and contribute to the success and overall economic growth of our company and the seafood industry.” ●



WATCH VIDEO
Spat to powder
<https://youtu.be/bNITIWwIEF8>





GLEN INNES
AUCKLAND

**MARSIC
FISH SHOP**



THE VINTAGE hand painted window sign says “*Pass the rest, get the best*” and customers of Marsic Fish Shop in the Auckland suburb of Glen Innes have been doing that since 1967. They turn up in their upmarket cars and suits, their people movers and high-vis, and sometimes their pyjamas from the 6am opening to the 6.30pm close.

Started by Croatian brothers, Wally and Ivan Marsic, it’s a community hub in more ways than one. As well as selling fresh seafood, the menu includes house specialities like shucked mussels, raw fish salad, and smoked fish and roe. They will also happily fillet and smoke a local’s own catch “because it’s great to provide that kind of service.”

So, it’s likely our Big Glory Bay salmon will be hanging out with orange roughy, kingfish and a few sides of hand-caught kahawai, with all of them getting the “all

natural” treatment from the Manuka-fired smoker which is in action out the back of the shop twice a week.

Daniel, who operates the family business with his father Wally and sister Stephanie, says he’s proud they consistently aim to live up to the “get the best” claim – a “bit of cheeky Croat boast” from his uncle and father.

The Marsics hit the Sanford fish auctions daily because being the best means offering fresh.

“We make it a priority and the Sanford market is very good at helping us provide that. We only buy what we think is best and at the price that’s affordable for our customers,” says Daniel.

Customers are also encouraged to try alternative species, like lockdown dory which has similar properties to the better known oreo dory, or turbot instead of flounder.

ABOVE Johnny M, long-time friend of the Marsic family, serving Sanford fish to Glen Innes locals.

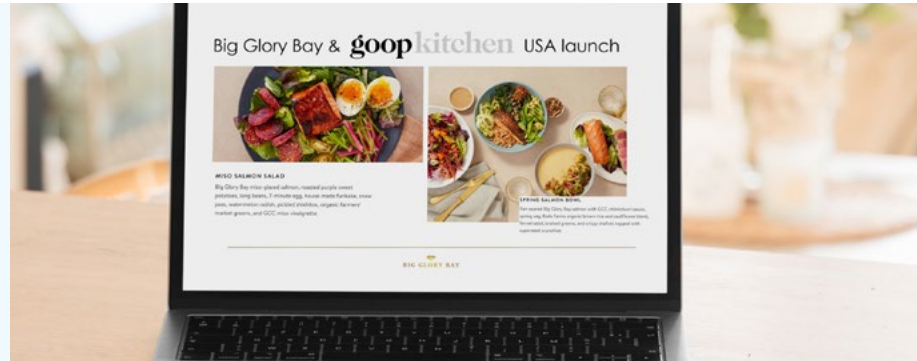


We make it a priority and the Sanford market is very good at helping us provide that. We only buy what we think is best and at the price that’s affordable for our customers.

—
Daniel Marsic
MARSIC FISH SHOP

“People have confidence in what we put out and it’s easy to sell fish when it’s fresh and treated with care. Customers eat more varieties at a good price and they come back for more. We now have lists of people to call when we have turbot or lockdown dory available.” ●





THE BIG GLORY BAY miso-glazed salmon bowl has best-seller rating on Goop Kitchen's menu across California.

The salmon joins roasted Japanese purple sweet potatoes, avocado, a seven-minute egg, house made furikake, snow peas, watermelon radish, pickled shishitos, gem lettuce and 'Goop certified clean' miso vinaigrette in the bowl created for diners who embrace the Goop clean living and eating philosophy.

The food delivery service, launched in 2021, is an extension of the Goop lifestyle brand founded by actress and businesswoman Gwyneth Paltrow as a newsletter in 2008 and grown into a \$250 million business.¹

1. <https://www.nytimes.com/2018/07/25/magazine/big-business-gwyneth-paltrow-wellness.html>

We were invited to bring our Big Glory Bay salmon to a tasting line-up, as part of their search for a supplier. Having a good story to tell about our fish and our farm helped break the ice.

At latitude 47 degrees south, the Big Glory Bay farm is in a pristine and remote environment, certified for Best Aquaculture Practices (BAP). Our product is also the first ocean-farmed salmon to achieve the 'best choice' rating from the Monterey Bay Aquarium's Seafood Watch® programme.

GM Global Sales, Blair Robinson, says the sustainability story strongly resonated with the Goop team, whose clients follow the brand's clean-living lifestyle and are well educated about nutrition and sustainability.

"We were certainly not the cheapest salmon at the tasting, but our product won the hearts of the selection team. Having a high quality, sustainable offering with strong environmental credentials helped us secure the partnership."

It also helps that the Goop Kitchen Executive Chef is a Big Glory Bay fan. Kim Floresca, whose resume includes the legendary *El Bulli* restaurant in Spain and the Michelin starred *The Restaurant at Meadowbank* in Napa, describes it as the "Ferrari of salmon."

"The Goop team is such a pleasure to work with because we have shared values about sustainable food," says Blair. Goop Kitchen is also in growth mode, with plans to expand beyond its current Californian operations, so the prospects for a continued and growing partnership are very positive. ●

ABOVE Cristal Osborne and Morgan Ramsey in Bluff.



We were certainly not the cheapest salmon at the tasting, but our product won the hearts of the selection team. Having a high quality, sustainable offering with strong environmental credentials helped us secure the partnership.

—
Blair Robinson
GM GLOBAL SALES





WITH THE borders reopening, and air schedules improving, intrepid Kiwi travellers soaking up the best of London won't have to travel far for a briny taste of home.

Perna canaliculus, better known as the native Greenshell™ Mussel, is infiltrating the menus of gastropubs, Chinese restaurants, tapas bars and casual cafes across the city – and indeed the country.

Sanford Market Manager Europe, Daniel Alfano, says the New Zealand seafood staple is also popular with local diners, despite competition from local varieties.

Billed on the *restaurant guru* gastronomic guide as “unique New Zealand mussels with very beautiful shells and a remarkable taste”, they are also receiving positive reviews from diners, whether served with sauces, or simply steamed.

Daniel says Covid took its toll on restaurants and foodservice generally in the past two years, but the relaxation of restrictions has brought diners back, as well as orders for our products.

“We have a good story to tell with Greenshell™ mussels and their New Zealand origins, as well as their taste. It’s good to know diners are appreciating them.” ●

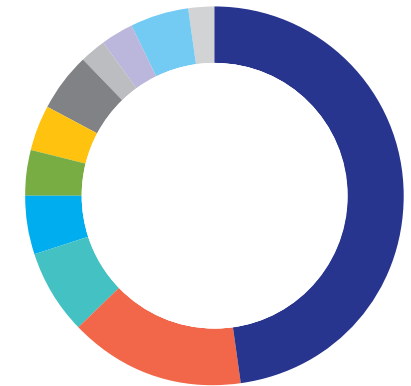


1.34

CUSTOMER VALIDATED FOOD QUALITY COMPLAINTS PER MILLION KILOGRAMS

of seafood sold by Sanford (down from 1.67 during 2021)

QUALITY COMPLAINTS BREAKDOWN



	2022	2021
Quality defects	48%	23%
Labelling error	15%	18%
Foreign material	7%	8%
Product grading error	5%	3%
Packaging	4%	5%
Other	4%	0%
Date coding error	0%	0%
Temperature abuse	5%	10%
Wrong product	2%	13%
Weight control	3%	5%
Under delivered	5%	11%
Bone	0%	1%
Product missing	0%	2%
Parasites	2%	1%
Total number of quality complaints	121	209
Justified complaints per million kg sold	1.34	1.67

Sanford had no food safety product recalls in 2022.



Trusted Customer Partner of Choice



Our future focus – Targets for FY23

VISION AND STRATEGIC LINKS

OUR VISION:

We work with customers and consumers to bring them the best of our sustainably harvested seafood and marine extracts, demonstrating great care for our beautiful New Zealand products and achieving the optimal value for these precious resources.

LINKS TO RELEVANT STRATEGIC INITIATIVES:

- U** Improve value utilisation of entire fish and eliminate waste
- D** Differentiate through innovation, quality, provenance, sustainability, operational excellence, and application of science
- S** Invest in systems to drive a high achieving organisation
- E** Develop expertise, knowledge, and insights to drive asset optimisation, profit, value, quality, and sustainability
- C** Build and sustain partnerships with customers aligned to our purpose

MATERIAL ISSUES & STRATEGIC GOALS

2023 TARGETS

Food Safety and Quality

Be recognised as a leader in providing safe, high quality marine sourced products that deliver on customers' expectations on a consistent basis.

Zero food safety recalls.

Maintain FSSC 22000 and PBV (Performance Based Verification, MPI) certifications.

Ensure our processes deliver quality products for our customers, measured by customer complaints being at the very low level of ≤ 1.34 complaints per million kg sold (FY22: 1.34).

Value Growth Through Brand Development, Awareness, and Responsible Marketing

Unlock value generating opportunities by developing diverse markets, growing our brands and margin enhancing product formats that meet customer's and consumers' expectations and contribute to improved returns.

Develop in diversified markets, to deliver an 'all division' year-on-year revenue growth of 11%, thereby increasing resilience in markets and mitigating risks.

Build on salmon offerings, including the existing premium Big Glory Bay brand, to deliver salmon division year-on-year revenue growth of 7%.

Build relationships with key customers to increase 'foundation customer' margin by 3% (per kg basis), whilst building the 'growth customer' base to \$160m (or 30%) of total revenue.

Effective Innovation – Products, Markets, Technology

Use and apply innovation alongside the provenance, quality, and sustainability context for our products to develop new products, markets, and technologies to drive value and business outcomes.

Realise gains from investments in facilities and ability to diversify product portfolios by growing marine extracts revenue by >50% during FY23;

Support initiatives include new processing technology and projects to improve fish utilisation projects.

Supply Chain Management

Deliver sustainable performance across our supply and value chain by optimising our processes and relationships to maximise the value we extract from the natural resources we utilise.

Deliver further improvements for customers by continuing our partnership approach with freight providers to achieve a 5% year-on-year improvement in our "Dispatched and Shipped on Schedule" score (per-shipment measurement basis).





Highly Valued Community Partner

OUR VISION: We are a valued and respected partner both at a local community level and with our national strategic partners. We are a positive contributor to all our stakeholder communities and are regarded as being an integral part of the local and national communities we participate in.

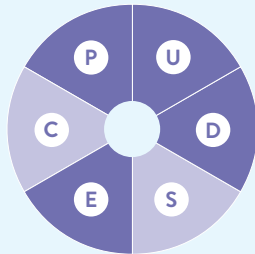


CAPITAL INPUTS



- 1. Financial
- 2. Human
- 3. Manufactured
- 4. Intellectual
- 5. Natural
- 6. Social & Relationship

STRATEGIC INITIATIVES



- U Utilisation
- D Differentiate
- S Systems
- E Expertise
- C Customers
- P People

KEY: DARKER SEGMENTS APPLY TO THIS OUTCOME. SEE PAGE 14

UN SDG



United Nations Sustainable Development Goals

KEY: COLOUR SEGMENTS APPLY TO THIS OUTCOME.



Material issues and value creation –2022

This table summarises Sanford’s actions relating to our desired business outcome of being a **highly valued community partner**. It includes the targets we set at the commencement of year 2022, organised by the material topics defined in our 2021 Annual Report, and our progress against these targets. At the end of this section, we use revised and refreshed material topics (the outcome from the materiality process) to define future targets for 2023 and beyond as well as our future vision.

PROGRESS AGAINST TARGETS FOR FINANCIAL YEAR 2022



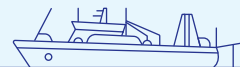
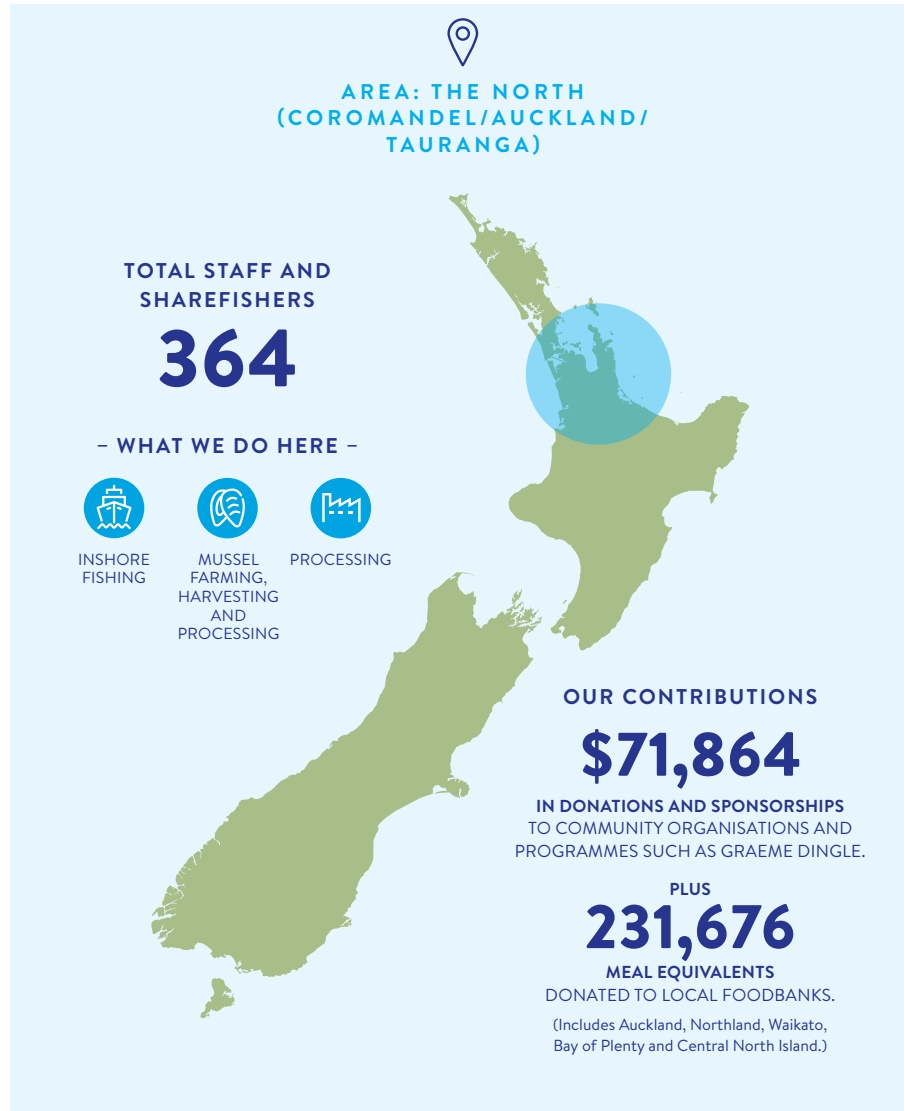
MATERIAL TOPICS	2022 TARGETS	PROGRESS AGAINST TARGETS
Community Engagement and Strategic Partnerships	Maintain tangible and meaningful support of regional communities close to Sanford’s operations, including the Graeme Dingle Foundation, local events, and the 10c per Salmon community wellbeing program in Bluff and Stewart Island.	 Achieved. Continued support of the Graeme Dingle Foundation and their work to build resilience within children and young adults within New Zealand. Successful 3rd year of the 10c per salmon community fund, and continued funding of local events including the NZME special children’s Christmas event, the Red Cross Tongan tsunami relief fund, the Timaru science fair, Dazzle Marlborough, the Coromandel bike park, and the seabird smart awards.
	Support communities and build a ‘whole of fish’ consumption approach by increasing provision of fresh production fish heads and frames to community programs by >50% (FY21: 6,760kg), whilst continuing to explore further value creation opportunities for these resources.	 Achieved. Over 100% increase in the donation of fish heads and frames to community programs for direct human consumptions (FY22: 13,791kg) assisting to build a nose-to-tail eating philosophy. Food assistance to community programs during FY22 also involved fillets, whole fish, and mussels (total food bank donations, FY22: 57,674kg of seafood, equivalent to 294,576 meals).
	Create, and further strengthen, relationships with willing Non-Governmental Organisations (NGO’s) and community groups, finding common ground, focus where there is alignment of values and outcomes.	 Achieved. Maintained and strengthened working relationships and partnerships with groups during FY22, for example Kai Ika the community group focused on building a whole of fish consumption approach to fisheries, as well as the Mussel Reef Restoration Trust and their supporting partners whom are focused on restoring natural Greenshell™ mussel reefs within the Hauraki Gulf and beyond.

IMAGE (PAGE 69) Seafood supplied by Sanford at a community kitchen at Papatūānuku Kōkiri marae in Auckland.





PERSEVERANCE OF OUR REGIONS

Mussels Doing the Mahi in The Gulf

A single mussel can do a lot of heavy lifting when it comes to restoring biodiversity.

A mussel can filter around 150 litres of seawater a day, removing sediments and improving water quality and clarity. When growing in numbers, the mussels provide a habitat for small fish as well as food for bigger fish, all the while stabilising the seabed and coastline.

Sanford is supplying mussels from our North Island Mussels (NIML) joint venture to the Revive our Gulf project which is gradually restoring mussel reefs in the Hauraki Gulf in a collaborative effort with Iwi, Nature Conservancy NZ, the University of Auckland Institute of Marine Science and the Mussel Reef Restoration Trust.

Natural mussel reefs were once common in the Hauraki Gulf, but a combination of pollution and dredging seriously depleted

them. The seabed, muddied over time by runoff due to land-use change, became unattractive to those that remained, contributing to the decline. Now substantial numbers of green-lipped mussels are nestling into areas carefully prepared with a shell base as work goes on to reverse the decline.

GM Sustainability, Dr Peter Longdill, says the mussels are usually brought to the sites on our own barges with teams from NIML and Sanford helping with the drops. But in June, during Matariki, poor weather conditions prevented the barges from making a journey to Warkworth, but not the precious cargo.

Mike Moy, Operations Manager for NIML, put the live mussels into sacks by hand and drove them north through the night to Auckland, ensuring that the first ceremonial drop of mussels at a new reef site by Ngāti Manuhiri could go ahead to





Highly Valued Community Partner

mark the Māori new year. Subsequent deployments totalling 150 MT followed.

Closer to Auckland city, Sanford and NIML are also the mussel source for Ngāti Whātua Ōrākei's reef restoration project at Okahu Bay which began in 2021. This is another long-term project which has the aim of restoring biodiversity and the mauri (life force or essence) of the Bay.

Some 60 tonnes of live mussels were barged across the Firth of Thames in three trips to begin the project. Mussels have been deposited across six different beds, all of which are being monitored by the University of Auckland's Dr Jenny Hillman to understand how they are performing. Lessons learnt can be applied to other restoration projects. ●



60 tonnes

OF LIVE MUSSELS VIA BARGE, FOR NGĀTI WHĀTUA ŌRĀKEI'S REEF RESTORATION PROJECT AT OKAHU BAY.



Restore

BIODIVERSITY AND THE MAURI (LIFE FORCE OR ESSENCE) OF THE BAY WITH NGĀTI WHĀTUA ŌRĀKEI.



Supporting

NGĀTI WHĀTUA ORAKEI'S REEF RESTORATION PROJECT AND REVIVE OUR GULF.



ABOVE Waikawau en route to Okahu Bay to redeploy 60 tonnes of mussels.



ABOVE Robust triplefin on a 24 hour old mussel bed in Okahu Bay.



NO WASTE, NO FUSS, NO PROBLEM

IT'S A GREAT FEELING when a problem becomes a solution – or in this case, 138,900 of them.

That's the number of servings of our export-quality green-lipped mussels that went out to families in need this year, thanks to the New Zealand Food Network. They receive, manage and redistribute some 8,612 MT of food to charities, foodbanks and iwi to help vulnerable communities.

It's quality kai, where something such as labelling, packaging, surplus production, a cancelled export order or a reduced shelf life means it cannot be sold at retail. Rather than see it sent to landfill, NZFN enables companies, both big and small to donate this food to their distribution centres which have the shelving, chillers, forklifts and technology to manage everything from fresh vegetables to frozen ice-cream in bulk.

In our case, 27,780 kg of green-lipped mussels, all pre-packaged for an export customer, became surplus when the order was cancelled. With the product frozen and packaged in the customer's format and branding, it was not practical to reprocess. Seafood can sometimes be a difficult product to donate, even when frozen, given the need for constant chilling in the supply chain. But NZFN's response to our call was "no problem", and the mussels were soon on the menu for families in 18 communities from Whangarei in the North to Invercargill in the south.

NZFN's CEO, Gavin Findlay, said the donation, worth an estimated \$284,850 in retail value, was a huge treat for everyone who received them.

"We were thrilled to be able to make this donation work enabling Sanford to have this fabulous kai moana eaten by very appreciative Kiwis rather than being wasted. Together we're getting food to where it's needed most."

Sanford donated seafood for more than 294,500 meals this year across all foodbank charities, including NZFN. ●

*assumes:

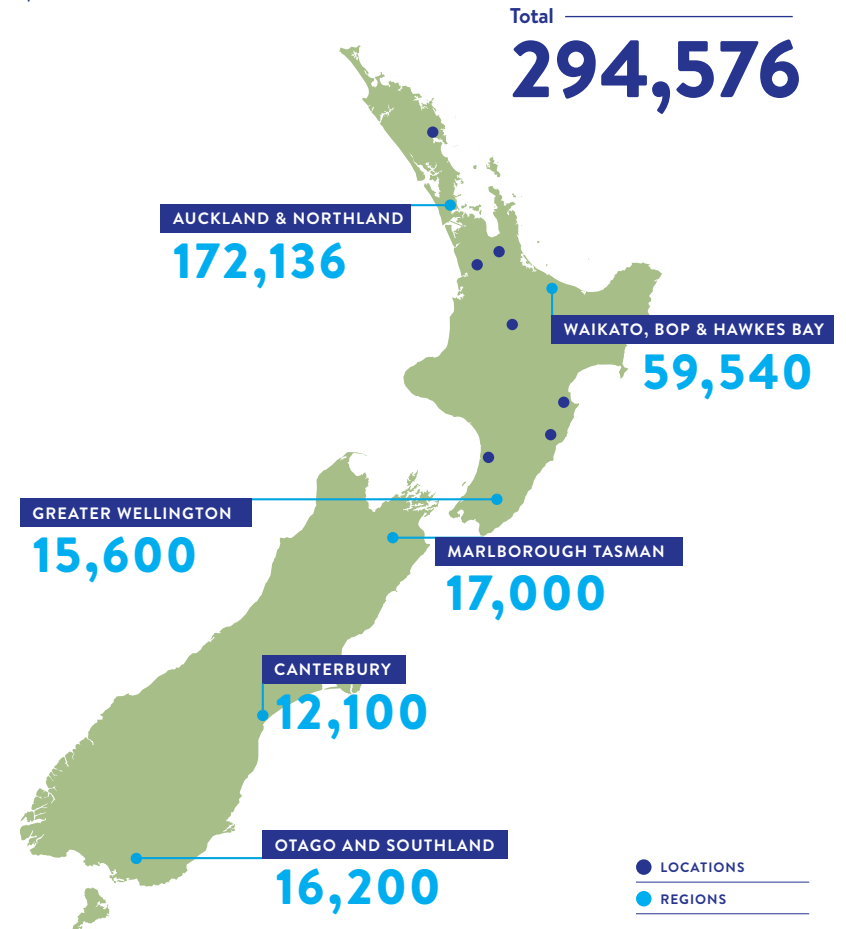
100g standard portion for fish fillet or mussel meat

200g standard portion for ½ or whole shell mussel product and whole fish

300g standard portion for heads/frames

SANFORD FOODBANK PRODUCT DONATIONS BY REGION

Meal equivalents donated to foodbanks FY22* (Meal total includes 2,000 not allocated to a region on the map below.)



Highly Valued Community Partner





Highly Valued Community Partner

COMMUNITY FOODBANK SUPPORT

During FY22 Sanford continued its support of community foodbanks through both fillet products as well as diversion of fish heads and frames (13,791kg) for select species for direct human consumption.

NO. OF MEALS* DONATED TO FOODBANKS



*100g portion for fillet donations, 200g portion for half or whole shell mussels and whole fish, 300g portion for head/frame donations.

FEEDING THE PEOPLE AND THE LAND

IMPROVING value utilisation of the entire fish and eliminating waste is a key strategic initiative set by us in 2022.

Our partnership with the Kai Ika Project in Auckland is the very definition of waste not, want not.



ABOVE Carlos Hotene from Papatūānuku Kōkiri Marae collecting a donation of fish heads and frames from Sanford’s Auckland processing site as part of the Kai Ika Project.

This year we donated a total of 21,835kg of fish to the project, inclusive of 13,791kg of fish heads and frames, and not a skerrick was wasted. Through LegaSea and Papatuanuku Kokiri Marae, South Auckland families were able to add fresh kai moana to their menu. Any scraps from processing are turned into fertiliser for the marae’s thriving vegetable garden – itself a social enterprise with produce often available from the Grey Lynn Farmers Market.

Kai Ika was created to ensure recreational fishers did not waste prized heads and frames by dumping them after filleting. Unlike commercial fishers, they do not have access to plants to produce fishmeal and oils from fish offal. Kai Ika not only



prevents a valuable resource from going to landfill, but also addresses the growing problem of food insecurity by making the most of every fish.

When recreational fishing virtually ceased under Covid-19 lockdowns, the charity turned to commercial fishers, like us, to maintain supplies. Recreational fishing has returned, but demand has risen as higher living costs hit family budgets and we are happy to continue to contribute. Like Kai Ika, we want to get the maximum nutritional and economic value from every fish harvested and eliminate waste. ●



WATCH VIDEO
Kai Ika project
<https://youtu.be/9nwvpVDrsCO>



PERSEVERING FOR POTENTIAL GRAEME DINGLE FOUNDATION AND SANFORD

IT'S NOT easy keeping a thirst for learning alive when students and schools are navigating lockdowns, but the Graeme Dingle Foundation (GDF) has persevered, knowing the importance of education and motivation in the lives of young Kiwis.

Sanford supports the Foundation in six regions across the country, helping their teams have an impact on the lives of more than 20,000 young people. For almost 30 years, the Foundation has taken a special interest in those who may be at risk. Sanford has been a partner with GDF for over 20 years and as the pandemic disrupted learning routines, the Foundation's work proved even more vital.

From the Kiwi Can programme teaching self-belief and confidence in primary schools, to the MYND programme helping high risk youth turn their lives around, the Foundation's work is invaluable, given its immediate and long-term impacts.

We support the Foundation financially, in kind and in person, including having the Marlborough region's longest standing mentor in the Sanford family - Floating and Farm Development Manager, Grant Boyd.

An Infometrics report says every \$1 invested in the Graeme Dingle Foundation gives a return of \$7.80 to New Zealand's economy¹. On that basis, our support this year of over \$140,000 has achieved over \$1,000,000 of impact. But the gains are far more than financial. Our people who are hands-on in New Zealand's regions, working with our rangatahi, can see what a difference that self-belief, values and a compass set on the right course can make for a lifetime. ●

DONATIONS THIS YEAR TO THE
GRAEME DINGLE FOUNDATION

\$140,146

WILL GENERATE LONG TERM GAINS
FOR NEW ZEALAND OF OVER¹

\$1,000,000

1. <https://dinglefoundation.org.nz/>

COMMUNITY COMMITMENT



	2022
● Community Programmes (incl. Salmon Fund)	\$102,737
● Gaeme Dingle Foundation	\$140,146
● Other Charities	\$9,453
● Industry Sponsorship	\$49,454

* Exclusive of foodbank donations product costs. The number of meal equivalents donated being reported elsewhere.

GRAEME DINGLE FOUNDATION AND SANFORD FROM 2014 TO TODAY



Highly Valued Community Partner





Our future focus – Targets for FY23

VISION AND STRATEGIC LINKS

OUR VISION:

We are a valued and respected partner both at a local community level and with our national strategic partners. We are a positive contributor to all our stakeholder communities and are regarded as being an integral part of the local and national communities we participate in.

LINKS TO RELEVANT STRATEGIC INITIATIVES:

- S** Invest in systems to drive a high achieving organisation
- E** Develop expertise, knowledge, and insights to drive asset optimisation, profit, value, quality, and sustainability
- P** Ensure the welfare, growth, and fulfilment of our people – economic, physical, emotional

MATERIAL ISSUES AND GOALS

Community Relationships, Collaboration, and Support

Respect and support our local communities, leveraging our strengths and in line with our social licence to operate. Establish strategic partnerships that create value for the community, our partners and Sanford.

2023 TARGETS

Continue assisting communities where we operate in meaningful ways, including:

- Support to community initiatives in Bluff and Stewart Island via the 10c/salmon fund and local community funding decisions;
- Strengthen youth resilience through partnerships with GDF, particularly in the regions where we operate; and
- Support of local events in all main sites (e.g. science fairs, beach clean-ups).

Support the wider uptake of a 'whole-of-fish' consumption approach in New Zealand, target >10,000 kg of fish heads and frames donated for direct consumption (FY22: 13,791kg).

Use our position as a major food supplier to assist local communities by working with local foodbank distributors where inventory or products are appropriate.

Through our business operations and decisions, support local and regional economies in New Zealand by focusing >70% of FY23 non-capital expenditure to domestic suppliers (FY21: \$397.7M paid to domestic suppliers; FY22: \$488.3m).





Operational Excellence

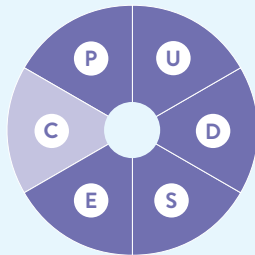
OUR VISION: We are New Zealand's seafood leader for quality, value and reputation. We deliver consistent and sustainable, profitable, and socially beneficial outcomes to our shareholders and stakeholders through our people, sector leadership, approach to innovation, and risk management strategies.

CAPITAL INPUTS



- 1. Financial
- 2. Human
- 3. Manufactured
- 4. Intellectual
- 5. Natural
- 6. Social & Relationship

STRATEGIC INITIATIVES



- U Utilisation
- D Differentiate
- S Systems
- E Expertise
- C Customers
- P People

KEY: DARKER SEGMENTS APPLY TO THIS OUTCOME. SEE PAGE 14

UN SDG



United Nations Sustainable Development Goals

KEY: COLOUR SEGMENTS APPLY TO THIS OUTCOME.







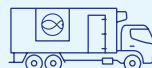


Material issues and value creation – 2022

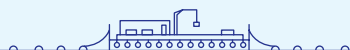
This table summarises Sanford's actions relating to our desired business outcome of achieving **operational excellence**. It includes the targets we set at the commencement of year 2022, organised by the material topics defined in our 2021 Annual Report, and our progress against these targets. At the end of this section, we use revised and refreshed material topics (the outcome from the materiality process) to define future targets for 2023 and beyond as well as our future vision.

PROGRESS AGAINST TARGETS FOR FINANCIAL YEAR 2022

MATERIAL ISSUES & STRATEGIC GOALS	2022 TARGETS	PROGRESS AGAINST TARGETS
Shareholder Value	Deliver improvements in company economic performance represented by year-on-year increases in revenue, EBIT, and NPAT, building shareholder value and returns.	 Achieved. Improved results for each of revenue (+8.6%:\$531.9m, FY21:\$489.6m), EBIT (+72.5%: FY22:\$40.2m, FY21:\$23.3m), and NPAT (+244%: FY22:\$55.8m, FY21:\$16.2m) as we implement strategy to sustainably grow shareholder value.
Operational Excellence	FY22 Business Priorities: <ol style="list-style-type: none"> 1. Rebuild mussel profitability, increasing profit contributions by >100%. 2. Deliver on developing opportunities in wildcatch, resulting in improved profit contributions. 3. Retain salmon profitability whilst preparing for future growth by investing in farming infrastructure. 	 Ongoing. <ol style="list-style-type: none"> 1. Mussel division has not delivered to anticipated result for FY22, impacted by lower harvest volumes as labour conditions constrained processing capacity. 2. Strong pricing in many wildcatch segments contributed to improved contributions, despite volume being flat. 3. Strong sales performance in Salmon during FY22 retained profitability despite upward pressure on key inputs such as feed and challenging environmental conditions. Infrastructure investment continued with several vessel/barge purchases to support future volume growth.
	Review and refine our business strategy to define pathway for excellence and growth in a post-Covid context.	 Achieved. Strategy refresh and five-year strategic direction defined and cascaded successfully within the business, and to investors via an interactive presentation held on 21 June 2022.
	Successfully complete the SanCore Anchor project rollout for processing, supply chain, and financial systems before the end of FY22.	 Not Achieved. Substantial progress made during FY22 including the successful deployment of Innova systems (used by logistics, planning, production, processing, and quality) in Havelock, Timaru, Bluff, and on six of our deepwater factory vessels. Rollouts still pending at the close of FY22 include Auckland and one further vessel, which are scheduled for early FY23.



MATERIAL ISSUES & STRATEGIC GOALS	2022 TARGETS	PROGRESS AGAINST TARGETS
Operational Excellence - Cont	Complete construction of, install equipment within, and commission the new marine extracts facility in Blenheim.	<p>✔ Achieved. Construction completed during September 2022, along with installation of initial equipment. Facility commissioning will be completed and production underway by end of October. Official opening event scheduled for Thursday 24 November.</p>
	Mussel spat production during FY22 via SPATnz to achieve production equivalent to deliver, at harvest, >40% of FY22 GWT plan.	<p>✘ Not Achieved. Process improvements were implemented during FY22 and brought to commercial scales toward year end, the timing though limiting their ability to contribute to overall results. Tough winter conditions affected mussel condition and environmental challenges (Nelson flooding) also negatively affected production.</p>
Value Chain	Implement practices and collaboration arrangements throughout the supply chain to limit supply chain costs (\$/GW kg) to budgeted levels or below as well as improve service reliability.	<p>✘ Not Achieved. During FY22, supply chain costs increased above budgeted levels (cost/tonne basis), primarily attributable to the flow through of higher than planned fuel pricing following the Ukrainian invasion during the year and associated effect on global fuel costs. Effects have been felt on all of bunker fuel for shipping, aviation fuel and domestic diesel pricing.</p>
	Harness sales and operational planning (S&OP) process optimisation and partnerships with freight providers to improve our 'Dispatched and Shipped On Schedule' score (per shipment) by greater than 10 percentage points, improving customer satisfaction.	<p>✘ Not Achieved. S&OP processes worked well during the year, reflected by supply volumes aligning to strong demand for key species. Ability to deliver export sales orders on time in some segments has, however, been impacted by labour shortages particularly in mussels. Kotahi seafreight collaboration successful in its ability to confirm bookings and equipment, however, with a continuation of shipping line schedules being 'off schedule', it has not delivered an improvement in the 'dispatched and shipped on schedule' score.</p>
Risk	Complete ongoing ERM process, implement framework, communicate understanding and awareness of key risks and mitigations internally, and regularly assess and report on risks to the Board.	<p>➔ Ongoing. ERM process improvements implemented including development of a residual risk radar along with a group risk management policy and framework. Establishment of these across the business remains ongoing, building towards an embedded risk consideration and management culture.</p>
	During FY22, perform a gap analysis, maturity assessment, and plan toward readiness for disclosures in accordance with the recommendations of the Task force on Climate Related Financial Disclosures (TCFD) by 2023.	<p>✘ Not Achieved. During FY22 we've continued to participate in the XRB's process to consult on their Climate Related Disclosures (CRD) standards – with the XRB set to first issue those standards in December 2022. During FY22 Sanford have disclosed climate related information again via the TCFD aligned CDP framework. Specialists are engaged to assist with gap analysis and formal CRD assessment from November 2022.</p>





MATERIAL ISSUES & STRATEGIC GOALS	2022 TARGETS	PROGRESS AGAINST TARGETS
Governance	Full compliance with all NZX governance requirements and consistently adopt best practice governance practices.	<p>✓ Achieved. Full compliance with NZX corporate governance code requirements in all material aspects.</p> <p>In September 2022, Sanford adopted the ESG World (Environmental, Social, and Governance) platform to allow interested persons to readily view our ESG practices and status in relation to many common ESG frameworks operating across the world. A link to that profile can be found under the “Investors” tab of our website.</p>
Communication	<p>Deliver quarterly updates for the Investor community, inclusive of full and half-year result announcements.</p> <p>Promote open and transparent communications with stakeholders and communities to build relationships and share factual fisheries information.</p> <p>Provide meaningful responses to media enquires in a timely manner, promoting transparency as far as commercial considerations allow.</p>	<p>✓ Achieved. Investor updates provided on a quarterly basis during the year. Investor morning held on 21 June 2022 communicated strategic refresh as well as in-depth business updates. During the year our team engaged regularly and successfully with a variety of stakeholders and media to provide factual information, respond to enquiries and to communicate business opinion.</p>





AREA: THE SOUTH

TOTAL STAFF AND SHAREFISHERS

147

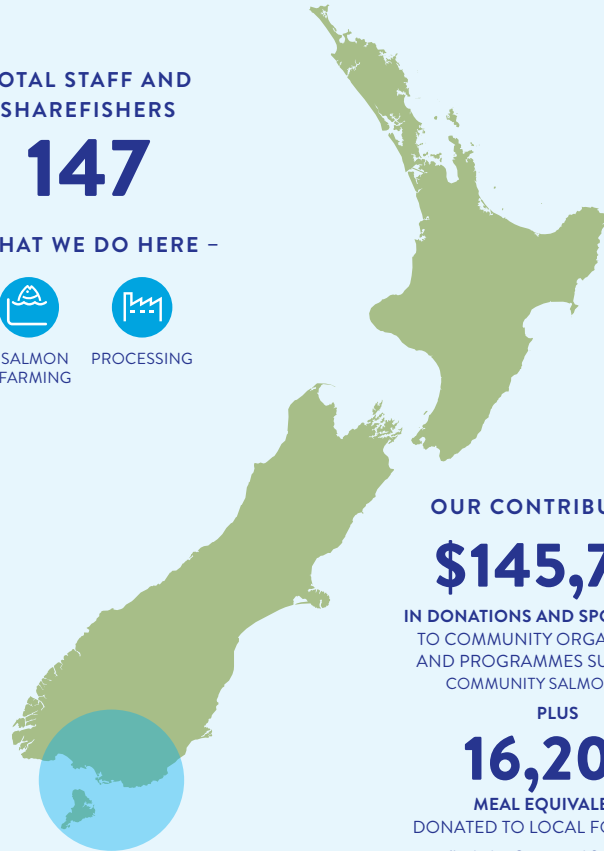
- WHAT WE DO HERE -



SALMON FARMING



PROCESSING



OUR CONTRIBUTIONS

\$145,772

IN DONATIONS AND SPONSORSHIPS TO COMMUNITY ORGANISATIONS AND PROGRAMMES SUCH AS OUR COMMUNITY SALMON FUND.

PLUS

16,200

MEAL EQUIVALENTS DONATED TO LOCAL FOODBANKS.

(Includes Otago and Southland.)

PERSEVERANCE OF OUR REGIONS

High Stakes Met with High Engagement

It takes three years and a lot of care to grow our Big Glory Bay salmon. That meant the stakes were high when our Bluff site adopted and adapted to three waves of change in processing our precious fish – new processing, new portioning and a technology rollout. This work is part of our strategic priority to grow our salmon business and is in line with our strategic initiatives around developing expertise, improving the utilisation of our fish, differentiating through innovation and investing in systems and processes to drive a high achieving organisation.

As Bluff Site Manager Sarah Bynevelt puts it “there was significant pressure to get this right because we are processing a fresh and premium product. One that is not only premium in terms of the salmon but also our service delivery. There is very little room for error.”

The site’s new primary line, delayed from 2021 by Covid, was commissioned in January, achieving a 40% lift in processing capacity through a combination of technology and skilled workers. This improves the site’s ability to meet peak harvest volumes without requiring a second primary processing line.

As they tackled this change, alongside managing a wave of Covid, the Bluff implementation team adopted the old motto “make haste slowly.”

“We recognised some people would adapt quickly; others would take time. We made a real effort not to rush things. We ran the old line alongside the new line, bringing people over in small numbers and supporting them in the adjustment. A high-quality product demands quality processing. We have skilled people, and they were all committed to the change





ABOVE Lana Wast and Lucas Ramsey on the portioning line at the Bluff processing site.

and engaged, but it was important we gave them time to adapt.”

The new line introduced a chain-style process where fish is conveyed past workstations, reducing manual handling. The steps in processing are now broken down, providing opportunities to introduce microbreaks and to rotate roles regularly to mitigate the risk of strain on workers. This has supported a reduction in total recordable injury frequency rate (TRIFR).

Sarah says the measured pace of the changeover gave everybody an opportunity to learn, including supervisors, the engineering team and cleaning crews.

“The line is a far more advanced piece of equipment, so while many aspects of processing are easier, many are more complex. We have technology that’s new for our engineers, such as vacuum waste extraction system. There’s also the simple, but vital business of cleaning this new equipment, which was also a very big part of the learning curve.”

A new portioning line also became fully operational at the Bluff site with the commissioning of the FleXicut, supporting our capacity to supply bone-free fillets and portions to supermarket customers in New Zealand, Southeast Asia and the US.



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—
Sarah Bynevelt
BLUFF SITE MANAGER

The portioning line delivered far more than processing efficiency in salmon portions. It significantly reduced manual pin boning of salmon fillets, a task which requires fine motor skills and consequently poses the risk of repetitive strain injuries. Fillets fed into the portioning machine are x-rayed to find the bones and water jet cutters precisely remove them before portioning the fillet.

Sarah says portioning and pin boning absorbed 18-20 people in the past, while the FleXicut technology allows the same throughput with half the staff. Demand for portioned salmon is increasing from supermarkets, especially as more

shoppers buy online. Portioned fillets can be supplied in sealed tray packs, or in bulk for sale at seafood counters.

The third wave of change rolled through the site in July with the introduction of Innova. This is the system being introduced Sanford-wide to record and track product as it moves through the production process. It has provided new reports and dashboards to allow a much better view of throughput rates and quality, including allowing the Quality Control team to use tablets rather than paper.

Innova is enabling a data-driven picture of the site’s salmon quality and processing practices that can be used to support strategic priorities like improving the value utilisation of entire fish and waste minimisation. ●



INVESTING FOR SALMON GROWTH



WITH GROWTH in our salmon division a priority in our strategy, we are into stage two of our three-year programme focused on breeding generations of resilient and high-quality fish. The programme supports our goal to increase returns by growing production to 6,000 MT over five years.

In stage one we transitioned our breeding programme from Big Glory Bay to our freshwater hatchery site at Kaitangata in the South Island. The new brood stock tank development was completed this year with six tanks commissioned.

This reduced our risk exposure for our most important breeding fish, providing additional backup stocks and continuing the focus on fish resilience. The second stage of this transition to the hatchery is now underway and will be completed in early FY23.

The hatchery tanks enable most of our breeding fish to be reared in a controlled environment away from environmental risks such as algal blooms, jelly fish and marine predators. While we do maintain some brood stocks at sea, having the majority protected from risks supports our ability to consistently produce high quality salmon.

GM Salmon Operations, Richard Miller says the breeding programme has three generations of breeding stock developing simultaneously, with each generation in its own tank.

Given our focus on managing climate change risks and impacts, the breeding programme is drawing on observations made during previous marine heatwaves when some families of fish had greater survivability rates.

LEFT Lily Heidmann checking salmon eggs at the Kaitangata hatchery.

“That’s a trait we want to encourage along with the others such as fat and colour, growth, maturation and resilience. Selective breeding takes time, but we expect to produce a line of faster-growing fish which efficiently convert feed and produce more weight for less intake.

“We know that climate change will always be a factor and we are trying to get a step ahead, ensuring the wellbeing of our fish in higher risk times.”

A Recirculating Aquaculture System (RAS) will be an important addition to our breeding technology, enabling us to transfer bigger smolt to sea. The RAS will provide a fully controlled environment for the smolt, enabling better control of timing, size and counts to sea. In turn this

leads to more consistent and targeted harvest size year-round.

While the RAS was originally due for commissioning in mid-2023, seismic and geotechnical concerns around the original site meant an alternative was needed. Subject to consenting, the RAS is expected to be commissioned at the new site in FY24.

Further investments to support our growth goals include world-leading Canadian oxygenation enhancements across the farm’s pens extending coverage from 15% to 50%. This is consistent with our strategy to reduce environmental risks with the equipment enabling a further level of water quality control during times when conditions are challenging. This will optimise performance and fish wellbeing.



ABOVE Baby salmon, known as smolt.





A second feed barge has been leased for the year ahead, enabling fish stocks to be split across two separate areas to mitigate risks. Funding for a new barge, to be built in 2023, has been approved.

Two work vessels will also come into service in FY23. Little Glory Bay will manage heavy lifting duties for moorings while the other, named San Storm will streamline the net cleaning undertaken every 10 days to provide the best conditions for the fish.

To further support growth, we are preparing to seek an increase in the nitrogen cap covering the farm. Our ability to operate within 95% of our existing cap of 583MT, which has been in place for three years, has been consistently confirmed by independent audits which assess environmental factors including water quality and the health of the seabed. If consented, the higher cap of 659 MT per year – a 13% increase - will enable us to extend the farm from 24 pens to 32. ●



ABOVE Bevan Ferguson, Assistant Salmon Farm Manager, cutting salmon sashimi.

EXTERNAL COMPLIANCE AUDIT

NUMBER OF
AUDITS COMPLETED

	2022	2021*
MPI Food Safety Performance Based Verification Audits (PBV)	40	42
MPI National Shellfish Sanitation Programme (NSSP)	4	4
Marine Stewardship Council (MSC) Chain of Custody	1	1
FSSC 22000 Food Safety Management Systems	4	5
Best Aquaculture Practices (BAP) Audits	4	4
Organic Certification Audits	0	1
Environmental Management Systems (EMS) ISO 14001 Audits	1	1
Accident Compensation Corporation, Accredited Employer (ACC AEP)	1	1
Maritime New Zealand Marine Operator Safety System (MOSS)**	0	4
Fleet Governance and Due Diligence Audit (HSE NZ)	4	4
Financial Statement Audits	1	1
MPI Licensed Fish Receiver Audits	1***	0****
TOTAL EXTERNAL AUDITS CONDUCTED	61	68

* Due to Covid-19 restrictions several audit authorities either extended validations, or permitted self-assessment in lieu of external audits.

** Audit frequency varies based on risk profile and performance.

*** Audits conducted on annual calendar year basis – scheduled audit did not fall within financial year.

**** FY22 audit underway at time of reporting.



EASIER, BUT NOT PLAIN SAILING



IN 2021, Chief Supply Chain Officer, Louise Wood, described moving product to market as “a relay with hurdles,” as supply chains struggled with container shortages, shipping delays and massive bottlenecks at key ports.

This year, the running has been smoother, thanks to our partnership with Kotahi for all our export frozen product, but it still hasn’t been plain sailing.

“The Kotahi partnership has certainly been a benefit in terms of our access to containers and booking space on the export vessels,” says Louise.

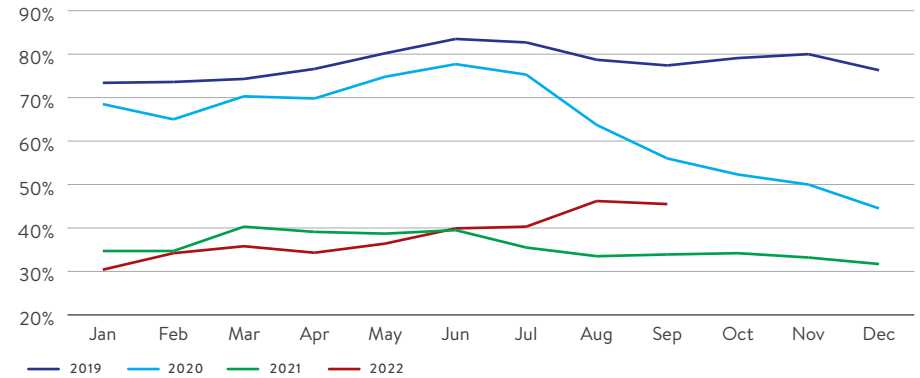
“What remains frustrating is the last step of the process which is getting your freight on a vessel and for it to leave on time. Shipping schedules have remained poor, partly because of capacity constraints and partly because of our location, because New Zealand is more

remote and less attractive to the major carriers than many of the more convenient global trade routes.

“We do well at securing customer orders, but until a shipment goes on the vessel, we cannot invoice that product. We have had months when we could not meet internal sales plans, not through lack of product or demand but because of timing issues with vessels. Nonetheless, supply chain access and capacity issues are better than twelve months ago. Access to ports is improving although bottlenecks remain,” says Louise.

“Demand has lifted as markets have opened and volumes have been short because we have been affected by labour shortages and the impacts of absenteeism as our people caught the virus or had to isolate. Our volumes have moved quickly through the supply chain, and we have had minimal inventory build,” says Louise.

SHIPPING LINE SCHEDULE RELIABILITY



Source: Sea-Intelligence, Global Liner Performance report issue 133

Network disruptions are expected to cause ongoing constraints within the global supply chain, with Sanford’s logistics partner Kotahi forecasting in September that schedule reliability and available capacity are likely to remain restricted for some time. Sea Intelligence reports global schedule reliability continues to improve but only gradually.

On time performance has improved versus the same time last year by over 10 percentage points but is still low compared with pre-Covid levels and has contributed in part to higher seafreight costs over the FY22 period. ●



OUR ACTIVITIES SUPPORT THE LOCAL AND REGIONAL ECONOMIES IN NEW ZEALAND WITH

\$488.3m

in payments made by Sanford to domestic suppliers during 2022 and \$1.62 billion over the past four years.





FULL STEAM AHEAD WITH SANCORE



ONE OF the six strategic initiatives in our strategy is to “invest in systems and processes to drive a high achieving organisation.” The SanCore programme is a vital part of delivering on that aim.

Good systems and processes will help us improve the value we achieve with every fish and allow us to optimise the use of our assets. Quality systems also support quality results, both in terms of our financial performance, and the products we sell, their traceability and sustainability.

Our investment in the SanCore programme is achieving this level of transformational change across the business. Despite Covid, significant progress has been made this year.

Innova is the newly adopted system which tracks product as it moves through the production process, whether the work is being done at sea or on land. It begins with the caught or farmed fish or mussels and ends with the processed and packaged product.

Innova has now been rolled out to our land-based processing sites at Havelock, Timaru and Bluff and six deepwater vessels (excluding the scampi fleet). The Auckland land-based site will follow.

At sea, for example, it records all species caught, while standardised processes support the maximum value being achieved from every kilo of greenweight. Real time yields and inventory are recorded, and the system supports the statutory reporting requirements for species caught under quota management rules.



At sea, the data we receive not only improves the value returned as we process each tow of fish caught, but also enables us to get a clearer picture of available inventory for our sales team.

—
Adrian Grey
SANCORE PROJECT MANAGER

At sea and on land, Innova also enables quality control data to be captured via a tablet, replacing a manual paper-based system.

SanCore Project Manager, Adrian Grey, says Innova allows real time reporting and traceability, which can lead to improved yields, plus Innova’s greater visibility of inputs and outputs can enable further gains in value and efficiency.

“In processing, the benefits include consistency in the way we record information about our fish when it enters our systems and the ability to provide meaningful reporting in real time. That reporting helps eliminate delays, inaccuracies, duplication and repetition. At sea, the data we receive not only improves the value returned as we process each tow of fish caught, but also enables us to get a clearer picture of available inventory for our sales team.”

Rolling out technology at sea is markedly different to getting the job done on land and the logistics are crucial to getting the job done.

“Usually there are two or three stages of development for SanCore integration each time a vessel is in port. In the first, we upgrade infrastructure on board getting the racking and wiring in place. In the second we install and test and then the training begins.”

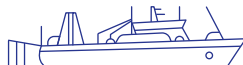
The training is primarily delivered by former skipper, Steve Collier, who was recruited into the SanCore programme for his on-board experience. Adrian says having someone who “speaks the language” with deepwater crews is an asset, with 120 crew members to be trained across the fleet.

SanCore has already delivered new quality, safety, health and environmental software across the business. Cornerstone finance, supply chain, quota management systems and payment systems under Microsoft D365 are now being introduced through FY23. ●



WATCH VIDEO

Innova on board Granit
<https://youtu.be/oSqm4c2yIUU>



Our future focus – Targets for FY23

VISION AND STRATEGIC LINKS

OUR VISION:

We are New Zealand's seafood leader for quality, value and reputation. We deliver consistent and sustainable, profitable, and socially beneficial outcomes to our shareholders and stakeholders through our people, sector leadership, approach to innovation, and risk management strategies.

LINKS TO RELEVANT STRATEGIC INITIATIVES:

- U** Improve value utilisation of entire fish and eliminate waste
- D** Differentiate through innovation, quality, provenance, sustainability, operational excellence, and application of science
- S** Invest in systems to drive a high achieving organisation
- E** Develop expertise, knowledge, and insights to drive asset optimisation, profit, value, quality, and sustainability
- C** Build and sustain partnerships with customers aligned to our purpose

MATERIAL ISSUES AND GOALS

Shareholder Value; Profitability and Productivity

Improve business margins and financial performance, using that as a platform to sustainably grow shareholder value.

2023 TARGETS

Deliver Year-on-Year improvements in revenue, profitability and EBIT as we track a return to pre-Covid financial performance over a realistic 2-3 year time frame, with a goal to reach a normalised EBIT by 2026 of between \$85-\$105M.

Operational Excellence

Execution of business strategy, growth, and value improvements within existing operations to drive efficiency improvements and value outcomes.

FY23+ Business Priorities:

1. Grow salmon profitability whilst continuing to invest to support capacity and capability for 6.1k GWT harvest volume in 2026-2027;
2. Sustain performance in deep-water wild catch whilst improving value utilisation from harvest and building capability;
3. Implement inshore wild catch turnaround strategy; and
4. Grow mussel profitability; invest in farming infrastructure to support mussel strategy and volume growth; increase profit contributions >100 %.

Initiate, during FY23, the build process for a King Salmon land based Recirculating Aquaculture System (RAS) hatchery to support our salmon growth strategy.

Initiate, during FY23, construction for the expansion of the SPATnz facilities at Nelson, which aims to provide a 30% increase in hatchery spat production capacity.

Successfully complete the SanCore Anchor project rollout for processing, supply chain, and financial systems.

Initiate, during FY23, physical ship-yard build process for Scampi vessel build program - ultimately leading to improved efficiencies and fleet reliability.





MATERIAL ISSUES AND GOALS

2023 TARGETS

Risk Management

The business clearly identifies and understands the prioritisation of risks and the required mitigation actions to actively manage the risk to acceptable levels, thereby preserving the value of Sanford.

Build on the risk identification processes undertaken during FY22, ensuring by the end of FY23, that 100% of key risks have appropriate mitigation strategies and acceptable residual risk levels.

Cyber Risks: Further mature our defences to cyber risks by modernising our technology platforms, deploying technology upgrades, and implementing a program to develop cyber-awareness across the organisation.

Adapting business practices to changing climate

Potential risks and opportunities arising from the direct and indirect effects of climate change are understood, along with their associated uncertainty, and appropriate responses are built into strategy and investment plans.

Contribute towards and progress the implementation phase of the New Zealand Seafood Sector Climate Adaptation Strategy.

Complete our assessments (risks, opportunities, governance, strategy, and metrics) in accordance with the 'soon to be released' XRB climate related disclose standards, over 12 months ahead of the mandatory timeline.

Responsible Leadership - Ethical Conduct, Transparency, Governance

Be recognised as a company which governs with clearly defined values for the greater good of all stakeholders. Clear demonstration of an ethical approach across all areas of corporate responsibility.

100% compliance with NZX governance requirements.

Effective Communications

Produce proactive, clear and transparent communications which enhance and protect the reputation and performance of the business, by assisting all our teams to operate at their best and by improving public and stakeholder perceptions of what we do.

Provide meaningful and timely responses to media enquiries, promoting transparency as far as commercial considerations allow and proactively sharing stories which are aligned with our wider goals around transparency, innovation and sustainability.

Respond to the needs of our investor community and other stakeholders with clear and regular communications that are highly rated by them.

Assist our teams to operate at their best by delivering timely, reliable communications which serve our people and strategic goals and are highly rated by staff and sharefishers in our feedback processes.





Luke Jones, crew member on Sanford vessel the Tengawai.





CORPORATE GOVERNANCE STATEMENT

GOVERNANCE AND LEADERSHIP FOR VALUE CREATION

The Board of Directors of Sanford Limited (the Board) and management are committed to building long-term value for shareholders and employees. We are honouring this commitment by maintaining the highest standards of governance, supported by best practice structures, people, practices and policies. This includes maintaining high standards of business integrity and ethics in all our activities.

The extent to which Sanford has followed the recommendations of the NZX Corporate Governance Code dated 10 December 2020 (**NZX Code**) for the financial year ended 30 September 2022 is detailed below. Consistent with its commitment to best practice corporate governance, Sanford has achieved full compliance with the recommendations of the NZX Code in all material aspects for the financial year ending 30 September 2022.

The Board regularly reviews and assesses Sanford's governance policies, procedures, and practices to ensure they are appropriate and effective. This Corporate Governance Statement provides a snapshot of these practices, processes and policies following the recommendations of the NZX Code.

Sanford's key corporate governance documents referred to in this statement, including charters and policies, can be found here www.sanford.co.nz/investors/governance. This statement was approved by the Board on 14 November 2022 and was accurate as at that date.

GOVERNANCE FRAMEWORK

The Board, supported by the Audit, Finance and Risk Committee, People, Health and Safety Committee, and Nominations Committee regularly reviews and benchmarks our structure and processes to ensure they support effective and ethical leadership, good corporate citizenship, and sustainability.

This oversight also ensures that these principles are applied in the best interests of Sanford and our diverse range of stakeholders. As a listed company on the NZX, our governance practices and policies reflect, and are consistent with, the Listing Rules. The Company considers that the governance practices we have adopted follow these principles and policies for the year ended 30 September 2022.

The Board provides effective leadership in the best interest of Sanford and is responsible for the strategic direction and control of the Company. The Board exercises this control through a governance framework, which includes detailed reporting to the Board and its Committees, effective delegation, risk management and a system of assurances regarding financial reporting and internal controls.

Sanford's constitution, and each of the charters, codes and policies can be found here www.sanford.co.nz/investors/governance. The Board's Charter recognises the respective roles of the Board and management and the sound base the Board has developed for providing strategic guidance and management oversight.

CORPORATE GOVERNANCE CREATING VALUE THROUGH SOUND CORPORATE GOVERNANCE



ETHICAL FOUNDATIONS
CARE • PASSION • INTEGRITY
ACHIEVING TOGETHER



OUR DIRECTORS AND BOARD COMPOSITION



LEFT TO RIGHT: Peter Kean, Craig Ellison, Abby Foote, Sir Robert McLeod, Peter Cullinane, Fiona Mackenzie and Mark Cairns.

Sanford's Directors bring a diverse wealth of experience, acting on behalf of our shareholders and other stakeholders.

Directors are chosen for their corporate leadership skills, professional backgrounds, experience and expertise. The right blend of skills and experience, combined with the diversity of Directors' perspectives, is crucial to ensuring the attainment of long-term value for Sanford's shareholders.

At 30 September 2022, the Board comprised seven Directors: Sir Robert McLeod, Mark Cairns, Peter Cullinane, Craig Ellison, Abigail (Abby) Foote, Peter Kean and Fiona Mackenzie.

Mr Ellison was appointed in December 2021 as a non-independent non-executive director. Mr Ellison is the Chief Executive Officer for Ngāi Tahu Holdings. He has extensive experience in governance across a wide range of sectors. He is the Chair of Wellington Zoo.

Mr Goodfellow retired at the conclusion of the 2021 Annual Meeting. Under the NZX Listing Rules, a Director must not hold office (without re-election) past the third annual meeting following that Director's appointment or three years, whichever is longer.

Accordingly, Peter Cullinane is required to retire (having held office since 2019 as an independent director of the Company). Being eligible, Peter Cullinane has offered himself for re-election at the Annual Meeting in December 2022.

Peter Kean, who was appointed to the Board in 2014, has previously indicated his intention to retire at the conclusion of the 2022 Annual Meeting.

David Mair was appointed by the Board on 7 November 2022 as an independent Director, to replace Peter Kean. Under the NZX Listing Rules, a Director appointed by the Board must not hold office (without election) past the next annual meeting following that Director's appointment. Accordingly David Mair is required to retire. Being eligible, David Mair has offered himself for election at the Annual Meeting in December 2022.

For more information about our Board, please visit <https://www.sanford.co.nz/investors/governance/board-of-directors/>.





OUR EXECUTIVE TEAM



Peter Reidie



Paul Alston



Karen Duffy



Andre Gargiulo



Peter Young



Colin Williams



Louise Wood

Our strong Executive Team, all experts in their respective fields, is implementing our strategy aligned to our vision of leadership in New Zealand seafood.

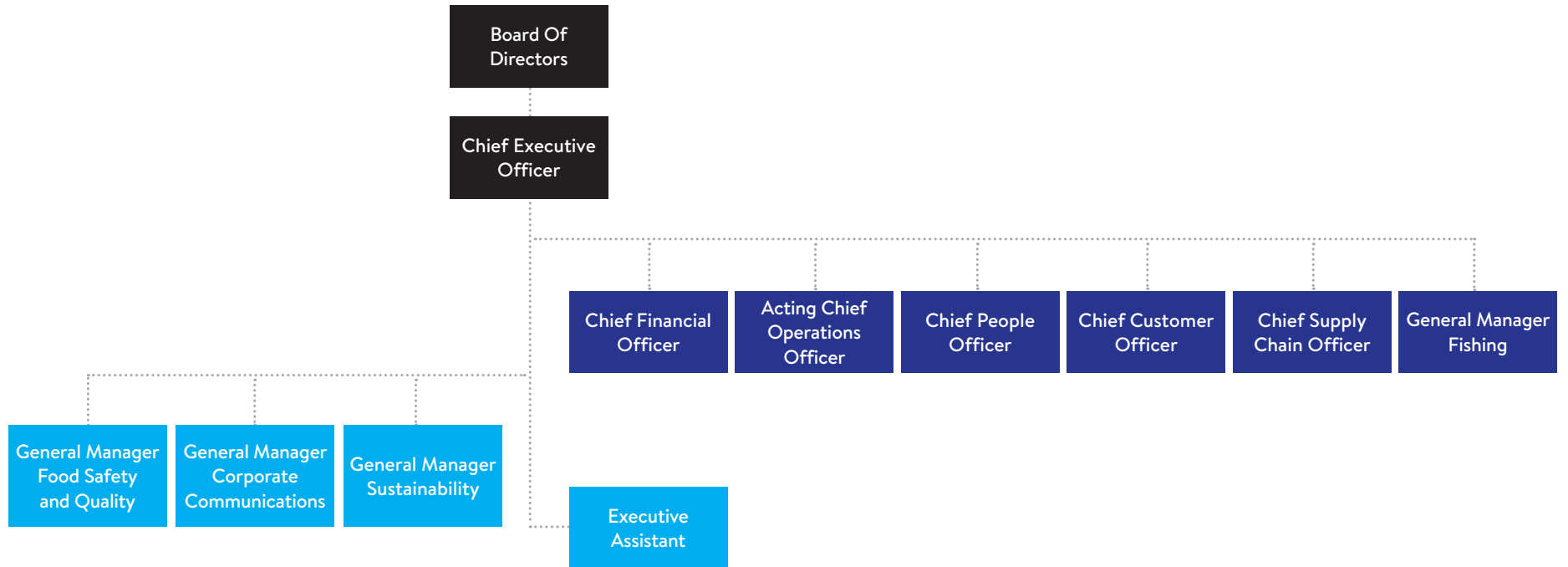
For FY22 the Executive Team comprised Chief Executive Officer Peter Reidie, Chief Financial Officer Paul Alston, Chief People Officer Karen Duffy, Chief Customer Officer Andre Gargiulo, Acting Chief Operations Officer Peter Young (from January 2022), General Manager Fishing Colin Williams (from January 2022), Chief Supply Chain Officer Louise Wood (from January 2022). In January 2022 Clement Chia, the Chief Operating Officer departed.

For more information about our Executive Team, please visit <http://www.sanford.co.nz/about-sanford/executive-team>.



EXECUTIVE AND CEO DIRECT REPORT ORGANISATION CHART

The chart below shows the Executive CEO and Direct Report organisational structure.





Principle 1: Code of Ethical Behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Sanford's Board is committed to maintaining the highest standards of corporate governance, ensuring transparency, business integrity and ethics, and recognising the interests of its shareholders and other stakeholders.



Recommendation 1.1: The Board should document minimum standards of ethical behaviour to which the issuer's Directors and employees are expected to adhere (a code of ethics) and comply with the other requirements of Recommendation 1.1 of the NZX Code.

Sanford has prepared a Code of Ethical Behaviour consistent with our core values of Care, Passion, Integrity and Achieving Together. Sanford also has a Code of Conduct in place, which is made available to all employees, and sets out the standards expected from Sanford's Directors, officers, employees, and anyone acting on their behalf. Sanford monitors compliance with the Code through established performance management processes and adherence to the Protected Disclosures (Whistleblowing) Policy. Disclosure of serious wrongdoing is strongly encouraged by Sanford as a means of managing risk, promoting openness and transparency, and protecting the reputation of the Company. This Policy recognises Sanford's commitment to encouraging, supporting and protecting those employees who, in good faith, disclose such wrongdoing, detailing the procedure and protection offered, when this occurs. There were no reported breaches during the period of 1 October 2021 to 30 September 2022.

Copies of both Sanford's Code of Ethical Behaviour and its Protected Disclosures (Whistleblowing) Policy are available on the Sanford website at: <https://www.sanford.co.nz/investors/governance/policies/>.

TRADING IN COMPANY SECURITIES POLICY



Recommendation 1.2: An issuer should have a financial product dealing policy, which applies to employees and Directors.

Sanford has a Securities Trading Policy that details the Company's position on, and rules that apply to, all Directors, officers and employees of Sanford and its subsidiaries in New Zealand who intend to trade in Sanford's listed securities in New Zealand. The requirements imposed by the Policy are separate from, and in addition to, the legal prohibitions on insider trading that apply.

A copy of Sanford's Securities Trading Policy is available on the Sanford website at: <https://www.sanford.co.nz/investors/governance/policies/>

Principle 2: Board Composition and Performance

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

BOARD CHARTER



Recommendation 2.1: The Board of an issuer should operate under a written charter, which sets out the roles and responsibilities of the Board. The Board charter should clearly distinguish and disclose the respective roles and responsibilities of the Board and management.

The Board has adopted a formal Board Charter, which distinguishes and discloses the respective roles and responsibilities of the Board and management. The Board Charter is available on the Sanford website at: <https://www.sanford.co.nz/investors/governance/board-and-committees/>.





NOMINATION AND APPOINTMENT OF DIRECTORS



Recommendation 2.2 and 2.3: Every issuer should have a procedure for the nomination and appointment of Directors to the Board. An issuer should enter into written agreements with each newly appointed Director establishing the terms of their appointment.

Sanford has developed and adopted a Nomination Committee Charter, which outlines the procedure for the nomination and appointment of Directors to the Board. The Nomination Committee Charter is available on the Sanford website at: <https://www.sanford.co.nz/investors/governance/board-and-committees/>.

The Nomination Committee Charter provides that each Director shall be appointed by a letter of appointment and outlines the matters that are included in the letter of appointment for each Director.

DIRECTOR PARTICULARS



Recommendation 2.4: Every issuer should disclose information about each Director in its annual report or on its website, including a profile of experience, length of service, independence and ownership interests and Director attendance at Board meetings.

The Board is committed to ensuring a range of experiences and perspectives among its Directors. This is highlighted in the Directors' biographies on the Sanford website at www.sanford.co.nz/investors/governance/board-of-directors/.

For more information, refer to 'Adoption of a Skills Matrix' disclosed below in this statement. Details of independence and ownership interests are set out below. Director attendance at Board and Board Committee meetings is set out under Recommendation 3.5 below.

TENURE OF DIRECTORS

>10 years	0
5-10 years	2
3-5 years	2
Less than 3 years	3

INDEPENDENCE

As at 30 September 2022, six Directors are considered by the Board to be "independent" directors. Those six Directors are considered to be independent, having regard to (amongst other things) the following factors:

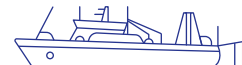
- They are non-executive Directors who are free of any interest, business or other relationship that could reasonably influence, or could reasonably be perceived to influence, in a material way, their capacity to bring an independent judgment to bear on issues before the Board, and to act in the best interests of the issuer and to represent the interests of the Company's financial product holders generally.
- They have not been employed or retained, within the last three years, to provide material professional services to the Company.
- Within the last 12 months they were not a partner, director, senior executive or material shareholder of a firm that provided material professional services to the Company or any of its subsidiaries.

- None of those directors:

- » Have been, within the last three years, a material supplier to the Company or have any other material contractual relationship with the Company or another group member other than as a Director of the Company;
- » Receive performance-based remuneration from, or participates in, an employee share scheme of the Company;
- » Is a substantial product holder in the Company nor do they control, or are they an executive or other representative of (or otherwise associated with) an entity which controls, 5% or more of the Company's voting securities in any role that might interfere, or might reasonably be seen to interfere, with their capacity to bring an independent judgment to bear on issues before the Board, and to act in the best interests of the Company and to represent the interests of the Company's financial product holders generally.

Craig Ellison is not considered to be independent as he is associated with a significant shareholder of the Company (Ngāi Tahu Holdings Limited).

For more information about each Director, please visit: <http://www.sanford.co.nz/investors/governance/board-of-directors>





ADOPTION OF A SKILLS MATRIX

The Sanford board takes a structured approach towards performance evaluation and reviewing the effectiveness of its processes. A full review of the board was undertaken in August 2022 by an external consultant and was supplemented by surveys, self-evaluation and board discussion. The table below highlights those skills and capabilities that the

review process identified to enable balanced governance. These capabilities are aligned with Sanford's business excellence framework pillars and strategy to create long-term value for our shareholders and stakeholders.

SANFORD STRATEGIC CONTEXT ALIGNED TO DIRECTOR CAPABILITY AND SKILL ATTRIBUTE		NUMBER OF DIRECTORS WITH STRONG AND MODERATE CAPABILITY
Enabling Healthy Oceans and Ecosystems	Seafood Industry – Depth of senior experience in the seafood industry – long term governance or C-suite large-scale experience across fishing and aquaculture.	●●
	Sustainability – Experience embedding economic, social, and environmental sustainability into business strategy and operations. Experience in monitoring/measuring ecosystems and sustainability performance.	●●●○○○
Safe and High Performing Workplace	Health and Safety – Experience in the design and implementation of leading HSE practices and culture development at a governance and / or senior executive level.	●●●○○○
	People and Culture – Experience leading cultural transformation. Understanding of C-suite performance management and remuneration.	●●●●●○○
Trusted Partner of Choice	Supply chain and infrastructure – Depth of experience in shipping and logistics, supply networks, distribution, and inventory management – extensive governance background or C-suite experience in these fields.	●●●○○○
	Go-to-market and consumers – Experience in international export market development and development of sales channels. Understanding of building insight into key customer groups, brand development and marketing programmes.	●●●○
Highly Valued Community Partner	Stakeholder engagement and connection – Stakeholder consultation, advocacy and empathy (especially tangata whenua perspective). Government connection and standing. Managing regulation including legal experience.	●●●○○○
Operational Excellence	Financial expertise – Deep understanding of financial risk. Prior CFO / Chartered accountant.	●●●
	Commercial – Depth of governance and / or executive experience with business operations at scale.	●●●●●●●
	Technology and digital innovation – Experience in data analytics, disruptive technologies, automation, application of digital platforms.	○○○○
	Governance – NZX / ASX governance experience. Background of multiple governance roles in similarly-sized organisations.	●●●●●●○
	Investment, markets, and corporate finance – Broad corporate finance and markets expertise, national and international including significant M&A.	●●●○

Key: ● Strong capability/expert ○ Moderate capability





DISCLOSURE OF DIRECTORS' INTERESTS

Interests Register

Sanford maintains an Interests Register in which relevant transactions and matters involving the Directors are recorded. Details of disclosures made in the Company's Interests Register during the year ended 30 September 2022 are set out below.

DIRECTORS' INTERESTS

The following are particulars of general interests included in the Company's Interests Register which were added during the year ended 30 September 2022.

DIRECTOR	ENTITY	POSITION
M C Cairns	Freightways Limited	Chair
	Auckland International Airport Limited	Director
P D Cullinane	Founders Advisory Limited	Director
C R Ellison ¹	Ngāi Tahu Holdings Corporation Limited	Chief Executive
	Hōaka Limited	Director
	Hobsonville Development GP Limited	Director
	New Ground Living (Hobsonville Point) Limited	Director
	Ngāi Tahu Capital (Australia) Limited	Director
	Ngāi Tahu Fisheries Settlement Limited	Director
	Ngāi Tahu Investments Limited	Director
	Ngāi Tahu New Economy Limited	Director
	Oha Honey GP Limited	Director
	Ngāi Tahu Seafood Limited	Director
	Ngāi Tahu Seafood Products Limited	Director
A K Foote	Ngāi Tahu Seafood Resources Limited	Director
	Wellington Zoo Trust	Chair
A K Foote	KMD Brands Limited	Director
P N Kean	Highlanders GP Limited	Shareholder & Chair
F N Mackenzie	ANZ Bank New Zealand Limited	Executive
	ANZ New Zealand Investments Limited	Director
	Oneanswer Nominees Limited	Director

DIRECTOR	ENTITY	POSITION
	ANZ New Zealand Investments Holdings Limited	Director
	ANZ New Zealand Investments Nominees Limited	Director
R A McLeod	China Construction Bank (New Zealand) Limited	Director

1. Appointed 20 December 2021

There were no specific disclosures of interests in transactions entered into by the Company during the year ended 30 September 2022.

SHARE TRADING

Sanford's Constitution directs that each Director holds a minimum of 500 shares in the Company. Directors and Executives are required to seek approval in advance of share trading and certify to the Board that they are not in possession of inside information, in accordance with the Securities Trading Policy and Guidelines.

The Board has determined that share trading may only occur during two trading window periods in each year. The periods commence just after the interim and annual results are announced and end on 30 August, after the end of the half-year and on 28 February, after the end of the financial year.

Directors acquired ordinary shares during the year as follows:

	NATURE OF RELEVANT INTEREST	NUMBER OF SHARES ACQUIRED	CONSIDERATION PAID	DATE
M C Cairns	Beneficial Interest	30,000	\$146,700	19 November 2021
	Beneficial Interest & Registered Holder			13 June 2022
C R Ellison ¹		1,000	\$4,100	
F N Mackenzie	Beneficial Interest	1,000	\$4,890	19 November 2021

1. Appointed 20 December 2021





INDEMNITY AND INSURANCE

In accordance with section 162 of the Companies Act 1993 and the constitution of the Company, Sanford has given indemnities to, and has effected insurance for, the directors and executives of the Company and its related companies. Except for some specific matters that are expressly excluded, the indemnities (updated in 2022) and insurance indemnify and insure directors and executives against monetary losses as a result of actions undertaken by them in the course of their duties.

Specifically excluded are certain matters, such as the incurring of penalties and fines, which may be imposed for breaches of law.

DIRECTORS' INTERESTS IN SHARES

The Directors disclosed the following relevant interests in shares as at 30 September 2022:

	BENEFICIAL INTEREST		NON-BENEFICIAL INTEREST		ASSOCIATED PERSONS	
	2022	2021	2022	2021	2022	2021
M C Cairns	50,000	20,000	-	-	-	-
P D Cullinane	12,000	12,000	-	-	-	-
C R Ellison ¹	1,000	n/a	-	n/a	-	n/a
A K Foote	12,000	12,000	-	-	-	-
P N Kean	25,000	25,000	-	-	-	-
F N Mackenzie	2,000	1,000	-	-	-	-
R A McLeod	28,500	28,500	-	-	-	-

1. Appointed 20 December 2021

DIVERSITY



Recommendation 2.5: An issuer should have a written diversity policy, which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.

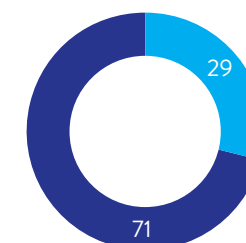
Sanford has a Diversity and Inclusion Policy in place. The policy sets out behavioural and process expectations and standards to deliver practices which increase diversity and reduce bias. Measurable targets are identified for gender makeup of the governance body. Requirements are identified therein for the relevant Board committee to assess the effectiveness of strategies implemented in support of the policy. The Board acknowledges that representation of females on the Board did not achieve the target of at least 33%, but is pleased to have improved its diversity with the appointment of Ngāi Tahu iwi representation, and achievement of other target measures.

GENDER DIVERSITY

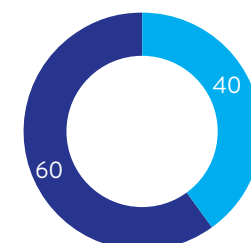
As at 30 September 2022, the Board comprised seven members (2021: seven), made up of five male (2021: five) and two female (2021: two) members.

The Chief Executive Officer and his direct reports comprise a team of 10 members (2021: eight) of which six are male (2021: five) and four are female (2021: three).

Board gender diversity

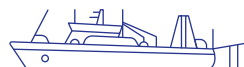


CEO and direct reports gender diversity



● Female
● Male

A copy of Sanford's Diversity and Inclusion Policy is available on Sanford's website at: <https://www.sanford.co.nz/investors/governance/policies/>.



DIRECTOR TRAINING



Recommendation 2.6: Directors should undertake appropriate training to remain current on how to best perform their duties as Directors of an issuer.

Sanford's Directors are expected to understand the Company's operations and undertake any necessary continued professional development to enable them to discharge their duties.

This includes:

- Attending Director training sessions on specific aspects, such as health and safety governance
- Attending management presentations and tutorial sessions, as appropriate, to gain a broader understanding and knowledge of Sanford
- Attending briefings on relevant changes in legislation, regulatory and industry frameworks
- Attending technical and professional development courses, as appropriate, to keep up to date on relevant issues
- Undertaking scheduled visits to key Sanford sites and operations, to familiarise themselves with key operational activities and business practices.

EVALUATION OF PERFORMANCE OF DIRECTORS



Recommendation 2.7: The Board should have a procedure to regularly assess Director, Board and Committee performance.

The Sanford Board takes a structured approach toward performance evaluation and reviewing the effectiveness of its processes. On an annual basis, the Board critically evaluates its own performance, and its own processes and procedures, including those of its Board Committees, to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.

The performance of individual Directors is evaluated, each year, by a process which includes:

- Each Director discussing with the Chair that Director's contribution to the proceedings of the Board and the performance of the Board and its Board Committees generally; and
- The Chair's own contribution being discussed by the rest of the Board.

An independent review of the performance of individual Directors and the Board is undertaken biannually.

The last full review, supported by external consultants, was completed in August 2022, and was supplemented by surveys, self-evaluation, and Board discussion.

The timing of the evaluation enabled the capturing of the challenges that the Covid-19 pandemic has placed on the business and supported the Board's focus toward ensuring that an appropriate strategy is in place to navigate that period and beyond.

DIRECTOR INDEPENDENCE



Recommendation 2.8: A majority of the Board should be independent Directors.

As at 30 September 2022, the Board comprised seven Directors. The Board has considered which of those Directors are independent Directors for the purposes of the NZX Listing Rules and has determined that, as at 30 September 2022, six Directors are independent Directors, including the Chair and the Chair of the Audit, Finance and Risk Committee. The independent Directors are Sir Robert McLeod, Mark Cairns, Peter Cullinane, Abby Foote, Peter Kean and Fiona Mackenzie. Craig Ellison is not considered to be independent, due to his association with a substantial product holder of Sanford.



INDEPENDENCE OF CHAIR AND CHIEF EXECUTIVE OFFICER (CEO)



Recommendation 2.9: An issuer should have an independent Chair of the Board. If the Chair is not independent, the Chair and the CEO should be different people.

Sir Robert McLeod, the Chair of the Board, is an independent Director. The positions of Chair and CEO of Sanford are held by different people.

Principle 3: Board Committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

The Board recognises the essential role of Committees in guiding the Company on specific issues where specialist knowledge and experience is required. Board Committees assist, advise and make recommendations to the Board on matters falling within their areas of responsibility, as set out below.



Recommendation 3.5 (part): All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

Each Committee is governed by a formal charter, setting out its objectives, roles and responsibilities, composition, structure, membership requirements and operation. Members' attendance is reported annually, and the table of attendances is included below:

BOARD AND BOARD COMMITTEE MEETING ATTENDANCE

IN THE YEAR ENDED 30 SEPTEMBER 2022

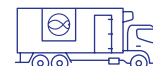
BOARD MEMBER	FULL BOARD MEETINGS	BOARD COMMITTEE MEETINGS		
		AUDIT FINANCE & RISK	PEOPLE, HEALTH & SAFETY	NOMINATION
M C Cairns	9/9	-	4/4	1/1
P D Cullinane	9/9	-	4/4	1/1
C R Ellison ¹	6/6	4/4	-	1/1
A K Foote	9/9	6/6	4/4	1/1
P J Goodfellow ²	3/3	2/2	-	1/1
P N Kean	9/9	-	4/4	1/1
F N Mackenzie	8/9	6/6	-	1/1
R A McLeod	9/9	5/6	4/4	1/1

1. Appointed 20 December 2021

2. Retired 20 December 2021

The above table reflects attendances at scheduled Board and Audit, Finance and Risk Committee and People, Health and Safety Committee meetings. Additional ad hoc meetings were also held.

Copies of the Board and Committee charters are available at: www.sanford.co.nz/investors/governance/board-and-committees. Each Committee other than the Nomination Committee meets on at least a quarterly basis, or more often throughout the year, as required. Senior management representatives attend Committee meetings by invitation only. The three Board Committees are described below:



AUDIT, FINANCE AND RISK COMMITTEE



Recommendation 3.1: An issuer's Audit Committee should operate under a written charter. Membership on the Audit Committee should be majority independent and comprise solely of non-executive Directors of the issuer. The chair of the Audit Committee should be an independent Director and not the Chair of the Board.

The Audit, Finance and Risk Committee assists the Board in fulfilling its responsibilities to protect the interests of shareholders, customers, employees and the communities in which Sanford operates through analysis and monitoring of financial and capital allocation matters, establishing a sound risk management framework and ensuring rigorous processes for internal control across financial management, financial accounting, corporate regulatory compliance, audit and related reporting processes.

The purpose, constitution, membership, responsibilities and accountabilities of Sanford's Audit, Finance and Risk Committee complies with this recommendation and the NZX Listing Rules.

A copy of the Audit, Finance and Risk Committee Charter is available on Sanford's website at: <https://www.sanford.co.nz/investors/governance/board-and-committees/>.



Recommendation 3.2: Employees should only attend Audit Committee meetings at the invitation of the Audit Committee.

Senior management representatives attend the Audit Finance and Risk Committee meetings by invitation only.

REMUNERATION (PEOPLE) COMMITTEE



Recommendation 3.3: An issuer should have a Remuneration Committee, which operates under a written charter (unless this is carried out by the whole Board). At least a majority of the Remuneration Committee should be independent Directors. Management should only attend Remuneration Committee meetings at the invitation of the Remuneration Committee.

The People, Health and Safety Committee assists the Board in establishing and overseeing appropriate policies and strategies for all aspects of human resources management and remuneration, including corporate culture and ethics. This includes regulatory compliance matters relating to people, and the attraction, retention and development of people. The Committee's agenda reflects the importance of human capital to Sanford's strategic and business planning.

The purpose, constitution, membership, responsibilities and accountabilities of Sanford's People, Health and Safety Committee complies with this recommendation. Senior management representatives attend the People, Health and Safety meetings by invitation only.

A copy of the People, Health and Safety Committee Charter is available on Sanford's website at <https://www.sanford.co.nz/investors/governance/board-and-committees/>.

NOMINATION COMMITTEE



Recommendation 3.4: An issuer should establish a Nomination Committee to recommend Director appointments to the Board (unless this is carried out by the whole Board), which should operate under a written charter. At least a majority of the Nomination Committee should be independent Directors.

The Nomination Committee assists the Board by considering nominations to ensure an appropriate mix of expertise, skills, experience, and diversity are on the Board. The full Board meets once a year, or as required, to determine the most appropriate makeup of the Board and to nominate any changes.





The purpose, constitution, membership, responsibilities, and accountabilities of Sanford's Nomination Committee complies with this recommendation.

A copy of the Nomination Committee Charter is available on Sanford's website at: <https://www.sanford.co.nz/investors/governance/board-and-committees>

OTHER BOARD COMMITTEES



Recommendation 3.5 (part): An issuer should consider whether it is appropriate to have any other Board committees as standing Board committees.

The Board has determined that the committees, described above, provide appropriate governance of Sanford, and ensure compliance with the NZX Code.

TAKEOVER PROTOCOLS



Recommendation 3.6: The Board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. The Board should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.

A takeover response protocol, which has been approved by the Board, is in place for dealing with a takeover offer. The protocol complies with this recommendation.

Principle 4: Reporting and Disclosure

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

CONTINUOUS DISCLOSURE



Recommendation 4.1: An issuer's Board should have a written Continuous Disclosure Policy.

Sanford has a Continuous Disclosure Policy, and is committed to providing accurate, timely and consistent disclosures that comply with its continuous disclosure regime, in accordance with the NZX Listing Rules. This includes the establishment of a "disclosure committee" which is primarily responsible for ensuring that Sanford complies with its disclosure obligations.

The Continuous Disclosure Policy is available on the Sanford website at: <https://www.sanford.co.nz/investors/governance/policies/>.

CHARTERS AND POLICIES



Recommendation 4.2: An issuer should make its code of ethics, Board and Committee charters, and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.

Key governance documents are available to investors and stakeholders on Sanford's website. They include the Board and Committee Charters, Code of Ethical Behaviour, Continuous Disclosure Policy, Privacy Policy, Securities Trading Policy and Guidelines, Protected Disclosures (Whistleblowing) Policy, Fisheries Compliance Policy, Diversity and Inclusion Policy, Sustainability Policy, Independence of External Auditors Policy and the Director and Executive Remuneration Policy.



FINANCIAL REPORTING



Recommendation 4.3 (part): Financial reporting should be balanced, clear and objective.

Sanford publishes its interim and audited full-year financial statements that are prepared in accordance with relevant financial reporting standards. The full-year financial statements for the year ended 30 September 2022 are included in the Sanford 2022 Annual Report, an integrated report which reviews Sanford's financial, economic and environmental performance.

NON-FINANCIAL REPORTING – SUSTAINABILITY



Recommendation 4.3 (part): An issuer should provide non-financial disclosure at least annually, including considering environmental, economic and social sustainability factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the Board.

Each year, non-financial information is disclosed by Sanford in the Annual Report. Material topics and risks are discussed (including how those risks are managed and how non-financial targets are measured) and risks are also covered in this Corporate Governance Statement (see Principle 6).

This year's Annual Report is Sanford's ninth Integrated Annual Report, as defined by the International Integrated Reporting Council (IIRC). This Report has been developed in accordance with both the IIRC Integrated Report <IR> Framework and the Global Reporting Initiative Sustainability Reporting Standards (GRI) (applied to a core level of compliance) as detailed in the Sanford Annual Report 2022, **Appendix E**.

Sanford has also considered its role in contributing to the United Nations Sustainable Development Goals (SDGs). Sanford has focused on six SDGs to which it can contribute the most and has the most impact upon.

The GRI standards require Sanford to answer the question: 'What are relevant and material topics which reflect the organisation's significant economic, environmental, and social impacts which are important to its stakeholders, and how is the organisation dealing with them?' This includes value creation across the dimensions of time, financial and non-financial resources for both Sanford and other stakeholders. Material topics and how they are treated are reported within Sanford's Integrated Annual Report 2022.

A combined Independent Auditor's and Limited Assurance Report is issued by Sanford's external auditor KPMG, in relation to Sanford's Integrated Annual Report 2022.

Principle 5: Remuneration

The remuneration of Directors and Executives should be transparent, fair and reasonable.

DIRECTORS' REMUNERATION



Recommendation 5.1: An issuer should recommend Director remuneration to shareholders for approval in a transparent manner. Actual Director remuneration should be clearly disclosed in the issuer's annual report.

Information on Sanford's Director remuneration is shown below. This includes a breakdown of remuneration for Board fees and Committee roles. No other payments were made to Directors.





REMUNERATION

The following tables provide a breakdown of remuneration for Board fees and committee roles. No other payments were made to Directors.

DIRECTORS' REMUNERATION 2022

The following tables provide a breakdown of remuneration for board fees and committee roles. No other payments were made to Directors.

NAME OF DIRECTOR	BOARD FEES	AUDIT, FINANCE & RISK COMMITTEE	PEOPLE, HEALTH AND SAFETY COMMITTEE ¹	TOTAL REMUNERATION
Sir Robert McLeod (Chair)	170,000 (Chair)	10,000	8,000	188,000
Mark Cairns	90,000		8,000	98,000
Peter Cullinane	90,000		8,000	98,000
Craig Ellison ¹	70,000	8,000		78,000
Abigail (Abby) Foote	90,000	10,000	16,000 (Chair)	116,000
Peter Goodfellow ²	20,000	2,000		22,000
Peter Kean	90,000		8,000	98,000
Fiona Mackenzie	90,000	20,000 (Chair)		110,000
Total	710,000	50,000	48,000	808,000

1. Appointed 20 December 2021.

2. Retired 20 December 2021.





DIRECTORS' REMUNERATION 2021

NAME OF DIRECTOR	BOARD FEES	AUDIT, FINANCE & RISK COMMITTEE	SAFETY, HEALTH AND ENVIRONMENT COMMITTEE ¹	PEOPLE, HEALTH AND SAFETY COMMITTEE ¹	SALES, MARKETING, INNOVATION AND FOOD SAFETY COMMITTEE ²	TOTAL REMUNERATION
Sir Robert McLeod (Chair)	170,000 (Chair)	10,000	4,000	7,750	4,000	195,750
Mark Cairns ³	22,500			2,000		24,500
Peter Cullinane	90,000		4,000	4,000	4,000	102,000
Abigail (Abby) Foote ⁴	90,000	10,000	8,000 (Chair)	8,000 (Chair)		116,000
Peter Goodfellow ⁵	90,000	5,000		7,500 (Chair)		102,500
Peter Kean	90,000			7,750	8,000 (Chair)	105,750
Fiona Mackenzie	90,000	20,000 (Chair)				110,000
Total	642,500	45,000	16,000	37,000	16,000	756,500

1. People Committee and Safety Health and Environment Committees were combined on 1 April 2021 into the People, Health and Safety Committee.
2. Sales, Marketing, Innovation and Food Safety Committee was disestablished on 31 March 2021. Agenda items moved to Board meetings.
3. Appointed 1 July 2021; fees do not represent a full year.
4. People, Health and Safety Committee Chair from 1 April 2021.
5. People, Health and Safety Committee Chair until 31 March 2021.



REMUNERATION POLICY



Recommendation 5.2: An issuer should have a Remuneration Policy for remuneration of Directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.

Sanford has a Director and Executive Remuneration Policy in place, consistent with the principles of the People, Health, and Safety Committee Charter. The guiding principles of the policy are for the remuneration of Directors and Executives to be transparent and reasonable, and to support the Company in attracting, retaining, and motivating high-calibre people to achieve its business objectives and create shareholder value. The Director and Executive Remuneration Policy complies with this recommendation.

A copy of the Director and Executive Remuneration Policy is available on Sanford's website at: <https://www.sanford.co.nz/investors/governance/policies/>.

EMPLOYEES' REMUNERATION

The table below shows the number of employees and former employees who received remuneration and other benefits in excess of \$100,000 during the year ended 30 September 2022. The table does not include amounts paid after 30 September 2022 that relate to the year ended 30 September 2022.

REMUNERATION RANGE \$000	NUMBER OF EMPLOYEES	REMUNERATION RANGE \$000	NUMBER OF EMPLOYEES
100 – 110	57	250 – 260	2
110 – 120	31	270 – 280	2
120 – 130	30	280 – 290	1
130 – 140	22	290 – 300	3
140 – 150	18	300 – 310	1
150 – 160	10	310 – 320	1
160 – 170	9	320 – 330	1
170 – 180	7	330 – 340	2
180 – 190	4	340 – 350	1
190 – 200	3	380 – 390	1
200 – 210	3	390 – 400	1
210 – 220	3	510 – 520	1
220 – 230	2	520 – 530	1
230 – 240	1	660 – 670	1
		1000 – 1010	1





CEO REMUNERATION



Recommendation 5.3: An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long-term incentives and the performance criteria used to determine performance based payments.

CHIEF EXECUTIVE OFFICER (CEO) REMUNERATION

The CEO's remuneration consists of fixed remuneration inclusive of KiwiSaver, a short-term incentive (STI) and a long-term incentive (LTI). This is reviewed annually by the People, Health and Safety Committee and the Board after reviewing the Company's performance, the CEO's individual performance and advice from external remuneration specialists.

Short Term Incentive (STI)

The aim of the STI is to reward the CEO for achieving strategic objectives, which will result in strong financial returns for our shareholders. Participation in the plan is by annual invitation at the discretion of the Company at which time financial targets and key performance indicators are established. If minimum financial thresholds are not met, no incentive will be paid. The STI value is set at 30% of the CEO's total fixed remuneration. The STI has two components, individual performance and financial performance. Individual performance accounts for 30% and is based on achieving health and safety performance goals and certain personal performance goals. Financial performance accounts for 70% and is based on achieving budgeted NEBIT.

Achievement of the financial targets result in a payment of 100% of the financial performance component. Payment outside these parameters is at the sole discretion of the Board. The STI payments are shown in the financial year that they are paid, which may not be the same year that they are earned.

Long Term Incentive (LTI)

In September 2021 the Company announced a new LTI plan as part of its retention and incentive arrangements for the CEO. The LTI plan also has flexibility to be extended to other employees in the future, to align the interests of employees with the interests of Sanford's shareholders and to encourage share ownership. The Board retains absolute discretion as to whether any future offers will be made and to review the terms.

The benefits provided to the CEO under the plan are capped at 30% of the CEO's total fixed remuneration. This is then translated to the equivalent number of rights to acquire Sanford ordinary shares (**Share Rights**) based on the weighted average share price over the 10 trading days up to and including the commencement date for the grant.

The Share Rights in a grant are issued in a single tranche with the same performance hurdle, commencement date, and vesting date.

The CEO was granted Share Rights as follows:

- 58,230 Share Rights with a commencement date of 1 October 2021 and a vesting date of 30 September 2024; the "FY22 Grant".
- 31,825 Share Rights with a commencement date of 6 April 2021 and a vesting date of 30 September 2023; the "FY21 Grant".

A Share Right represents a conditional right to, upon vesting, acquire one Sanford Limited ordinary share at a nil exercise price. If the CEO departs the Company's employment for any reason prior to vesting (other than in certain exceptional circumstances), all Share Rights will lapse.

The Share Rights are subject to a performance hurdle. Share Rights will vest where Sanford's total shareholder return (**TSR**) from the commencement date to the vesting date is at least a positive amount and greater than the 50th percentile of a comparative group of NZX50 companies (excluding banking groups). The percentage of Share Rights that vests will increase on a straight-line basis from 50% where TSR is equal to the 50th percentile of the NZX50 group to 100% where the TSR is equal to the 75th percentile of the NZX50 group. Income from Share Rights is recorded in the financial year that vesting occurs.

The CEO is not a member of the Board.

YEAR	BASE	VEHICLE	FIXED	PAY FOR PERFORMANCE \$		TOTAL
	SALARY	ALLOWANCE	REMUNERATION	STI	LTI	REMUNERATION
	\$	\$	\$			\$
FY22	950,000	50,000	1,000,000	-	-	1,000,000





Principle 6: Risk Management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

RISK MANAGEMENT FRAMEWORK



Recommendation 6.1: An issuer should have a risk management framework for its business and the issuer's Board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed.

The identification and mitigation, where possible, of business risks, along with the integrity of management systems and the quality and relevance of reporting to shareholders are a critical oversight responsibility of the Board. The Board is satisfied that there are sufficient written procedures, policies, guidelines, and organisational structures in place to ensure an appropriate division of responsibility, as well as programmes to identify, assess and manage areas of significant risk.

Sanford uses an Enterprise Risk Management approach to identify, evaluate, address, monitor, quantify and report material business risks to the Audit, Finance and Risk and People, Health, and Safety Board Committees, including assessing the implementation and/or effectiveness of mitigation measures. The objective of this approach is to enhance stakeholder value through continuous improvement in the Company's management of risk. Further details relating to the specific risks identified are set out in the Sanford Annual Report 2022 **Appendix B** (page 192).

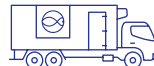
A key control is Sanford's annual business plan and operating budget, which is prepared by management and approved by the Board. This document, combined with the preparation and presentation of monthly financial statements, allows the Board to review management performance against the annual plan and previous year. The Board has an ongoing focus on strategic direction, as well as both global and local trends impacting the Company and industry overall. In addition to internal mechanisms, the Board engages external advisors to carry out internal audit functions on various parts of the business on a rotational basis each year, as set out under Principle 7 'Auditors'.

HEALTH AND SAFETY



Recommendation 6.2: An issuer should disclose how it manages its health and safety risks and should report on their health and safety risks, performance and management.

Health and safety risks are reported to the Board and to the People, Health and Safety Committee on a monthly basis, so that Directors are able to ensure that Sanford has available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety. Health and safety indicators that comply with GRI standards, such as the lost time injury frequency rate (LTIFR), are disclosed at page 187 in this Annual Report, and Sanford Key Performance Indicators table, **Appendix A** (pages 184-189). By understanding and discussing Sanford's critical and high probability risks, their risk profile, and related controls effectiveness, Directors can ensure that they allocate appropriate resources to the organisation. This considered allocation can eliminate or minimise the risks, so far as reasonably practicable.





Principle 7: Auditors

The Board should ensure the quality and independence of the external audit process.

AUDIT

The Board ensures the quality and independence of the external audit process, which culminates in the audit report being issued in relation to the annual financial statements. The significant issues and judgements considered by the Audit, Finance and Risk Committee are disclosed in the Sanford Annual Report 2022 (Note 2 on pages 125-126 of the financial statements).

EXTERNAL AUDITOR

KPMG were commissioned as Sanford's external auditors for the year ending 30 September 2022. The Board, after considering the recommendation of the Audit, Finance and Risk Committee, considered and reviewed the appointment of the external auditors. It is proposed that the current Auditor should continue in office, in accordance with Section 207T of the Companies Act 1993.

The Audit, Finance and Risk Committee provides a formal forum for communication between the Board and the external auditors, ensures the independence of the external auditors, has oversight of audit planning, reviews and recommends audit fees, considers audit opinions and evaluates the performance of the external auditors. The audit partner responsible for the Sanford audit has been the lead auditor for the past one year, having rotated in 2020.

No issues relating to the external auditors' independence have been identified to the year ending 30 September 2022.



RELATIONSHIP WITH AUDITOR

Recommendation 7.1 and 7.2: The Board should establish a framework for the issuer's relationship with its external auditor. This should include the procedures prescribed by the NZX Code. The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit.

INDEPENDENCE OF EXTERNAL AUDITORS

The External Auditor Independence Policy sets out the procedures required to obtain Audit Finance and Risk Committee approval for the use of Sanford's appointed external audit firm for non-audit services. The use of the external audit firm may be permitted to provide non-audit services that are not perceived to be materially in conflict with the role of the auditor, subject to the approval of the Audit, Finance and Risk Committee.

Sanford's external auditor is expected to attend Sanford's annual meeting each year, and shareholders can ask questions of them, should they wish.

A copy of the External Auditor Independence Policy is available on Sanford's website at: <https://www.sanford.co.nz/investors/governance/policies/>.

INTERNAL AUDIT FUNCTION



Recommendation 7.3: Internal audit functions should be disclosed.

Ernst and Young (**EY**) were commissioned for the year ending 30 September 2022, to conduct a number of internal audit functions on behalf of Sanford. These included workforce attraction and retention, cyber security and new IT systems design functionality. These audits were carried out in accordance with the Sanford internal audit plan and approved by the Audit, Finance and Risk Committee.





Principle 8: Shareholder Rights and Relations

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

INFORMATION FOR SHAREHOLDERS



Recommendation 8.1: An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.

Sanford provides shareholders with information through our Annual Reports and half-year results announcements, our Annual Meeting and announcements of material or other relevant information, including results. These documents are lodged with the Stock Exchange operated by NZX Limited (**NZX**) and are publicly available on the Company website at www.sanford.co.nz.

Over the past nine years, Sanford has sought to enhance its financial accounts through integrated reporting, ensuring greater transparency to stakeholders on their strategic direction, business model, value creation and environmental and social performance. Sanford keeps its shareholders informed of major developments and business events likely to affect the Company's operations, financial standing and share price.



COMMUNICATING WITH SHAREHOLDERS

Recommendation 8.2: An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.

Shareholders are encouraged to engage with senior management and the Sanford Board of Directors at the Annual Meeting. Copies of addresses made by the Chairman and CEO at the Annual Meeting are lodged with NZX and made publicly available on the Company website. Sanford also communicates with the investment community via regular group presentations by senior management, and the Chairman undertakes engagement with major investors and advisors to Sanford. This provides a useful forum for both the Board and Sanford investors and advisors to stay abreast of current market views, commercial developments and industry trends.

Sanford provides options for shareholders to receive and send communications electronically, to and from both Sanford and its share registrar.

SHAREHOLDER VOTING RIGHTS



Recommendation 8.3: Quoted equity security holders should have the right to vote on major decisions, which may change the nature of the issuer in which they are invested in.

Sanford is committed to timely and balanced disclosure, which includes advising shareholders on any major decisions. Sanford has processes to ensure it follows the mandatory listing rule requirements relating to a change in the essential nature of the business, including major transactions under the Companies Act 1993.





Recommendation 8.4: If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.

Sanford has not sought additional equity capital for the year ending 30 September 2022.

NOTICE OF ANNUAL MEETING



Recommendation 8.5: The Board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible, and at least 20 working days prior to the meeting.

Sanford's 2022 Annual Meeting will be held at 2.00pm on Thursday 15 December 2022 at Eden Park, Reimers Avenue, Mt Eden, Auckland in the World Cup Lounge West, South Stand and virtually.

Sanford targets having its notices of the annual meeting available on Sanford's website at least 20 working days prior to the meeting.

STATUTORY INFORMATION

SHAREHOLDING ANALYSIS

AS AT 10 OCTOBER 2022

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 to 999	700	24.66	309,688	0.33
1,000 to 4,999	1,373	48.36	2,925,704	3.12
5,000 to 9,999	353	12.43	2,247,005	2.4
10,000 to 49,999	329	11.59	6,089,732	6.5
50,000 to 99,999	30	1.06	2,102,226	2.25
100,000 and above	54	1.9	79,952,380	85.39
	2,839	100	93,626,735	100





TWENTY LARGEST SHAREHOLDERS

AS AT 10 OCTOBER 2022

	NUMBER OF SHARES	%
Ngāi Tahu Investments Limited	18,607,721	19.87
Forsyth Barr Custodians Limited <1-CUSTODY>	8,326,773	8.89
Masfen Securities Limited	7,066,730	7.54
ASB Nominees Limited <173944 A/C>	5,000,000	5.34
Maruha Nichiro Corporation	4,534,231	4.84
Citibank Nominees (New Zealand) Limited - NZCSD <CNOM90>	4,187,454	4.47
Tasman Equity Holdings Limited	3,423,099	3.65
Sterling Nominees Limited <18 A/C>	2,179,037	2.32
BNP Paribas Nominees (NZ) Limited - NZCSD <BPSS40>	2,118,489	2.26
Custodial Services Limited <A/C 4>	1,915,463	2.04
ANZ Wholesale Australasian Share Fund - NZCSD <PNAS90>	1,727,007	1.84
Accident Compensation Corporation - NZCSD <ACCI40>	1,706,013	1.82
New Zealand Depository Nominee Limited <A/C 1 CASH ACCOUNT>	1,644,436	1.75
JBWere (NZ) Nominees Limited <NZ RESIDENT A/C>	1,558,574	1.66
Rural Equities Limited	1,550,000	1.65
HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	1,431,852	1.52
FNZ Custodians Limited	1,335,349	1.42
Arden Capital Limited	1,141,032	1.21
MMZ Trustee Company Limited <M & M A/C>	927,449	0.99
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited - NZCSD <SUPR40>	833,803	0.89

As required by the NZX Listing Rules, New Zealand Central Securities Depository Limited (NZCSD) holdings are now included in the table and are not detailed separately.

SUBSTANTIAL PRODUCT HOLDERS

According to the Company's records and substantial product holder notices given to the Company under the Financial Markets Conduct Act 2013, as at 30 September 2022, the following were substantial product holders in the Company through having a relevant interest in the Company's ordinary shares:

SUBSTANTIAL PRODUCT HOLDER	NUMBER OF VOTING SECURITIES	% OF ORDINARY SHARES HELD	DATE OF LAST SUBSTANTIAL PRODUCT HOLDER NOTICE
Ngāi Tahu Holdings Corporation Limited and Ngāi Tahu Investments Limited*	18,607,721	19.87%	1-Sept-21
Tasman Equity Holdings Limited, Ardern Capital Limited and Past Limited Partnership	9,564,131	10.22%	13-Jun-22
Masfen Securities Limited	7,046,201	7.53%	14-Mar-22
Amalgamated Dairies Limited	5,621,567	6.00%	1-Sept-21

* Ngāi Tahu Holdings Corporation Limited has disclosed that it has a relevant interest in the shares held by Ngāi Tahu Investments Limited.

The total number of quoted voting products of Sanford Limited on issue as at 30 September 2022 was 93,626,735 (which includes Treasury stock of 120,598 shares).

WAIVERS AND EXEMPTIONS FROM THE NZ STOCK EXCHANGE AND THE OVERSEAS INVESTMENT OFFICE

NZX Waiver – Overseas Ownership

In November 2016, NZX granted the Company a waiver from the previous NZX Main Board Listing Rule 11.1.6 (now NZX Listing Rule 8.1.5) which allows the Company to suspend the voting rights of any of the Company's shares which are "Affected Shares" (Waiver).

"Affected Shares" are those shares which the Board determines have caused the Company to be in breach of the "Overseas Ownership Threshold" (currently set at 90% of the maximum aggregate percentage of the Company's shares that can be owned or controlled by overseas persons without the Company itself being an overseas person) and in respect of which the Board can exercise its powers to require (or effect) a sale of the "Affected Shares" to a "Non-Overseas Person".



Following the implementation of the new NZX Listing Rules dated 1 January 2019, NZX re-documented the Waiver under the new NZX Listing Rules and that waiver was released on 22 May 2019 (Re-issued Waiver). The full text of the Re-issued Waiver can be found here: <https://www.nzx.com/companies/SAN/documents>

NZX also granted approval for the Company to include provisions in its Constitution which allow the Board to restrict the transfer of the Company's shares to "Overseas Persons" and which allow the Board to require certain documentation and/or information in relation to a proposed transfer or transferee of the Company's shares. The full text of NZX's approval can be found here: <https://www.nzx.com/announcements/293474>

A more detailed outline and explanation of the effects of the powers that the Board has to restrict the transfer and in certain circumstances suspend voting rights of securities can be found on our website www.sanford.co.nz/investors/governance/companyconstitution, and the provisions which enable the Board to exercise those powers are set out in the Company's Constitution.

As a condition of the waiver, Sanford is listed on the NZX Main Board with a Non Standard designation.

OIO Exemption – Overseas Ownership

In September 2018, the Overseas Investment Office granted the Company an exemption from the requirement under the Overseas Investment Act 2005 to obtain consent prior to acquiring "fishing quota" in certain limited circumstances.

The exemption, which is subject to conditions, means that the Company will not breach the Overseas Investment Act if it acquires "fishing quota" at a time when the Company has a level of overseas ownership of 25% or more, provided that the Company did not know (or could not reasonably have known) that its level of overseas ownership was 25% or more at the time of the acquisition. If Sanford acquires fishing quota under such circumstances, the exemption allows the Company a period of time to either (i) lower its overseas ownership to a level below 25%; or (ii) dispose of the fishing quota it acquired when the Company was 25% or more overseas owned. Sanford is obliged to undertake a quarterly analysis of its share register in order to determine its level of overseas ownership.

The Company sought this exemption to complement the provisions introduced to its constitution in 2016 which enable the Board to require (or effect) a sale of the "Affected Shares" to a "Non-Overseas Person" (as discussed above).

The exemption currently runs until 31 August 2023, and the Company must comply with certain conditions in order to have the continued benefit of the exemption.

For the avoidance of doubt, this exemption does not exempt any overseas person from any requirement to obtain consent under the Overseas Investment Act before giving effect to an acquisition of rights or interests in the Company's securities.

Current level of overseas ownership

The Company estimates Overseas Person ownership to be 12.5% based on NASDAQ most recent reporting, as at 31 August 2022 (13.2% as at 3 September 2021). Sanford's level of overseas ownership may have changed since this estimate was prepared. Overseas persons intending to trade in Sanford shares should seek legal advice regarding their obligations under the Overseas Investment Act 2005.





GAAP TO NON-GAAP RECONCILIATION

Sanford's standard profit measure prepared under New Zealand GAAP is net profit. Sanford have used non-GAAP measures when discussing financial performance in this document. The Directors and management believe that these measures provide useful information as they are used internally to evaluate divisional and total Group performance and to establish operating and capital budgets. Non-GAAP profit measures are not prepared in accordance with NZ IFRS (New Zealand equivalents to International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP profit measures included in this report are not comparable with those used by other companies. They should not be viewed in isolation or as a substitute for GAAP profit measures as reported by Sanford in accordance with NZ IFRS.

DEFINITIONS

Reported EBIT: Earnings before interest, taxation, net gain on sale of investments, long-term assets and intangibles.

Adjusted EBIT: Reported EBIT adjusted for impairment, restructuring costs, other one-off items and software as a service (SaaS) expenditure.

Adjusted EBITDA: Earnings before interest, taxation, depreciation, amortisation, net gain on sale of investments, long-term assets and intangibles, impairment, restructuring costs, other one-off items and software as a service (SaaS) expenditure.

GAAP TO NON-GAAP RECONCILIATION

	Audited 12 Months ended 30 September 2022	Audited 12 Months ended 30 September 2021
	\$000	\$000
Reported net profit for the period (GAAP)	55,772	16,235
<i>Add back:</i>		
Income tax expense	6,692	3,800
Net interest expense	8,731	9,011
<i>Deduct:</i>		
Net gain on sale of investments, property, plant and equipment and intangibles	(43,616)	(12,935)
Reported EBIT	27,579	16,111
<i>Adjustments:</i>		
Impairment of assets	1,301	-
Restructuring costs	345	288
Software as a Service (SaaS) expenditure	10,312	6,183
Other one-off items	639	711
Adjusted EBIT	40,176	23,293
<i>Add back:</i>		
Depreciation and amortisation	28,086	29,310
Adjusted EBITDA	68,262	52,603



FIVE YEAR FINANCIAL REVIEW

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022	2021	Restated 2020 (iii)	2019	2018
	\$000	\$000	\$000	\$000	\$000
Revenue⁽ⁱ⁾	531,887	489,625	468,849	545,121	514,976
Adjusted EBITDA*	68,262	52,603	66,294	85,729	84,402
Depreciation and amortisation	(28,086)	(29,310)	(28,016)	(20,884)	(19,731)
Adjusted EBIT**	40,176	23,293	38,278	64,845	64,671
Restructuring costs	(345)	(288)	(3,452)	(1,609)	(377)
Havelock earthquake insurance settlement, net of repair cost	-	-	-	-	6,835
Impairment of assets	(1,301)	-	(1,193)	(635)	(3,387)
Software as a service (SaaS) expenditure ⁽ⁱⁱⁱ⁾	(10,312)	(6,183)	(4,187)	-	-
Other one-off items	(639)	(711)	2,082	-	(60)
Reported EBIT	27,579	16,111	31,528	62,601	67,682
Net interest expense	(8,731)	(9,011)	(8,995)	(7,866)	(8,065)
Non-trading currency exchange losses	-	-	-	(26)	(116)
Net gain on sale of investments, property, plant and equipment and intangible assets	43,616	12,935	4,037	4,614	463
Profit before income tax	62,464	20,035	26,570	59,323	59,964
Income tax expense	(6,692)	(3,800)	(7,151)	(17,631)	(17,664)
Profit for the year	55,772	16,235	19,419	41,692	42,300
Non controlling interest	122	28	11	4	3
Profit attributable to equity holders of the Company	55,894	16,263	19,430	41,696	42,303
Equity					
Paid in capital	94,690	94,690	94,690	94,690	94,690
Reserves	569,795	538,702	512,266	492,817	486,659
Non controlling interest	388	702	665	675	585
Total equity	664,873	634,094	607,621	588,182	581,934





	2022	2021	Restated 2020 (iii)	2019	2018
	\$000	\$000	\$000	\$000	\$000
Represented by:					
Current assets	224,096	208,477	193,677	164,412	155,095
Less current liabilities	139,888	118,549	120,808	114,380	99,495
Working capital	84,208	89,928	72,869	50,032	55,600
Property, plant and equipment	193,032	167,660	157,143	141,774	130,787
Right-of-use assets ⁽ⁱⁱ⁾	37,574	35,655	40,381	-	-
Investments	3,938	4,096	4,050	1,831	1,494
Biological assets	19,019	18,286	25,806	20,074	15,077
Intangible assets	493,096	497,132	494,973	493,111	506,249
Derivative financial instruments	6,925	9,051	10,306	11	669
	837,792	821,808	805,528	706,833	709,876
Less non-current liabilities	172,919	187,714	197,908	118,651	127,942
Total net assets	664,873	634,094	607,620	588,182	581,934
Dividend per share (cents)	10†	-	5†	23†	23†
Dividend cover (times)	6.0†	-	1.0†	1.9†	2.0†
Return on average total equity	8.6%	2.6%	3.2%	7.1%	7.3%
Earnings per share (cents)	59.8	17.4	20.8	44.6	45.2
Net asset backing per share	\$7.10	\$6.77	\$6.49	\$6.28	\$6.22

* Adjusted EBITDA: Earnings before interest, taxation, depreciation, amortisation, one-off adjusting items, impairment and net gain on sale of investments, intangible and long-term assets.

** Adjusted EBIT: Reported EBIT adjusted for impairment, restructuring and other one-off items.

† Includes the dividends proposed after balance date.

(i) The Group, on adoption of NZ IFRS 15 *Revenue from Contracts with Customers* at 1 October 2018 has adjusted the recognition of revenue from contracts with export customers. This has resulted in revenue for arranging the freight service being recognised net of the associated cost. As such, the revenue values from 2019 onwards are not consistent with 2018.

(ii) The Group, on adoption of NZ IFRS 16 *Leases* at 1 October 2019 has recognised right-of-use assets and liabilities with associated changes in depreciation, interest and EBITDA. As such, values in 2020 to 2022 are not consistent with 2019 and 2018.

(iii) The Group has adopted a new interpretation issued in April 2021 by the IFRS Interpretations Committee (IFRIC) on the International Accounting Standard IAS 38 *Intangible Assets*. The interpretation has resulted in the recognition of Software-as-a-Service (SaaS) expenditure as an expense in the income statement rather than a capitalised asset and a restatement has occurred through retained earnings in the 2020 financial year. Refer to the Sanford 2021 integrated report for details.



FINANCIAL STATEMENTS 2022

The Directors are pleased to present the Financial Statements of the Group for the year ended 30 September 2022.

For and on behalf of the Board of Directors:

Sir Robert A McLeod
Chairman

14 November 2022

Fiona Mackenzie
Director

14 November 2022

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**INCOME STATEMENT**

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 \$000	2021 \$000
Revenue	4	531,887	489,625
Cost of sales		(435,033)	(417,991)
Gross profit		96,854	71,634
Other income	14,12	48,267	18,092
Distribution expenses		(12,326)	(10,464)
Administrative expenses	5	(36,877)	(31,490)
Other expenses	5	(24,923)	(18,787)
Operating profit		70,995	28,985
Finance income	6	402	266
Finance expense	6	(9,133)	(9,224)
Net finance expense		(8,731)	(8,958)
Share of profit of equity accounted investees	13	200	8
Profit before income tax		62,464	20,035
Income tax expense	7	(6,692)	(3,800)
Profit for the year		55,772	16,235

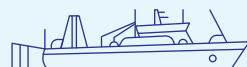
	Note	2022 \$000	2021 \$000
Profit attributable to:			
Equity holders of the Company		55,894	16,263
Non controlling interest		(122)	(28)
		55,772	16,235
Earnings per share, net of tax attributable to equity holders of the Company during the year (expressed in cents per share)			
Basic and diluted earnings per share (cents)			
From profit for the year	16	59.8	17.4



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022 \$000	2021 \$000
Profit for the year (after tax)	55,772	16,235
Other comprehensive income		
<i>Items that may be reclassified to the income statement</i>		
Foreign currency translation differences	573	(240)
Change in fair value of cash flow hedges recognised in other comprehensive income	(34,972)	15,302
Deferred tax on cash flow hedges	9,792	(4,284)
Cost of hedging losses recognised in other comprehensive income	(425)	(882)
Deferred tax on cost of hedging	119	247
<i>Items that may not be reclassified to the income statement</i>		
Amount of treasury share cost expensed in relation to share-based payment	121	22
Other comprehensive (loss)/income for the year	(24,792)	10,165
Total comprehensive income for the year	30,980	26,400
Total comprehensive income for the year is attributable to:		
Equity holders of the Company	31,093	26,436
Non controlling interest	(113)	(36)
Total comprehensive income for the year	30,980	26,400





STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	Note	2022 \$000	2021 \$000		Note	2022 \$000	2021 \$000
Current assets				Current liabilities			
Cash on hand and at bank	8	9,534	3,926	Bank overdraft and borrowings (secured)	8	45,000	55,000
Trade receivables	9	88,206	70,551	Derivative financial instruments	18	23,872	3,321
Derivative financial instruments	18	3,901	10,234	Trade and other payables	15	54,585	49,108
Other receivables and prepayments		11,073	7,529	Taxation payable		4,766	-
Biological assets	10	44,211	40,240	Lease obligation	19	11,665	11,120
Inventories	11	67,171	75,499	Total current liabilities		139,888	118,549
Taxation receivable		-	498	Non-current liabilities			
Total current assets		224,096	208,477	Bank loans (secured)	18	110,000	127,500
Non-current assets				Contributions received in advance		2,219	2,576
Property, plant and equipment	12	193,032	167,660	Employee entitlements	15	1,244	1,149
Right-of-use assets	19	37,574	35,655	Derivative financial instruments	18	14,642	3,181
Investments	13	3,938	4,096	Deferred taxation	7	17,968	28,019
Derivative financial instruments	18	6,925	9,051	Lease obligation	19	26,846	25,289
Biological assets	10	19,019	18,286	Total non-current liabilities		172,919	187,714
Intangible assets	14	493,096	497,132	Total liabilities		312,807	306,263
Total non-current assets		753,584	731,880	Equity			
Total assets		977,680	940,357	Paid in capital		94,690	94,690
				Retained earnings		585,961	530,067
				Other reserves		(16,166)	8,635
				Shareholder funds		664,485	633,392
				Non controlling interest		388	702
				Total equity	16	664,873	634,094
				Total equity and liabilities		977,680	940,357



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 \$000	2021 \$000		Note	2022 \$000	2021 \$000
Cash flows from operating activities				Cash flows from financing activities			
Receipts from customers		549,168	493,500	Proceeds from borrowings		67,500	50,000
Interest received		402	220	Repayment of term loans		(85,000)	(52,500)
Payments to suppliers and employees		(493,670)	(451,165)	Dividends paid to non controlling interest shareholders	17	(201)	-
Income tax paid		(1,619)	(1,191)	Lease payments		(11,359)	(11,017)
Interest paid		(9,377)	(9,131)	Net cash flows used in financing activities		(29,060)	(13,517)
Net cash flows from operating activities		44,904	32,233	Net increase in cash and cash equivalents		15,505	3,233
Cash flows from investing activities				Effect of exchange rate fluctuations on cash held		103	(54)
Sale of property, plant and equipment	12	11	23,419	Cash and cash equivalents at beginning of year		(51,074)	(54,253)
Sale of intangible asset – crayfish quota	14	52,739	-	Cash and cash equivalents at 30 September		(35,466)	(51,074)
Sale of investments	13	115	-	Represented by:			
Dividends received from investments	13	250	177	Bank overdraft and borrowings (secured)		(45,000)	(55,000)
Purchase of property, plant and equipment and intangible assets		(53,442)	(39,079)	Cash on hand and at bank		9,534	3,926
Acquisition of shares in other companies	13	(12)	-		8	(35,466)	(51,074)
Net cash flows used in investing activities		(339)	(15,483)				





STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Reconciliation of Profit for the Period with Net Cash Flows from Operating Activities

	Note	2022 \$000	2021 \$000
Profit for the year (after tax)		55,772	16,235
Adjustments for non-cash items:			
Depreciation and amortisation		28,086	29,310
Depreciation – Annual Catching Entitlements (ACE)	19	6,805	6,805
Impairment of goodwill	14	974	–
Impairment of property, plant and equipment	12	327	–
Share-based payment expense	16	121	22
Share of loss (profit) of equity accounted investees	13	(200)	(8)
Change in fair value of biological assets	10	(4,704)	(4,593)
Change in fair value of forward exchange contracts and foreign currency options		5,074	(1,367)
Decrease in deferred tax	7	(140)	(893)
Decrease in contributions received in advance		(357)	(375)
Unrealised foreign exchange gains/(loss)		(5,814)	1,471
		30,172	30,372

	Note	2022 \$000	2021 \$000
Movement in working capital			
Decrease in trade and other receivables and prepayments		(14,810)	(16,779)
Decrease in inventories		8,380	10,159
Increase in trade and other payables and other liabilities		3,883	1,670
Increase in taxation payable		5,123	3,504
		2,576	(1,446)
Items classified as investing activities			
Loss/(gain) on sale of property, plant and equipment	12	38	(12,928)
Gain on sale of intangible asset – crayfish quota	14	(43,654)	–
		(43,616)	(12,928)
Net cash flows from operating activities		44,904	32,233



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Reconciliation of movement of liabilities to cash flows arising from financing activities

		Lease Obligation	Bank Loans (secured)	Derivative Financial Liabilities	Total
		\$000	\$000	\$000	\$000
As at 1 October 2021		36,409	127,500	(12,783)	151,126
Lease payments	19	(11,359)	-	-	(11,359)
Proceeds from bank loans		-	67,500	-	67,500
Repayment of bank loans		-	(85,000)	-	(85,000)
Financing cash flows		(11,359)	(17,500)	-	(28,859)
Net changes in lease liabilities	19	13,461	-	-	13,461
Change in fair value of derivative financial instruments		-	-	40,471	40,471
As at 30 September 2022		38,511	110,000	27,688	176,199
As at 1 October 2020		40,458	130,000	3,005	173,463
Lease payments	19	(11,017)	-	-	(11,017)
Proceeds from bank loans		-	50,000	-	50,000
Repayment of bank loans		-	(52,500)	-	(52,500)
Financing cash flows		(11,017)	(2,500)	-	(13,517)
Net changes in lease liabilities	19	6,968	-	-	6,968
Change in fair value of derivative financial instruments		-	-	(15,788)	(15,788)
As at 30 September 2021		36,409	127,500	(12,783)	151,126





STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	Share Capital \$000	Share Based Payment Reserve \$000	Translation Reserve \$000	Cash Flow Hedge Reserve \$000	Cost of Hedging Reserve \$000	Retained Earnings \$000	Total \$000	Non Controlling Interest \$000	Total Equity \$000
Restated Balance at 1 October 2021		94,690	22	338	8,075	200	530,067	633,392	702	634,094
Profit for the year (after tax)		-	-	-	-	-	55,894	55,894	(122)	55,772
Other comprehensive income										
Foreign currency translation differences		-	-	564	-	-	-	564	9	573
Hedging losses recognised in other comprehensive income		-	-	-	(34,972)	(425)	-	(35,397)	-	(35,397)
Deferred tax on change in reserves		-	-	-	9,792	119	-	9,911	-	9,911
Amount of treasury share cost expensed in relation to share-based payment		-	121	-	-	-	-	121	-	121
Total comprehensive income		-	121	564	(25,180)	(306)	55,894	31,093	(113)	30,980
Distributions to non controlling shareholders	17	-	-	-	-	-	-	-	(201)	(201)
Balance at 30 September 2022		94,690	143	902	(17,105)	(106)	585,961	664,485	388	664,873
Restated Balance at 1 October 2020*		94,690	-	570	(2,943)	835	513,804	606,956	665	607,621
Profit for the year (after tax)		-	-	-	-	-	16,263	16,263	(28)	16,235
Other comprehensive income										
Foreign currency translation differences		-	-	(232)	-	-	-	(232)	(8)	(240)
Hedging gains/(losses) recognised in other comprehensive income		-	-	-	15,302	(882)	-	14,420	-	14,420
Deferred tax on change in reserves		-	-	-	(4,284)	247	-	(4,037)	-	(4,037)
Amount of treasury share cost expensed in relation to share-based payment		-	22	-	-	-	-	22	-	22
Total comprehensive income		-	22	(232)	11,018	(635)	16,263	26,436	(36)	26,400
Shares issued to non controlling shareholders in subsidiaries		-	-	-	-	-	-	-	100	100
Distributions to non controlling shareholders	17	-	-	-	-	-	-	-	(27)	(27)
Balance at 30 September 2021		94,690	22	338	8,075	200	530,067	633,392	702	634,094

* Refer to the Sanford 2021 integrated report for details on restatement as at 1 October 2020.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1 – GENERAL INFORMATION**(a) Reporting entity**

Sanford Limited (‘the parent’ or ‘the Company’) is a profit-orientated company that is domiciled and incorporated in New Zealand. The Company is registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX). The Company is an FMC entity for the purposes of Part 7 of the Financial Markets Conduct Act 2013.

The financial statements presented are for Sanford Limited (‘Sanford’ or ‘the Group’) as at, and for the year ended 30 September 2022. The Group comprises the Company, its subsidiaries, and its investments in joint arrangements and associates.

In accordance with the Financial Markets Conduct Act 2013, where a reporting entity prepares consolidated financial statements, parent disclosures are not required.

The Group is a large and long-established fishing and aquaculture farming business devoted entirely to the farming, harvesting, processing, storage and marketing of quality seafood products and investments in related activities.

NOTE 2 – BASIS OF PREPARATION**(a) Statement of compliance**

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards as appropriate for Tier 1 for-profit entities. They also comply with International Financial Reporting Standards.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following which are measured on the bases set out below:

- Derivative financial instruments: interest rate and fuel swaps, forward exchange contracts and foreign currency options are measured at fair value
- Biological assets: in water salmon and mussel assets are measured at fair value less costs to sell
- Inventories are measured at lower of net realisable value and cost.

(c) Foreign currency**Functional and presentation currency**

These financial statements are presented in New Zealand dollars (NZD), the Company’s functional currency. All financial information presented in NZD has been rounded to the nearest thousand dollars

(unless described as millions within the notes to these financial statements).

Foreign currency transactions

Foreign currency transactions are translated to NZD at the exchange rates ruling at the dates of the transactions. At balance date foreign currency monetary assets and liabilities are translated at the closing rate. The exchange variations arising from these translations are recognised in the income statement.

Foreign operations

Foreign operations are entities within the Group, the activities of which are based in a country other than New Zealand, or are conducted in a currency other than NZD. The assets and liabilities of foreign operations are translated into NZD at the closing rate, while revenues and expenses are translated at rates approximating the exchange rate ruling at the date of the transaction. Exchange variations are taken directly to the foreign currency translation reserve.

(d) Use of estimates and judgements

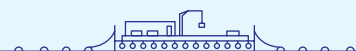
The preparation of financial statements requires the Board of Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts in the financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Accounting policies, and information about judgements, estimates and assumptions that have had a significant impact on the amounts recognised in the financial statements are disclosed in the relevant notes as follows:

- Impairment testing of intangible assets (refer note 14)
- Valuation of inventories (refer note 11)
- Valuation of deferred tax assets and liabilities (refer note 7)
- Valuation of biological assets (refer note 10)
- Valuation of financial instruments (refer note 18)
- Determination of lease term and incremental borrowing rates (refer note 19)

Estimates are designated by a **E** symbol in the notes to the financial statements.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 2 – BASIS OF PREPARATION (continued)

(e) Significant accounting policies

Accounting policies are disclosed within each of the applicable notes to the financial statements and are designated with a **P** symbol.

The Group's accounting policies have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

To ensure consistency with the current period, comparative figures have been amended to conform with current period presentation where appropriate.

(f) New and amended accounting standards and interpretations adopted

No new or amended standards and interpretations that became effective for the year ended 30 September 2022 have a material impact on the group.

All new or amended standards that are issued but not yet effective have not been early adopted by the group.

(g) Impact of Covid-19

The Covid-19 global pandemic has significantly impacted the group's financial performances and positions in the 2020 and 2021 financial years. Sanford was deemed an essential service and therefore was able to continue trading throughout all alert levels over the 2020 and 2021 financial years. Sanford's result for this financial year are still negatively impacted by Covid and other related events such as labour shortages within New Zealand. Previously commented assessments of the impact of Covid on trade and other receivables, inventories and borrowings were not evidenced to the same extent in 2022, with seafood inventory and group borrowing levels falling towards pre-Covid levels.

NOTE 3 – SEGMENT REPORTING

Executive management of the Group monitors the operating results of the wildcatch and aquaculture (mussels and salmon) divisions. Divisional performance is evaluated based on operating profit or loss. Capital expenditure consists of additions of property, plant and equipment and intangible assets.

The Group's key operating divisions are:

- wildcatch – responsible for catching and processing inshore and deepwater fish species; and
- aquaculture – responsible for farming, harvesting and processing mussels and salmon

The Group has determined that the divisions above should be aggregated to form one reportable segment to reflect the farming, harvesting, processing and selling of seafood products.

The criteria as set out in paragraph 12 of NZ IFRS8 *Operating Segments* was considered in determining the aggregation of the operating divisions. In aggregating these operating divisions into one reportable segment, the Group identified similarities in the following:

Similar economic characteristics

The Group considered and identified similarities in economic characteristics in the wildcatch and aquaculture divisions. The Group concluded, having considered several factors, that the operating segments exhibited similar long term economic characteristics because the impact of these factors is expected to be similar across all operating divisions. This is supported by the following observations:

Foreign exchange

A large proportion of the Group's sales are derived from exporting seafood products. Movements in foreign exchange rates have a significant influence on the degree of profitability of the Group.

Competitive and operating risks

The operating risks are similar for all of the seafood products in which the Group trades, due to the vagaries of nature and its impact in respect of weather patterns, nutrients in the oceans, parasites and disease.

The global growth in seafood product demand and rising commodity prices has led to a heightened competitive environment in which the Group trades, this applies in a similar manner across all of the operating divisions.

Economic and political risk

Economic prosperity and political stability for countries in which Sanford's customers are based, have a direct impact across the Group in its ability to derive increasing positive returns to shareholders.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 3 – SEGMENT REPORTING (continued)

Other variables impacting profit

There are many other variables that directly or indirectly impact the profitability of the operating divisions such as international trade rules and tariffs and climate change. The Group has assessed that the operating divisions are similarly impacted by these variables.

Nature of the products

All of the seafood products have similar nutritional factors, principally they are a good source of protein and relatively low in fat.

Similar nature of production processes

The Group has determined that all of the seafood products produced for its customers are harvested from the sea. Additionally, certain fish species and mussels have hand opening or machine opening processes involved in the final completion of the production chain.

The type or class of customer for the product

The Group sells products derived from all of its operating divisions to six (2021: seven) of its top ten customers. The Group's customers are largely of a wholesale nature.

The methods used to distribute the product

The Group's sales and marketing team is structured geographically and not by product type or by operating division.

The nature of the regulatory environment

Both aquaculture and fish products are governed by the quality control regulations set by the Ministry for Primary Industries in New Zealand and those countries to which the Group exports. In respect of vessels these must meet Maritime New Zealand regulations; this requirement is similar for all operating divisions.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 3 – SEGMENT REPORTING (continued)

(a) Revenue by geographical location of customers

	2022	2021
	\$000	\$000
New Zealand	194,625	201,415
North America	91,081	85,293
China	75,530	49,777
Australia	63,218	60,265
Europe	59,772	51,653
Other Asia	17,176	15,628
Japan	13,875	11,004
Middle East	6,895	3,757
South Korea	6,357	4,730
Hong Kong	2,291	4,569
Central and South America	604	336
Africa	420	693
Pacific	43	505
Revenue	531,887	489,625

The revenue information above is based on the delivery destination of sales.

The Group has two customers accounting for more than 10% of total sales for the year across both wildcatch and aquaculture (2021: one customer).

(b) Assets and liabilities

	Note	New Zealand		Australia		Total	
		2022	2021	2022	2021	2022	2021
		\$000	\$000	\$000	\$000	\$000	\$000
Segment assets							
Current		221,800	206,953	1,680	1,524	223,480	208,477
Non current		743,012	720,841	7,354	7,040	750,366	727,881
		964,812	927,794	9,034	8,564	973,846	936,358
Investment in equity accounted investees	13	3,834	3,999	-	-	3,834	3,999
Total assets		968,646	931,793	9,034	8,564	977,680	940,357
Segment liabilities		310,403	305,263	2,404	1,000	312,807	306,263
Total liabilities		310,403	305,263	2,404	1,000	312,807	306,263
Capital expenditure	12, 14	53,549	39,074	246	5	53,795	39,079
Depreciation and amortisation		27,758	29,048	328	262	28,086	29,310



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 4 – REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, the performance obligations are satisfied and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable.

Domestic sales

The performance obligation for domestic sales is satisfied upon delivery of the products to the customer or collection of the goods by the customer. Payment terms generally range between seven days and 20th of the month following invoice date.

Export Sales

The performance obligation is satisfied upon transfer of legal title in line with the relevant incoterms. The Group typically acts as agent in arranging transport and insurance under such arrangements. Revenue is recognised net of the associated costs of these arrangements. Payment terms vary between customers and export destinations.

NOTE 5 – EXPENSES

	Note	2022 \$000	2021 \$000
(a) Administrative and other expenses includes			
Audit fees – KPMG		307	318
Audit fees – other auditors (for audit of Group companies)		66	89
KPMG fees for other services [†]		58	54
Impairment of goodwill	14	974	–
Impairment of property, plant and equipment	12	327	–
Restructuring costs		345	288
Research and development		1,109	1,191
(b) Personnel expenses included in cost of sales, administrative and distribution expenses			
Wages and salaries (including short-term employee benefits)		128,128	124,834

[†] KPMG fees of \$58k for other services are in respect of a limited assurance engagement relating to selected sustainability information included in the Sanford annual report (2021: \$54k).





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 6 – FINANCE INCOME AND EXPENSE



Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, leases and impairment losses recognised on financial assets (except for trade receivables), as well as non-trading currency exchange losses.

	2022	2021
	\$000	\$000
Finance income		
Interest income	402	213
Dividends received	–	53
	402	266
Finance expense		
Interest expense on bank loans and bank overdraft	8,072	7,943
Interest expense on leases	1,061	1,281
	9,133	9,224
Net finance expense	8,731	8,958

NOTE 7 – TAXATION



Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income (OCI) in which case it is recognised in OCI.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is:

- Recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
- Not recognised for the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.
- Measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at balance date.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 7 – TAXATION (continued)**7.1 Income tax expense**

	2022	2021
	\$000	\$000
Current period	7,536	3,486
Adjustments for prior periods	(704)	1,207
	6,832	4,693
Deferred tax expense		
Origination and reversal of temporary differences	(960)	(681)
Adjustments for prior periods	820	(212)
	(140)	(893)
Income tax expense	6,692	3,800
Reconciliation of effective tax rate		
Profit for the year	55,772	16,235
Income tax expense	6,692	3,800
Profit before income tax	62,464	20,035
Tax at current rate of 28%	17,490	5,610
Non-deductible expenses	430	435
Impairment of goodwill	273	–
Adjustments for prior periods	116	995
Different foreign tax rate	75	50
Unutilised and unrecognised tax losses	1,376	458
Utilisation of tax losses previously unrecognised	–	(724)
Gain from sale of intangible assets – quota	(12,979)	–
Capitalised asset timing differences	(34)	(2,999)
Non-taxable income	(55)	19
Other	–	(44)
	(10,798)	(1,810)
Income tax expense	6,692	3,800

7.1 Income tax expense (continued)

	2022	2021
	\$000	\$000
Imputation credit account		
Imputation credits available for use in subsequent reporting periods	54,886	53,345

The Group imputation credits are available to be attached to dividends paid by Sanford Limited.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 7 – TAXATION (continued)

7.2 – Deferred Tax

	2022			
	Balance 30 September 2021 \$000	Recognised in Income Statement \$000	Recognised in Other Comprehensive Income \$000	Balance 30 September 2022 \$000
Movement in temporary differences during the year				
Property, plant and equipment	5,576	321	-	5,897
Intangible assets	15,539	(1,518)	-	14,021
Trade receivables	(137)	106	-	(31)
Derivative financial instruments	3,217	-	(9,911)	(6,694)
Biological assets	6,175	1,658	-	7,833
Other liabilities	(2,351)	(707)	-	(3,058)
Net deferred tax liability	28,019	(140)	(9,911)	17,968



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 7 – TAXATION (continued)**7.2 – Deferred Tax (continued)**

	2021			
	Restated Balance 1 October 2020*	Recognised in Income Statement	Recognised in Other Comprehensive Income	Balance 30 September 2021
	\$000	\$000	\$000	\$000
Movement in temporary differences during the year				
Property, plant and equipment	5,796	(220)	–	5,576
Intangible assets	15,811	(272)	–	15,539
Trade receivables	(28)	(109)	–	(137)
Derivative financial instruments	(820)	–	4,037	3,217
Biological assets	6,099	76	–	6,175
Other liabilities	(1,983)	(368)	–	(2,351)
Net deferred tax liability	24,875	(893)	4,037	28,019

* Refer to the Sanford 2021 integrated report for details on restatement as at 1 October 2020.

Deferred tax recognised in OCI relates to tax on the effective portion of the change in fair value of cash flow hedges, and on cost of hedging gains or losses.



A deferred tax asset has not been recognised in the following item because, in respect to the joint operations that holds that deferral, it is not probable that a future taxable profit will be available to be utilised in the foreseeable future. There is no expiry time for the use of these tax losses.

	2022 \$000	2021 \$000
Unrecognised deferred tax asset		
Net tax losses – Australia	–	1,642
Net tax losses – New Zealand	13,918	9,004
	13,918	10,646

A portion of net tax losses in New Zealand is attributable to the joint operation.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 8 – CASH AND CASH EQUIVALENTS



Cash and cash equivalents includes deposits that are subject to insignificant risk of changes in their fair value. Cash and cash equivalents are classified and measured at amortised cost in the statement of financial position. These financial instruments are short term in nature and the carrying amount is considered to be a reasonable approximation of fair value.

Bank overdraft and borrowings are classified and measured at amortised cost. These financial instruments are short term in nature and the carrying amount is considered to be a reasonable approximation of fair value.

	2022	2021
	\$000	\$000
Cash on hand and at bank	9,534	3,926
Bank overdraft and borrowings (secured)	(45,000)	(55,000)
	(35,466)	(51,074)

Borrowings are all denominated in NZD and expire in April 2023 (2021: April 2022).

NOTE 9 – TRADE RECEIVABLES



Trade and other receivables are financial assets classified and measured at amortised cost less allowance for doubtful debts. Short term trade receivables are not discounted. These financial instruments are short term in nature and the carrying amounts are considered to be a reasonable approximation of fair values.

	2022	2021
	\$000	\$000
Gross trade receivables	88,367	71,083
Less: Allowance for doubtful debts (refer to note 18(a))	(161)	(532)
	88,206	70,551



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 10 – BIOLOGICAL ASSETS



Biological assets include pre-harvest salmon and mussel stocks, and are measured at fair value less costs to sell, with any change therein recognised in the income statement. This method of valuation falls into Level 3 on the fair value hierarchy (refer to note 18). Biological assets are transferred to inventories at the date of harvest.

	2022		
	Mussels \$000	Salmon \$000	Total \$000
Balance at beginning of year	25,729	32,797	58,526
Changes due to biological transformation and movement in fair value less estimated costs to sell	19,923	8,379	28,302
Harvested produce transferred to inventories	(18,730)	(4,868)	(23,598)
Balance at 30 September 2022	26,922	36,308	63,230
Current	15,486	28,725	44,211
Non-current	11,436	7,583	19,019
	26,922	36,308	63,230

	2021		
	Mussels \$000	Salmon \$000	Total \$000
Balance at beginning of year	25,035	28,898	53,933
Changes due to biological transformation and movement in fair value less estimated costs to sell	17,746	9,964	27,710
Harvested produce transferred to inventories	(17,052)	(6,065)	(23,117)
Balance at 30 September 2021	25,729	32,797	58,526
Current	13,673	26,567	40,240
Non-current	12,056	6,230	18,286
	25,729	32,797	58,526





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 10 – BIOLOGICAL ASSETS (continued)



Risk factors

The Group is exposed to a number of risks relating to its growing of salmon and mussel stocks. These include storms, marine predators, biosecurity incursions and other contamination of the water space. The Group has extensive processes in place to monitor and mitigate these risks including insurance of salmon and mussels, regular inspection of the growing areas and contingency plans in the event of an adverse climatic event.

Fair value risk and sensitivity

The estimation of the fair value of in-water mussels and salmon is based on several assumptions. Changes in these assumptions will impact the fair value calculation. The profit which is achieved on the sale of inventory will differ from the calculations of fair value of biological assets because of changes in key factors such as the final sales destinations of inventory sold, changes in selling prices, foreign exchange rates, harvest weight, growth rates, mortality, input costs and costs to sell, and differences in quality of harvested salmon and mussels.

With all other variables remaining constant, a 10% increase/decrease in average future sales prices would increase/ decrease the fair value of biological assets and profit before tax by \$6.2m (2021: 10% increase/decrease \$5.5m). A 10% increase/ decrease in biomass (future harvest volumes) would increase/decrease the fair value of biological assets on hand and profit before tax by \$5.4m (2021: 10% increase/ decrease \$5.5m).

Determining fair value

Salmon

The pre-harvest salmon stock has been valued with reference to their stage of development, the length of the growth cycle, number in the water, assumptions in respect of biomass and feed conversion rates, and the fair value per kg at the point of harvest. The fair value per kg at the point of harvest is determined with reference to expected market prices for the first half of the next financial year, net of estimated cost up to the date of harvest. The fair value measurement commences at the date of transfer to sea water as this is considered the point at which the fish commence their growth cycle.

Mussels

The pre-harvest mussel stock has been valued with reference to their stage of development, the length of the growth cycle for the mussels in the regions being farmed, the fair value per kg at point of harvest, and the physical quantity in the water at balance date. The fair value per kg at the point of harvest is determined with reference to expected market prices for the first half of the next financial year, net of estimated cost up to the date of harvest. The fair value measurement commences at the date of seeding as this is considered the point at which the mussel commence their growth cycle.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 11 – INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The estimated costs of marketing, selling and distribution are deducted in calculating net realisable value.

Cost is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventory and bringing it to its existing condition and location. In the case of processed inventories and work in progress, cost includes an appropriate share of overheads. Fixed overheads are allocated on the basis of normal operating capacity. The cost of items transferred from biological assets is their fair value less costs to sell at the date of transfer.

	2022	2021
	\$000	\$000
Seafood – at cost	51,230	60,692
Net realisable value provision	(3,071)	(1,809)
	48,159	58,883
Packaging, fishing gear, fuel and stores – at cost	19,012	16,616
	67,171	75,499

The cost of inventories recognised as an expense for the year ended 30 September 2022 is \$300.5m (2021: \$325.0m).





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT



Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Cost may include:

- the consideration paid on acquisition of the asset;
- the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use;
- the costs of dismantling and removing the items and restoring the site on which they are located; and
- borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

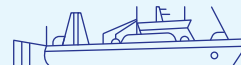
The capitalisation of expenditure ceases when the asset is ready for use, at which point depreciation commences. Capital work in progress of \$47.1m is included within the relevant category of property, plant and equipment below (2021: \$30.3m).

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure that increases the economic benefits derived from an asset is capitalised.

Depreciation of property, plant and equipment, other than land, is calculated using straight-line basis and is expensed over the useful life of the asset. Depreciation methods, useful lives and residual values are reassessed at least annually. Leased assets are depreciated over the shorter of the lease term and their estimated useful lives. Estimated useful lives (years) are as follows:

	2022	2021
Buildings (freehold and leasehold)	20–25	20–25
Fishing vessels:		
Hulls	20–30	20–30
Engines	12–15	12–15
Electronic equipment	3–4	3–4
<i>Included in Plant and Equipment</i>		
Machinery and plant	1–10	1–10
Office fixtures and fittings	3–7	3–7
Marine farm assets	5–15	5–15



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT (continued)

	2022					
	Land	Freehold Buildings	Leasehold Buildings	Fishing Vessels	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cost						
Balance at beginning of year	2,252	21,841	51,010	235,473	137,557	448,133
Additions	-	267	15,856	18,977	12,919	48,019
Disposals	-	-	(45)	(551)	(435)	(1,031)
Effect of movements in exchange rates	-	-	-	-	276	276
Balance at end of year	2,252	22,108	66,821	253,899	150,317	495,397
Accumulated depreciation and impairment						
Balance at beginning of year	-	(7,058)	(31,431)	(142,958)	(99,026)	(280,473)
Depreciation	-	(296)	(2,174)	(14,254)	(5,817)	(22,541)
Disposals	-	-	25	550	401	976
Impairment	-	-	-	-	(327)	(327)
Balance at end of year	-	(7,354)	(33,580)	(156,662)	(104,769)	(302,365)
Net book value at 30 September 2022	2,252	14,754	33,241	97,237	45,548	193,032





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT (continued)

	2021					
	Land	Freehold Buildings	Leasehold Buildings	Fishing Vessels	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cost						
Balance at beginning of year – restated*	2,572	22,548	55,426	212,309	148,820	441,675
Additions	–	3,238	122	25,195	7,567	36,122
Disposals	(320)	(3,945)	(4,538)	(2,031)	(18,787)	(29,621)
Effect of movements in exchange rates	–	–	–	–	(43)	(43)
Balance at end of year	2,252	21,841	51,010	235,473	137,557	448,133
Accumulated depreciation and impairment						
Balance at beginning of year	–	(9,981)	(34,019)	(129,288)	(111,244)	(284,532)
Depreciation	–	(290)	(2,170)	(15,431)	(5,736)	(23,627)
Disposals	–	3,213	4,758	1,761	17,954	27,686
Balance at end of year	–	(7,058)	(31,431)	(142,958)	(99,026)	(280,473)
Net book value at 30 September 2021	2,252	14,783	19,579	92,515	38,531	167,660

* Refer to the Sanford 2021 integrated report for details on restatement as at 1 October 2020.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT (continued)**Sale of Mt Maunganui cold store – FY21**

On 17 December 2020, the Group disposed of its Mt Maunganui cold store for a total consideration of \$16.1m. The net gain of \$12.9m on this disposal is recognised within other income.

Commitments

The estimated capital expenditure for property, plant and equipment contracted for at reporting date but not provided is \$5m for the Group (2021: \$12.5m).

NOTE 13 – INVESTMENTS

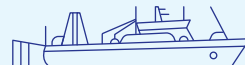
The Group's interest in equity accounted investees comprises interests in those associates and joint ventures disclosed in note 21.

Associates are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement rather than the rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

The Group's other investments comprise shareholdings in other companies which do not constitute controlling interests, nor does the Group have significant influence over the investees. As these are not held for trading, the Group has elected these equity instruments to be classified and measured at fair value through OCI.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 13 – INVESTMENTS (continued)

	2022	2021
	\$000	\$000
Equity Accounted Investees		
(a) Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:		
Current assets	3,683	3,563
Non-current assets	5,400	5,738
Total assets	9,083	9,301
Current liabilities	802	823
Non-current liabilities	2,009	2,084
Total liabilities	2,811	2,907
Revenue	5,866	6,533
Expenses	(5,481)	(6,548)
(Loss)/Profit	385	(15)
(b) Movements in carrying value of equity accounted investees:		
Balance at beginning of year	3,999	3,953
Sale of investment	(115)	–
Share of profit	200	8
Dividends received from associates	(250)	(130)
Conversion of advance to equity	–	168
Balance at 30 September	3,834	3,999
Other Investments		
Shares in other companies	104	97
	3,938	4,096



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 14 – INTANGIBLE ASSETS



Purchased fishing quota is carried at cost less impairment losses. Quota and licences which are initially recognised on the basis of previous permits, catch history or when purchased through business combinations are initially valued at fair value on acquisition. Fair value is determined by reference to Crown tender prices and market prices available close to the time of the acquisition. This became the deemed cost upon the adoption of NZ IFRS.

Marine farm licences are recorded at cost, or when purchased through business combinations, are initially measured at fair value.

Marine farm licences and fishing quota have indefinite useful lives and are not amortised but are tested annually for impairment at reporting date.

Fishing quota has no expiry date and is therefore deemed to have an indefinite useful life. Marine farm licences are deemed by the Directors to have indefinite useful lives as it is highly probable that they are renewed, and the costs of renewal are expected to be minimal.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, is expensed as incurred. Expenditure on development activities, whereby research findings are applied to a plan or a design for the production of new or substantially improved products or processes, is capitalised if the product or process is commercially and technically feasible, and the Group has sufficient resources to complete development. Other development expenditure is expensed as incurred.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 14 – INTANGIBLE ASSETS (continued)

	2022					Total \$000
	Fishing Quota \$000	Marine Farm Licences \$000	Goodwill \$000	Intellectual Property \$000	Computer Software \$000	
Cost						
Balance at beginning of year	395,364	102,554	4,323	3,660	3,211	509,112
Additions	-	100	-	-	5,676	5,776
Disposals	(8,280)	-	-	-	-	(8,280)
Effect of movements in exchange rates	16	-	158	-	-	174
Balance at end of year	387,100	102,654	4,481	3,660	8,887	506,782
Accumulated amortisation and impairment						
Balance at beginning and end of year	(9,333)	(1,244)	-	(1,403)	-	(11,980)
Impairment	-	-	(974)	-	-	(974)
Amortisation	-	-	-	(732)	-	(732)
Balance at end of year	(9,333)	(1,244)	(974)	(2,135)	-	(13,686)
Carrying amount at 30 September 2022	377,767	101,410	3,507	1,525	8,887	493,096



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 14 – INTANGIBLE ASSETS (continued)

	2021					Total
	Fishing Quota \$000	Marine Farm Licences \$000	Goodwill \$000	Intellectual Property \$000	Computer Software \$000	
Cost						
Balance at beginning of year	395,284	102,554	4,383	3,660	340	506,221
Additions	86	–	–	–	2,871	2,957
Effect of movements in exchange rates	(6)	–	(60)	–	–	(66)
Balance at end of year	395,364	102,554	4,323	3,660	3,211	509,112
Accumulated amortisation and impairment						
Balance at beginning and end of year	(9,333)	(1,244)	–	(671)	–	(11,248)
Amortisation	–	–	–	(732)	–	(732)
Balance at end of year	(9,333)	(1,244)	–	(1,403)	–	(11,980)
Carrying amount at 30 September 2021	386,031	101,310	4,323	2,257	3,211	497,132

Sale of crayfish quota in areas CRA2, CRA7 and CRA8

On 29th April 2022 Sanford completed the unconditional sale of its spiny (red) rock lobster quota in Fisheries Management Areas CRA7 and CRA8 to Deltop Holdings Limited, a subsidiary of Fiordland Lobster Company Limited. On 9 May 2022, the unconditional sale of the CRA2 quota to Southern Ocean Seafoods Limited was also completed. The sales of the three quotas, which included some annual catch entitlement (ACE), were for a total consideration of \$52.7m, giving rise to a gain on sale of \$43.7m (net of transaction costs). The gain on sale is included in other income in the income statement.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 14 – INTANGIBLE ASSETS (continued)

14.1 Market capitalisation



The group's market capitalisation has been below the carrying amount of net assets from September 2020 onwards with an increasing gap over this time. At 30 September 2022 the group's market capitalisation was \$391m (2021: \$474m) and the carrying value of its net assets was \$665m (2021: \$634m). Accounting standards consider this to be an indicator of impairment. The group does not believe the current share price provides an accurate reflection of the fair value of the net assets, due to factors such as:

- The financial impact of Covid on the business, which resulted in a significant fall in earnings and cessation of dividend payments. Management do not consider that the share price factors in rising global seafood prices and recent strong demand, and the likelihood of profitability improving to pre-Covid levels.
- The likelihood that the market value of the group's New Zealand fishing quota materially exceeds its carrying value. The CRA2, CRA7 and CRA8 quota sale realised consideration of \$52.7m whereas the carrying value was \$8.3m. Management have also obtained an independent valuation of the group's remaining New Zealand fishing quota which shows headroom over the \$378m carrying value recorded in the financial statements which is in excess of the market capitalisation shortfall.

Management also obtained an independent valuation of Sanford as a whole, with the carrying amount of the group's net assets value falling within this range of the valuation.

Management undertakes impairment testing in respect of the cash generating units which contain the New Zealand fishing quota and marine farm licences using the value in use methodology. This testing results in positive headroom between the value of these cash generating units and the carrying amount of their net assets, indicating that there is no impairment at the cash generating unit level.

14.2 Cash Generating Units



An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount, which is the greater of its value in use and its fair value less costs to sell. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement. For goodwill and intangible assets that have indefinite lives, recoverable amount is estimated at each reporting date.

The table below outlines the allocations of intangible assets with indefinite useful lives to CGUs:

	2022			
	Fishing Quota \$000	Marine Farm Licences \$000	Goodwill \$000	Total \$000
New Zealand Wildcatch	377,564	-	-	377,564
New Zealand Aquaculture	-	101,410	1,458	102,868
Australian Seafood	203	-	2,049	2,252
	377,767	101,410	3,507	482,684

	2021			
	Fishing Quota \$000	Marine Farm Licences \$000	Goodwill \$000	Total \$000
New Zealand Wildcatch	385,844	-	-	385,844
New Zealand Aquaculture	-	101,310	1,458	102,768
Australian Seafood	187	-	1,891	2,078
Other	-	-	974	974
	386,031	101,310	4,323	491,664



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 14 – INTANGIBLE ASSETS (continued)**14.2 Cash Generating Units (continued)****Wildcatch and Aquaculture - impairment testing and assumptions**

Based on impairment testing undertaken in the current year, no impairment is required for fishing quota or marine farm licences given the recoverable amount of both the New Zealand wildcatch and aquaculture CGUs exceed the carrying value of their net assets.

Impairment testing was performed on the applicable CGUs to determine whether fishing quota and marine farm licences were impaired using a discounted cash flow model based on value-in-use. Post-tax discount rates of between 6.8% and 7.6% (2021: 5.7% and 6.6%) were applied; the midpoint being 7.2% (2021: 6.2%). Future cash flows were projected for 5 years and a terminal growth rate of 2% (2021: 2%) was applied. A key assumption in the projections is the growth in earnings. The CAGR of earnings over the modelled period for New Zealand wildcatch is 3.1% and aquaculture 19.3%. These assumptions are largely based on earnings returning to pre Covid-19 levels, as well as aquaculture growth from strategic initiatives.

Assumptions for earnings and capital expenditure are based on actual results, the 2023 budget approved by the Board, and the Sanford Strategy Refresh as published in June 2022. Growth from expansionary capital items is excluded from the assessment as required by NZ IAS 36.

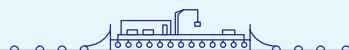
The recoverable amount of New Zealand wildcatch exceeds its carrying amount by \$129m and aquaculture by \$125m.

**Sensitivity analysis - impairment testing**

The Group has conducted an analysis of the sensitivity of the impairment test to changes in key assumptions used to determine the recoverable amounts for the applicable CGUs. The recoverable amounts are sensitive to reasonably possible changes in assumptions of the group's growth expectations in its New Zealand wildcatch and aquaculture cash generating units.

The following table shows the amount by which these assumptions would need to change individually for the carrying amount to exceed the estimated recoverable amount.

Assumption	Wildcatch		Aquaculture	
	Base	Breakeven	Base	Breakeven
Earnings growth	3.1%	-3.5%	19.3%	6.4%
Discount rate	7.2%	8.5%	7.2%	9.5%





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 14 – INTANGIBLE ASSETS (continued)

14.3 Goodwill



Goodwill represents the excess of the consideration transferred over the fair value of the net identifiable assets of the acquired business. Goodwill is carried at cost less accumulated impairment losses.

The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.



The Group impaired \$1.0m of goodwill associated with the acquisition of a retail space lease acquired in 2015 (2021: nil).

Sanford's goodwill balance of \$3.5m (post the impairment noted above), is largely made up of \$2.0m arising from the acquisition of Saltwater Seafoods in 2020, an Australian seafood trading business, and \$1.4m for a mussel powder business, Enzaq, acquired in 2017 (which is included in the New Zealand aquaculture CGU). Analysis in respect of the future earnings of these businesses supports the carrying value of the goodwill.

14.4 Computer Software



Software-as-a-service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date. For SaaS arrangements, the Group assesses if the contract will provide a resource that it can 'control' to determine whether an intangible asset is present. If the Group cannot determine control of the software, the arrangement is deemed a service contract and any implementation costs, including costs to configure or customise the cloud provider's application software, are recognised as operating expenses when incurred.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. If distinct, such costs are expensed as incurred when the service is provided. If not distinct, such costs are expensed over the SaaS contract term.

In implementing SaaS arrangements, the Group has incurred customisation costs which creates additional functionality to a cloud based software. Management has determined that it has rights to the intellectual property and has owned the developed software which meets the definition and recognition criteria for an intangible asset.

Cost incurred for the development of software that enhances or modifies, or creates additional functionality to an on-premise software, that meets the definition and recognition criteria of intangible assets are recognised as intangible assets. These costs are recognised as intangible software assets when they are available for use, and subsequently amortised over the useful life of the software on a straight-line basis.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 15 – TRADE AND OTHER PAYABLES**Trade and other payables**

Trade and other payables are financial liabilities, classified and measured at amortised cost. As these are short term in nature the carrying amount is considered to be a reasonable approximation of fair value.

Employee entitlements**(i) Long service leave**

The Group's net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using an actuarial technique. Changes in long service leave provision are recognised in the income statement.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

	2022	2021
	\$000	\$000
Current liabilities		
Trade payables	15,413	10,554
Other payables and accruals	28,270	30,221
Employee entitlements	10,902	8,333
	54,585	49,108
Non current liabilities		
Employee entitlements	1,244	1,149
	1,244	1,149

NOTE 16 – CAPITAL/RESERVES AND EARNINGS PER SHARE**(a) Translation reserve**

This reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Group's net investment in a foreign subsidiary.

(b) Share-based payments reserve

This reserve comprises the fair value of equity instruments granted under the long-term incentive plan.

(c) Cash flow hedge and cost of hedging reserve

The cash flow hedge reserve comprises the effective portion of changes in the fair value of derivative contracts for highly probably forecast transactions.

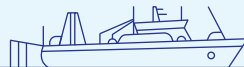
The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the time element of foreign currency options.

Refer to 18(c).

(d) Share capital and earnings per share

	Ordinary Shares	
	2022	2021
	No. of Shares	No. of Shares
On issue at beginning and end of year	93,626,735	93,626,735

All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to Sanford's residual assets. In respect of the Company's shares that are held by the Group, all rights are suspended until those shares are reissued.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 16 – CAPITAL/RESERVES AND EARNINGS PER SHARE (continued)

The calculation of basic earnings per share at 30 September 2022 was based on the profit attributable to ordinary shareholders of \$55.9m (2021: \$16.3m) and a weighted average number of ordinary shares outstanding of 93,506,137 (2021: 93,506,137).

(e) Treasury shares

In 2014, Sanford established a long-term incentive plan (the LTI plan) for the CEO. The LTI plan is designed to improve the performance of the Group by incentivising and motivating the CEO. The LTI was awarded to the new CEO in April 2021.

The Group has not acquired any Sanford Limited shares in 2022 for the purposes of the LTI plan (2021: no shares acquired).

Total treasury shares held at 30 September 2022 was 120,598 shares (2021: 120,598 shares).

The Group issued 58,320 unquoted share rights to the CEO for nil consideration in the current financial year, vesting in September 2024, subject to performance hurdles.

NOTE 17 – DIVIDENDS

On 14 November 2022, the Board declared a final dividend for the year ended 30 September 2022 of 10 cents per share (2021: \$nil).

Interim dividend in respect of the half year ended 31 March 2022 was \$nil (2021 half year: \$nil).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS**Classification and measurement****Classification and measurement of financial assets**

Financial assets are classified into three categories depending on their contractual cash flow characteristics and the Group's business model for managing the financial assets. These categories are:

- Amortised cost;
- Fair value through profit or loss; and
- Fair value through OCI.

A financial asset which is a debt instrument is measured at amortised cost only if both the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

However, the Group may choose at initial recognition to designate a debt instrument that meets the amortised cost criteria as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

For investments in equity instruments that are not held for trading nor managed on a fair value basis, the Group has elected to measure these at fair value through OCI.

Derivative financial instruments which are not designated in an effective hedge relationship are classified as fair value through profit or loss.

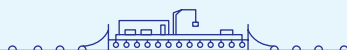
Classification and measurement of financial liabilities

Financial liabilities are classified as either amortised cost or fair value through profit or loss. The Group may choose at initial recognition to designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. All financial liabilities of the Group are measured at amortised cost except for derivative financial instruments which are measured at fair value. Changes in the fair value of derivative financial liabilities are recognised in profit or loss except when the derivative instrument is designated in an effective hedge relationship.

Specific accounting policies for the Group's financial assets and liabilities are described below.

Exposure to credit, interest rate, foreign currency, fuel price and liquidity risks arise in the normal course of the Group's business. Derivatives may be used as a means of reducing exposure to fluctuations in foreign exchange rates, interest rates and fuel prices. While these instruments are subject to the risk of subsequent changes to market rates, such changes would generally be offset by opposite effects on the items being hedged.

The Group is not exposed to substantial other market price risk arising from financial instruments.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (continued)

Fair value measurement



The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows using market interest rates. The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using market interest rates. The fair value of foreign currency options is estimated using option valuation methods with reference to current spot rates and market volatility. The fair value of fuel swaps is estimated using forward fuel prices at reporting date.

Fair value hierarchy



When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(a) Credit risk



Policies

Credit risk, the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, arises principally from the Group's receivables from customers.

The Group does not generally require collateral in respect of trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Reputable financial institutions (defined as having a minimum Standard & Poor's long term credit rating of A-) are used for investing and cash handling purposes.

Maximum exposure to credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status.

The Group's maximum exposure to credit risk for trade and other receivables by geographic regions is as follows:

	2022	2021
	\$000	\$000
New Zealand	40,448	29,404
North America	20,763	18,565
Europe	14,562	11,578
Australia	3,203	4,991
Japan	3,329	913
Other	9,710	8,445
Trade and other receivables	92,015	73,896



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (continued)**(a) Credit risk (continued)****Concentration of credit risk**

The Group has credit insurance in respect of one (2021: one) of its largest customers for USD \$10m (2021: USD 10.0m). At reporting date the Group's exposure in respect of these debts is USD \$5.5m (2021: USD 11.4m) which comprised 15.7% (2021: 23%) of trade receivables. Since reporting date and in accordance with agreed credit terms these customers have subsequently paid 20.2% (2021: 71%) of the outstanding balance. There are no concerns with the collectability of these debts.

The status of trade receivables at the reporting date is as follows:

	Gross Receivables	Allowance for doubtful debts	Gross Receivables	Allowance for doubtful debts
	2022	2022	2021	2021
	\$000	\$000	\$000	\$000
Not past due	75,843	–	61,975	(3)
Past due 0 – 30 days	11,737	–	7,332	(15)
Past due 31 – 120 days	222	(111)	1,028	(48)
Past due 121 – 365 days	494	(50)	551	(303)
Past due more than 1 year	71	–	197	(163)
	88,367	(161)	71,083	(532)

Impairment assessment – Expected credit losses**Policies**

The Group applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The loss allowance provision on trade receivables that are individually significant are determined by an evaluation of the exposures on a line by line basis. For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on number of days overdue, and taking into account the historical loss experience in portfolios with a similar number of days overdue. The expected credit losses incorporate forward looking information and relevant macroeconomic factors.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk



Policies

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on a daily basis.

The Group has secured bank loans which contain debt covenants. A breach of covenant may require accelerated repayment of the loans earlier than indicated in the loan contract.

The following table sets out the contractual and expected cash flows for all financial liabilities and derivatives.

	2022							
	Statement of Financial Position	Contractual Cash Out/(In) Flows	6 months or less	6-12 months	1-2 years	2-5 years		More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000		\$000
Bank loans	110,000	120,703	2,556	7,504	4,880	105,763	-	
Trade payables	15,413	15,413	15,413	-	-	-	-	
Other payables	28,270	28,270	28,270	-	-	-	-	
Bank overdraft and borrowings	45,000	46,216	1,044	45,172	-	-	-	
Total non-derivative liabilities	198,683	210,602	47,283	52,676	4,880	105,763	-	
Foreign currency options	2,670	5,678	1,553	1,678	2,447	-	-	
Forward exchange contracts	30,104	31,920	9,523	8,931	7,673	5,793	-	
Interest rate swaps	(5,496)	(6,131)	(255)	(969)	(1,838)	(2,711)	(358)	
Fuel swaps	410	467	(835)	1,302	-	-	-	
Total derivative liabilities (assets)	27,688	31,934	9,986	10,942	8,282	3,082	(358)	



NOTES TO THE FINANCIAL STATEMENTS

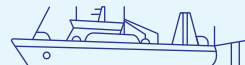
FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (continued)**(b) Liquidity risk (continued)**

	2021						
	Statement of Financial Position	Contractual Cash Flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Bank loans	127,500	132,628	932	937	26,703	104,056	–
Trade payables	10,554	10,554	10,554	–	–	–	–
Other payables	30,221	30,221	30,221	–	–	–	–
Bank overdraft and borrowings	55,000	56,293	306	55,987	–	–	–
Total non-derivative liabilities	223,275	229,696	42,013	56,924	26,703	104,056	–
Foreign currency options	(3,588)	(3,349)	(688)	(931)	(1,589)	(141)	–
Forward exchange contracts	(11,554)	(12,110)	(2,865)	(2,977)	(4,143)	(2,125)	–
Interest rate swaps	4,136	4,335	1,315	1,000	1,000	1,137	(117)
Fuel swaps	(1,777)	(1,715)	(1,579)	(136)	–	–	–
Total derivative liabilities (assets)	(12,783)	(12,839)	(3,817)	(3,044)	(4,732)	(1,129)	(117)

Facilities

The Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls. At year end the Group had available approximately \$115m of headroom funding to meet any unforeseen liability obligations (2021: \$88m).





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

Bank loans and borrowings



Policies

Bank loans and borrowings are recognised initially at fair value, net of attributable transaction costs. Subsequent to initial recognition bank loans and borrowings are measured at amortised cost, applying the effective interest method.

Facilities, interest rate ranges, expiry dates and balances of bank loans for the Group are as follows:

	2022		
	Facility \$000	Expiry Date	Balance \$000
Current liabilities			
Borrowings (secured)	110,000	April 2023	45,000
Non-current liabilities			
Bank loans (secured)			
5 year facility	65,000	October 2024	60,000
4.5 year facility	40,000	November 2024	30,000
3 year facilities	20,000	April 2025	20,000
4 year facility	35,000	April 2026	–
	270,000		155,000

	2021		Balance \$000
	Facility \$000	Expiry Date	
Current liabilities			
Borrowings (secured)	130,000	Apr-22	55,000
Non-current liabilities			
Bank loans (secured)			
5 year facility	35,000	April 2023	25,000
5 year facility	65,000	October 2024	65,000
5 year facilities	40,000	November 2024	37,500
	270,000		182,500

Interest rates

Interest rates on the above loans ranged from 3.65% – 5.08% (2021: 0.98% – 1.72%).

Security and covenants

Bank loans are secured by a general security interest over property and a mortgage over quota shares. All borrowings are subject to borrowing covenant arrangements. The Group has complied with all covenants during the period (September 2021: all covenants were complied with).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (continued)**(c) Market risk****Financial risk management and hedge accounting**

Market risk is the risk that arises from changes in foreign exchange rates, interest rates and commodity (specifically fuel) prices. Such changes will affect the Group's earnings and/or the value of its holdings of financial instruments. These risks arise due to the Group having financial instruments that would be impacted by changes in these market factors.

The Group enters into derivative contracts, being forward exchange contracts, foreign currency options and interest rate swaps to manage exposure to foreign currency and interest rate risks. The Group also enters into commodity swaps to manage fuel price risk. Senior management are involved in the operation and oversight of risk management and derivative activities. Regular reporting of activities is provided to the Board of Directors which provides the policy for the use of derivative instruments. In accordance with its Treasury Policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as held for trading and classified at fair value through profit or loss.

The Group initially recognises derivatives at fair value when the Group becomes a party to the contractual provisions of the instrument, and subsequently re-measures these at fair value at each balance date. All derivatives are classified as level 2 on the fair value hierarchy explained below. The resulting fair value gain or loss on re-measurement is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which case the timing of recognition in profit or loss depends on the nature of the designated hedge relationship.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement. For cash flow hedges of financial items, (for example forecast sales), the changes in fair value deferred in other comprehensive income are transferred to the profit or loss when the hedged item affects the profit or loss.

The Group designates only the intrinsic value of options into hedging relationships. The time value of the options is treated as a cost of hedging. Changes in fair value of the time value component of the option contract are deferred in other comprehensive income over the term of the hedge. For transaction related hedged items the cumulative change in fair value deferred in other comprehensive income is recognised in profit or loss at the same time as the hedged item. If the hedged item first gives rise to the recognition of a non-financial asset or a non-financial liability, the amount in equity is removed and recorded as part of the initial carrying amount of the hedged item. If the hedged item gives rise to the recognition of a financial asset or liability, then the amount in equity is recognised in profit or loss at the same time as the hedged item is recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs, or is immediately recognised in profit or loss if the transaction is no longer expected to occur.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (continued)

(c) Market risk (continued)

Interest rate risk



The Group is exposed to interest rate risk through its cash balances, short term and long term borrowings. The Group adopts a risk management strategy of managing the exposure to interest rate risk through a proportion of fixed and floating rate borrowings. In order to meet this strategy the Group uses interest rate swaps to fix between 25% and 75% of the floating rate exposure on long term borrowings in line with its Board approved Treasury Policy. In the current period, the Group designated the highly probable forecast transactions and the interest rate swap contracts into cash flow hedge relationships.

Interest rate swap contracts are recognised within Derivative Financial Instruments on the statement of financial position as at reporting date. The fair value gains and losses on these derivatives were recognised in other comprehensive income and transferred to profit or loss when the underlying transactions affected the profit or loss within finance expenses in the income statement. The amounts designated as the hedged item in qualifying cash flow hedges mirror the amounts designated as hedging instruments as set out below, therefore the Group has established a 1:1 hedge ratio.

Hedge ineffectiveness can arise from difference sources:

- Different interest rate curves applied to discount the hedged item and hedging instrument;
- Differences in timing of cash flows of the hedged item and hedging instrument;
- The counterparties' credit risk impacting the fair value movements of the hedging instrument and hedged item differently.

No hedge ineffectiveness arose during the year (2021: none).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (continued)**(c) Market risk (continued)**

Interest-bearing variable rate instruments and related derivatives repriced as follows:

	2022					
	Total	6 months or less	6-12 months	1-3 years	3-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	9,534	9,534	-	-	-	-
Bank overdraft and borrowings	(45,000)	(45,000)	-	-	-	-
Bank loans	(110,000)	(110,000)	-	-	-	-
Interest rate swaps						
Notional cash inflows	122,000	122,000	-	-	-	-
Notional cash outflows	(122,000)	(10,000)	-	(5,000)	(57,000)	(50,000)
Total variable rate	(145,466)	(33,466)	-	(5,000)	(57,000)	(50,000)
	2021					
	Total	6 months or less	6-12 months	1-3 years	3-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	3,926	3,926	-	-	-	-
Bank overdraft and borrowings	(55,000)	(55,000)	-	-	-	-
Bank loans	(127,500)	(127,500)	-	-	-	-
Interest rate swaps						
Notional cash inflows	114,000	114,000	-	-	-	-
Notional cash outflows	(114,000)	(3,000)	(20,000)	(45,000)	(26,000)	(20,000)
Total variable rate	(178,574)	(67,574)	(20,000)	(45,000)	(26,000)	(20,000)





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (continued)

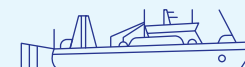
(c) Market risk (continued)

Effects of hedge accounting on the financial position and performance

The tables below demonstrate the impact of hedged items and the hedging instruments designated in hedging relationships.

	2022					
	Nominal \$000	Weighted Average Rate	Carrying Amounts		Change in Fair Value Used to Measure Ineffectiveness \$000	Cash Flow Hedge Reserve \$000
			Assets \$000	Liabilities \$000		
Cash flow hedges						
Interest rate risk						
Hedged item: NZD floating rate exposure on borrowings	(155,000)	4.76%	n/a	n/a	(5,551)	n/a
Hedging instrument: Interest rate swaps	(122,000)	3.35%	5,496	-	5,496	(5,496)
	2021					
	Nominal \$000	Weighted Average Rate	Carrying Amounts		Change in Fair Value Used to Measure Ineffectiveness \$000	Cash Flow Hedge Reserve \$000
			Assets \$000	Liabilities \$000		
Cash flow hedges						
Interest rate risk						
Hedged item: NZD floating rate exposure on borrowings	(182,500)	1.36%	n/a	n/a	4,155	n/a
Hedging instrument: Interest rate swaps	(114,000)	3.25%	470	(4,606)	(4,136)	4,136

The interest rate swaps include \$10.0 million of forward starting swaps (2021: \$20.0 million).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (continued)**(c) Market risk (continued)****Foreign currency risk**

The Group is exposed to foreign currency risk as a result of sales and investments denominated in foreign currencies, as well as the foreign currency exposure arising from USD denominated fuel purchases. The Group has entered into forward exchange contracts and foreign currency options (hedging instruments) to hedge the variability in cash flows arising from foreign exchange rate movements in relation to foreign currency sales (hedged item) up to two years forward. Minimum and maximum hedging levels for the next two years expected sales volumes are stipulated by its Board approved Treasury Policy. In the current period, the Group designated the highly probable forecast transactions and the forward exchange contracts and options into cash flow hedge relationships.

Forward exchange contracts and foreign currency options are recognised within the Derivative Financial Instruments on the statement of financial position as at reporting date. The fair value gains and losses on these derivatives were recognised in other comprehensive income and transferred to profit or loss when the underlying transactions affected the profit or loss within revenue and cost of sales in the income statement. The amounts designated as the hedged item in qualifying cash flow hedges mirror the amounts designated as hedging instruments as set out below, therefore the Group has established a 1:1 hedge ratio.

Hedge ineffectiveness is only recognised for accounting purposes if it results in movements in the value of the hedge instrument in excess of those on the hedged item. The source of any ineffectiveness would be largely due to credit risk adjustments on the derivatives and timing of cash flows. No ineffectiveness arose on cash flow hedges of foreign currency transactions during the year (2021: None).





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (continued)

(c) Market risk (continued)

As at 30 September 2022, the Group's exposure to foreign currency risk for the next 12 months can be summarised as follows:

	2022						2021				
	USD	AUD	JPY	EUR	GBP		USD	AUD	JPY	EUR	GBP
(figures are NZD)	\$000	\$000	\$000	\$000	\$000	(figures are NZD)	\$000	\$000	\$000	\$000	\$000
Cash (overdraft)	1,103	(867)	5	15	9	Cash (overdraft)	1,049	74	42	14	1
Trade receivables	48,793	876	3,329	1,081	201	Trade receivables	34,186	1,520	366	540	-
Trade payables	(4,876)	(3,140)	-	(22)	(6)	Trade payables	(2,441)	(98)	-	(53)	(56)
Net statement of financial position exposure before hedging activity	45,020	(3,131)	3,334	1,074	204	Net statement of financial position exposure before hedging activity	32,794	1,496	408	501	(55)
Forecast net receipts	179,211	11,905	8,451	-	-	Forecast net receipts	146,199	7,092	11,561	-	-
Net cash flow exposure before hedging activity	224,231	8,774	11,785	1,074	204	Net cash flow exposure before hedging activity	178,993	8,588	11,969	501	(55)
Forward exchange contracts and options	(156,548)	(8,616)	(8,890)	-	-	Forward exchange contracts and options	(140,155)	(7,549)	(11,366)	-	-
Net un-hedged exposure	67,683	158	2,895	1,074	204	Net un-hedged exposure	38,838	1,039	603	501	(55)

Forecast net receipts for USD and AUD comprise sales net of purchases in the respective currencies.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (continued)**(c) Market risk (continued)****Effects of hedge accounting on the financial position and performance**

The tables below demonstrate the impact of hedged items and the hedging instruments designated in hedging relationships.

	2022				
	Nominal \$000	Carrying Amounts Assets \$000	Carrying Amounts Liabilities \$000	Change in Fair Value Used to Measure Ineffectiveness \$000	Cash Flow Hedge Reserve \$000
Cash flow hedges*					
Foreign currency risk					
Hedged item: Forecast transactions denominated in foreign currencies	(436,685)	n/a	n/a	26,682	n/a
Hedging instruments: Forward exchange contracts	(399,952)	2,981	(29,458)	(26,468)	26,468
Hedging instruments: Foreign currency options	(36,733)	-	(2,813)	(2,813)	2,813
	2021				
	Nominal \$000	Carrying Amounts Assets \$000	Carrying Amounts Liabilities \$000	Change in Fair Value Used to Measure Ineffectiveness \$000	Cash Flow Hedge Reserve \$000
Cash flow hedges*					
Foreign currency risk					
Hedged item: Forecast transactions denominated in foreign currencies	239,327	n/a	n/a	(8,873)	n/a
Hedging instruments: Forward exchange contracts	(195,735)	12,033	(1,718)	10,316	(10,316)
Hedging instruments: Foreign currency options	(43,592)	3,292	(276)	3,016	(3,016)

* Includes all hedges of forecast future transactions.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (continued)

(c) Market risk (continued)

Fuel price risk



The Group is exposed to fuel price risk through its purchases of fuel for its fishing fleet.

Fuel price risk is the risk of loss to the Group due to adverse fluctuations in fuel prices in USD terms. The currency exposure arising from USD fuel costs is managed separately (see foreign currency risk management). The Group's fuel price risk has the following contractually specified components: gas oil and shipping costs.

The Group enters into gas oil commodity swaps to reduce the variability in those components of fuel costs, which historically have comprised approximately 75% (2021: 80%) of total fuel cost. Minimum and maximum hedging levels for the next two years expected purchase volumes are stipulated by its Board approved Treasury Policy. A 1:1 hedge ratio is used, reflecting the match of the hedging instruments and the component exposures in the fuel costs.

Fuel swaps are recognised within the Derivative Financial Instruments on the statement of financial position as at reporting date and were designated as the hedging instruments in qualifying cash flow hedges. The fair value gains and losses on these derivatives were recognised in other comprehensive income and transferred from other comprehensive income and included in the initial carrying amount of inventory. When the fuel is consumed it is expensed to the profit or loss within cost of sales in the income statement.

Hedge ineffectiveness is only expected to result from credit valuation adjustments and any shortfalls in the amounts of the expected exposures. Hedge ineffectiveness is only recognised for accounting purposes if it results in movements in the value of the hedge instrument in excess of those on the hedged item. Any ineffectiveness is recognised within cost of sales in the income statement.

All fuel derivative contracts mature within 12 months of reporting date (2021: 12 months).

Reconciliation of changes in hedge reserves

The movement in the fair value of hedging instruments which are deferred to the cash flow hedge reserve during the year are set out below, together with changes in the cost of hedging reserve, and the tax thereon:

	2022			
	Hedging Instruments Used to Hedge			
	Interest Rate Risk	Currency Risk	Fuel Price Risk	Total
Recognised in Statement of Changes in Equity Hedge reserves	\$000	\$000	\$000	\$000
Balance at the beginning of the year	(2,978)	9,974	1,279	8,275
Changes in cash flow hedge reserve	9,632	(42,413)	(2,191)	(34,972)
Changes in cost of hedging reserve	–	(425)	–	(425)
Taxation on reserve movements	(2,697)	11,995	613	9,911
Balance at the end of the year	3,957	(20,869)	(299)	(17,211)
	2021			
	Hedging Instruments Used to Hedge			
	Interest Rate Risk	Currency Risk	Fuel Price Risk	Total
Recognised in statement of changes in equity hedge reserves	\$000	\$000	\$000	\$000
Balance at the beginning of the year	(8,920)	7,452	(640)	(2,108)
Changes in cash flow hedge reserve	8,253	4,384	2,665	15,302
Changes in cost of hedging reserve	–	(882)	–	(882)
Taxation on reserve movements	(2,311)	(980)	(746)	(4,037)
Balance at the end of the year	(2,978)	9,974	1,279	8,275



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 18 – FINANCIAL INSTRUMENTS (CONTINUED)**(c) Market risk (continued)****Sensitivity to changes in market prices or rates**

All derivatives are measured at fair value and changes in market inputs used to determine these fair values would have an impact on Sanford's financial statements. For each type of market risk that the entity is exposed to at the end of the reporting period, the below sensitivity analysis shows the impacts of reasonably plausible changes in the relevant market variables on the profit or loss and other comprehensive income for the period. The effects of a variation in a particular assumption is calculated independently of any changes in another assumption. As this sensitivity analysis is only on financial instruments (derivative and non-derivative), these ignore the offsetting impacts of future forecast transactions designated as hedged items to the derivatives held.

	2022		2021	
	\$000	\$000	\$000	\$000
Impact on other comprehensive income (net of tax):	Increase	Decrease	Increase	Decrease
Sensitivity to changes in interest rates				
100 bp change in interest rates	3,308	(3,106)	1,954	(2,075)
Sensitivity to changes in foreign exchange rates				
10% change in foreign exchange rates	27,218	(31,386)	15,010	(20,743)
Sensitivity to changes in fuel prices				
10% change in fuel prices	2,736	(1,906)	543	(542)
Impact on profit after tax:				
Sensitivity to changes in interest rates				
100 bp change in interest rates	119	(128)	(53)	86
Sensitivity to changes in foreign exchange rates				
10% change in foreign exchange rates	745	(468)	(646)	730

(d) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of capital structure on shareholders' return is also recognised and the Group acknowledges the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The allocation of capital between its specific business operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific business segment operations and activities is undertaken independently of those responsible for the operation.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Group's management of capital during the period.

(e) Master netting arrangements

Sanford enters into derivative transactions under the International Swaps and Derivatives Association (ISDA) master agreements. The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not currently have any legally enforceable right to offset recognised amounts. Under the ISDA agreements the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events. The potential net impact of this offsetting is shown below. Sanford does not hold and is not required to post collateral against its derivative positions.

Net derivatives after applying rights of offset under ISDA agreements

	2022	2021
	\$000	\$000
Derivative assets	10,826	19,285
Derivative liabilities	(38,514)	(6,502)
Net amount	(27,688)	12,783





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

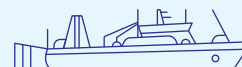
NOTE 19 – RIGHT OF USE ASSETS AND LEASE LIABILITIES

(a) Right of use assets



Right of use assets are initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received and an estimate of costs to dismantle and remove the underlying asset. The right of use asset is subsequently carried at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. These assets are depreciated over the expected lease term. The expected lease term may include the taking-up of lease extension options, if the Group is reasonably certain of exercising such options. The depreciation of leased assets of annual catch entitlement (ACE) is recognised as part of operating expenses, and not within the depreciation line in the income statement.

	2022				
	Land and Buildings	Plant and Equipment	Annual Catch Entitlement (ACE)	Marine Farm Licences	Total
	\$000	\$000	\$000	\$000	\$000
Cost					
Balance at beginning of year	24,833	5,239	20,801	7,712	58,585
Additions	803	5,778	6,895	98	13,574
Disposals	(171)	(2,280)	-	-	(2,451)
Effect of movement in exchange rates	30	-	-	-	30
Balance at end of year	25,495	8,737	27,696	7,810	69,738
Accumulated depreciation and impairment					
Balance at beginning of year	(3,856)	(2,735)	(13,693)	(2,646)	(22,930)
Depreciation	(1,901)	(1,576)	-	(1,336)	(4,813)
Depreciation – ACE	-	-	(6,805)	-	(6,805)
Disposals	260	2,140	-	-	2,400
Effect of movement in exchange rates	(16)	-	-	-	(16)
Balance at end of year	(5,513)	(2,171)	(20,498)	(3,982)	(32,164)
Net book value at 30 September 2022	19,982	6,566	7,198	3,828	37,574



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 19 – RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)**(a) Right of use assets (continued)**

	2021				
	Land and Buildings	Plant and Equipment	Annual Catch Entitlement (ACE)	Marine Farm Licences	Total
	\$000	\$000	\$000	\$000	\$000
Cost					
Balance at beginning of year	24,812	5,086	14,377	7,701	51,976
Additions	80	520	6,424	75	7,099
Disposals	(48)	(367)	–	(64)	(479)
Effect of movement in exchange rates	(11)	–	–	–	(11)
Balance at end of year	24,833	5,239	20,801	7,712	58,585
Accumulated depreciation and impairment					
Balance at beginning of year	(1,922)	(1,427)	(6,888)	(1,358)	(11,595)
Depreciation	(1,978)	(1,621)	–	(1,352)	(4,951)
Depreciation – ACE	–	–	(6,805)	–	(6,805)
Disposals	48	313	–	64	425
Effect of movement in exchange rates	(4)	–	–	–	(4)
Balance at end of year	(3,856)	(2,735)	(13,693)	(2,646)	(22,930)
Net book value at 30 September 2021	20,977	2,504	7,108	5,066	35,655

**Impairment testing**

All right of use assets were assessed for impairment within the relevant cash generating unit. The discounted cash flow model confirmed that there was no impairment of the right of use assets included within the cash generating units (2021: none).





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 19 – RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)

(b) Lease liabilities



At inception of the lease contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the Group has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from the use of the asset throughout the term. The Group recognises a right of use asset and a lease liability at the lease commencement date.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative standalone prices.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rates as at the commencement date; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. The liability is remeasured when there is a change in future lease payments arising from a change in an index or a rate and if the Group revises its assessment as to whether it will exercise a purchase, extension or termination option. A corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in the income statement if the carrying amount of the right of use asset has been reduced to zero.

Leases are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for more than 12 months after the balance date.

Short-term leases

The Group has elected not to recognise right of use assets and lease liabilities for short-term leases. The Group recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

Variable lease payments not included in the measurement of the lease liability

Variable lease payments which do not depend on an index or a rate are excluded from the measurement of the lease liability and recognised as an expense in the period in which the event or condition that triggers those payments occurs.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 19 – RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)**(b) Lease liabilities (continued)****Leasing activities**

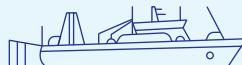
The Group leases mainly land and buildings, plant and equipment, annual catch entitlement (ACE) and marine farm licences. Land and building and plant and equipment leases are typically for periods of between 1 and 20 years with a number of extension options. Rent is either fixed or reset periodically based on an index or rate. The lease of ACE for use on the Company's fishing vessels is for periods of between 1 and 4 years, and is renegotiated periodically based on commercial rates. Marine farm licence leases are for periods of between 1 and 16 years and are typically linked to the period of the licence or consent. Rent may be adjusted on the basis of annual fixed percentage increases, CPI movements, rent negotiations or market reviews.

**Determination of lease term**

The lease term is the non-cancellable period of a lease, together with periods covered by an option (available to the lessee only) to extend or terminate the lease if the lessee is reasonably certain to exercise/not to exercise that option. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise/not exercise an option. This may include the existence of large penalties for early termination, the incurrence of significant maintenance costs in meeting early return obligations, the uniqueness of the underlying asset being leased or consideration as to whether leasehold improvements still carry significant value. Such assessment is reviewed if a significant event or change in circumstances occurs which affects this assessment and is within the control of the Group. Certain property leases, for which there is no readily identifiable alternative property available, include an additional renewal period where one is available under the lease contract or where the Group considers the exercise of renewal options highly likely.

Determination of incremental borrowing rate

The Group determines the incremental borrowing rate by obtaining the rates from various external financing sources and makes certain adjustments to reflect the term and currency of the lease and the type of asset being leased.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 19 – RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)

(b) Lease liabilities (continued)

Amounts recognised as lease liabilities are presented below.

	2022				
	Land and Buildings	Plant and Equipment	Annual Catch Entitlement (ACE)	Marine Farm Licences	Total
	\$000	\$000	\$000	\$000	\$000
Balance at beginning of year	21,745	2,510	7,277	4,877	36,409
Additions	803	5,776	6,807	97	13,483
Interest cost	818	91	7	145	1,061
Repayments of principal and interest	(2,428)	(1,661)	(6,883)	(1,448)	(12,420)
Terminations	-	(125)	-	-	(125)
Effect of movement in exchange rates	8	95	-	-	103
Balance at end of year	20,945	6,686	7,209	3,671	38,511
Represented by:					
Current	1,705	1,634	7,209	1,117	11,665
Non-current	19,240	5,052	-	2,554	26,846
	20,945	6,686	7,209	3,671	38,511

	2021				
	Land and Buildings	Plant and Equipment	Annual Catch Entitlement (ACE)	Marine Farm Licences	Total
	\$000	\$000	\$000	\$000	\$000
Balance at beginning of year	23,343	3,457	7,566	6,092	40,458
Additions	50	521	6,424	(16)	6,979
Interest cost	884	74	149	174	1,281
Repayments of principal and interest	(2,521)	(1,542)	(6,862)	(1,373)	(12,298)
Terminations	-	-	-	-	-
Effect of movement in exchange rates	(11)	-	-	-	(11)
Balance at end of year	21,745	2,510	7,277	4,877	36,409
Represented by:					
Current	1,653	1,201	6,963	1,303	11,120
Non-current	20,092	1,309	314	3,574	25,289
	21,745	2,510	7,277	4,877	36,409



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 19 – RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)**(b) Lease liabilities (continued)****Present value of future rentals payable**

	2022			2021		
	Principal	Interest	Gross	Principal	Interest	Gross
	\$000	\$000	\$000	\$000	\$000	\$000
Less than one year	11,666	985	12,651	11,120	1,020	12,140
Between one and five years	11,747	3,135	14,882	9,965	3,084	13,049
More than five years	15,098	1,749	16,847	15,324	3,071	18,395
Total	38,511	5,869	44,380	36,409	7,175	43,584

Lease expenses included in profit or loss

	2022	2021
	\$000	\$000
Short-term leases	3,438	3,309
Short-term leases of Annual Catch Entitlement (ACE)	3,830	5,178
	7,268	8,487





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 20 – CONTINGENT LIABILITIES

	2022	2021
	\$000	\$000
Guarantees	801	797

The Group has guarantees with its commercial banking partners. In this respect the Group treats the guarantee contracts as contingent liabilities until such times as it becomes probable that the Group will be required to make payments under the guarantees.

NOTE 21 – GROUP ENTITIES

Basis of consolidation



Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value (excluding transaction costs), as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expense arising from intra group transactions, are eliminated on consolidation.

Joint arrangements

A joint arrangement is an arrangement where two or more parties have joint control. The Group classifies its joint arrangements as either joint operations or joint ventures depending on the legal, contractual or other rights and obligations. Where the interest in the joint arrangement is in the net residual of the business, the arrangement is a joint venture. Joint ventures are accounted for using the equity method; which is detailed in note 13. Where the Group has rights to the assets, and obligations for liabilities of the joint arrangement, this is a joint operation. The Group recognises its share of assets, liabilities, revenues and expenses of each joint operation.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 21 – GROUP ENTITIES (continued)**Basis of consolidation (continued)**

The Group comprises the Company and the following principal entities:

Name	2022	2021	Balance Date	Principal Activity
	Interest Held (%)	Interest Held (%)		
Subsidiaries:				
New Zealand				
Auckland Fish Market Limited	100	100	30 September	Auction
Sanford Fish Market Limited	100	100	30 September	Retail
Sanford Investments Limited	100	100	30 September	Investment company
Sanford LTI Limited	100	100	30 September	Holding company
Shellfish Production & Technology NZ Limited	100	100	30 September	Research company
BreedCo Limited	80	80	30 September	Research company
Auckland Fishing Port Limited	67	67	31 March	Wharf company
Australia				
Sanford Australia Pty Limited	100	100	30 September	Auction
Sanford Seafoods (Australia) Pty Limited	100	100	30 September	Holding company
Primestone Nominees Pty Limited	75	75	30 September	Seafood wholesaler

Name	2022	2021	Balance Date	Principal Activity
	Interest Held (%)	Interest Held (%)		
Joint Operation:				
New Zealand				
North Island Mussels Limited	50	50	30 September	Mussel farming and seafood processing
Joint Ventures and Associates:				
New Zealand				
San Won Limited	50	50	30 September	Cold storage
New Zealand Japan Tuna Company Limited	46.74	46.74	30 September	Fish catching and processing
Trident Systems General Partner Limited	42.35	42.35	30 September	Research company
Precision Seafood Harvesting General Partner Limited	33.33	33.33	30 September	Research company
Two Islands Co NZ Limited	50	50	31 March	Dietary Supplements





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 22 – RELATED PARTY TRANSACTION

(a) Basis of transactions

Related parties of the Group include the joint ventures, associates and joint operation disclosed in note 21.

Transactions with related parties have been entered into in the ordinary course of business and undertaken on normal commercial terms.

(b) Material transactions with related parties

	Transaction Value Related Parties associated with Directors of the Group		Transaction Value Joint Ventures and Associates		Transaction Value Joint Operation	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Income (Expenses)						
Management fees	-	-	223	216	-	-
Sales	-	-	206	21	4,048	2,513
Interest received	-	-	-	1	826	500
Dividends received	-	-	250	130	-	-
Processing, storage and harvesting services	-	-	-	(1,762)	-	-
Purchases	(25,810)	(26,390)	(391)	(170)	(23,443)	(19,624)
	(25,810)	(26,390)	288	(1,564)	(18,569)	(16,611)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 22 – RELATED PARTY TRANSACTION (continued)**(c) Material balances with related parties**

	Amounts Owing from Related Parties	
	2022 \$000	2021 \$000
Associates	297	457
Joint Operation	26,094	22,069
	26,391	22,526

Transactions with related parties associated with directors of the Group are with Z Energy Limited (between October 2021 and May 2022) and Ports of Tauranga Limited. These transactions arise in the normal operations of the Group. Z Energy Limited ceased to be a related party in May 2022.

In respect of the joint operation the transaction values and amounts owing are eliminated on consolidation and are therefore for information purposes.

Interest is charged on balances between New Zealand related parties at rates linked to the market. All related party balances are repayable on demand.

NOTE 23 – KEY MANAGEMENT PERSONNEL COMPENSATION

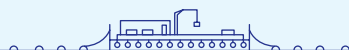
Key management personnel compensation comprised:

	2022 \$000	2021 \$000
Salary and short-term employee benefits	10,901	9,782
Directors' fees	808	756
	11,709	10,538

Key management personnel is defined as the executive and their direct reports.

NOTE 24 – SUBSEQUENT EVENTS

Except for the Board's approval of final dividend for the year ended 30 September 2022 on 14 November 2022, as disclosed in note 17, there are no subsequent events to note.





COMBINED INDEPENDENT AUDITOR'S AND LIMITED ASSURANCE REPORT

GENERAL

Our assurance procedures consisted of the audit of the Consolidated Financial Statements of Sanford Limited and limited assurance procedures on Selected Non-Financial Information in Sanford Limited's Annual Report.

Our scope can be summarised as follows:

Consolidated Financial Statements

Audit Scope

Reasonable assurance

Selected Non-Financial Information

Assurance Scope

Limited assurance

Other Information in Sanford Limited's Annual Report

Consider consistency with Financial Statements

No assurance

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Sanford Limited.

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Sanford Limited (the 'company') and its subsidiaries (the 'group') on pages 118 to 175 present fairly in all material respects the group's financial position as at 30 September 2022 and its financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 September 2022;
- the consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



COMBINED INDEPENDENT AUDITOR'S AND LIMITED ASSURANCE REPORT (Continued)

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the group in relation to assurance over Selected Non-Financial Information. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

MATERIALITY

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$2 million determined with reference to a benchmark of group profit before tax. We chose the benchmark because, in our view, this is the key measure of the group's performance.

KEY AUDIT MATTERS

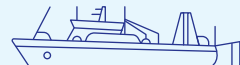
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.



COMBINED INDEPENDENT AUDITOR'S AND LIMITED ASSURANCE REPORT (Continued)



Key audit matter	How the matter was addressed in our audit
<p>Valuation of Quota and Marine Farm Licenses</p> <p>Refer to Note 14 to the Financial Statements.</p> <p>The Group holds Quota and Marine Farm Licenses in New Zealand and Australia, recognised as indefinite life intangible assets, across three cash generating units of \$479.2m (2021: \$487.3m). The accounting standards require assets with an indefinite useful life are tested for impairment annually.</p> <p>Impairment of these assets is considered to be a key audit matter due to the uncertainty inherent in the growth and discount rates used in the cash flow forecasts that support the carrying value.</p> <p>In addition to the above, the carrying amount of the Group's net assets as at 30 September 2022 was \$664.9m while the market capitalisation of Sanford Limited was \$390.9m.</p> <p>In relation to the Marine Farm Licenses we also note the uncertainty surrounding whether these licenses will be renewed upon expiry in 2024. This required assessment of the continual recognition of the licenses as indefinite life assets.</p>	<p>The procedures we performed to evaluate the impairment assessments included:</p> <ul style="list-style-type: none"> • assessing whether the methodology adopted was consistent with accepted valuation approaches of IAS 36 Impairment of Assets; • evaluating the key assumptions by comparing to historical trends, approved budgets, business plans and external market data; • comparing the discount rates and terminal growth rates applied to the estimated future cash flows to relevant benchmarks using KPMG valuation specialists; • challenging the above assumptions and judgements by performing sensitivity analysis, considering a range of outcomes based on various scenarios; • evaluating the estimate of the recoverable amount of the Group as a whole, including evaluating the work performed by the Group's external valuation specialist; and • considering the appropriateness of the disclosures in the financial statements. <p>In relation to the 2024 expiration of the Marine Farm Licenses, we performed our own independent research into the status of the Marine Farm License renewal process, including the likelihood of renewal and costs expected to be incurred upon renewal.</p>



COMBINED INDEPENDENT AUDITOR'S AND LIMITED ASSURANCE REPORT (Continued)

OTHER INFORMATION

The Directors, on behalf of the group, are responsible for the Other Information included in the entity's Annual Report (specifically the areas entitled Introducing our 2022 report (page 2), Sanford in numbers (page 4), Chairman review (pages 5-7), CEO review (pages 9-13), Report Structure (pages 14-16), How we create value (pages 22-23), Highs and lows (pages 24-25), Our global sales footprint (pages 26-27), Our New Zealand footprint (page 28), Corporate Governance (pages 90-113), and Appendices (pages 190-197) titled Appendix B: Aligning Material Issues with Business Risks, Appendix C: Industry Memberships and Stakeholders and Appendix D: Key Initiatives Contributing to the UN Sustainable Development Goals. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

USE OF THIS INDEPENDENT AUDITOR'S REPORT

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's 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 shareholders as a body for our audit work, this independent audit report, or any of the opinions we have formed.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors, on behalf of the group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our independent auditor's report.





COMBINED INDEPENDENT AUDITOR'S AND LIMITED ASSURANCE REPORT (Continued)

LIMITED ASSURANCE REPORT ON SELECTED NON-FINANCIAL INFORMATION INCLUDED IN THE ANNUAL REPORT

To the Directors of Sanford Limited

Conclusion

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based on our limited assurance engagement, which is not a reasonable assurance engagement or an audit, nothing has come to our attention that would lead us to believe that the Selected Non-Financial Information has not been prepared, in all material respects, in accordance with the GRI Standards as at 30 September 2022.

The Selected Non-Financial Information on which we have concluded comprises:

- Reporting what matters most (pages 17-21)
- The five performance outcomes (pages 30-88):
 - Enabling Healthy Oceans and Ecosystems
 - Safe and High Performing Workplace
 - Trusted Customer Partner of Choice
 - Highly Valued Community Partner
 - Operational Excellence
- Key performance indicators table (pages 184-189)



COMBINED INDEPENDENT AUDITOR'S AND LIMITED ASSURANCE REPORT (Continued)

BASIS FOR CONCLUSION

We have performed an engagement to provide limited assurance in relation to whether anything has come to our attention to indicate the Selected Non-Financial Information has not been prepared in all material respects in accordance with the GRI Standards as at 30 September 2022.

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) Assurance Engagements other than audits or reviews of historical financial information ('ISAE (NZ) 3000 (Revised)') and Standard on Assurance Engagements 3100 (Revised) Assurance Engagements on Compliance ('SAE 3100 (Revised)'). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with those standards we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that the Selected Non-Financial Information is free from material misstatement and non-compliance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.
- Made enquiries of Sanford personnel to understand the process for deriving the Selected Non-Financial Information;
- Performed analytical reviews and other testing to assess the reasonableness of the information presented;
- Checked whether the appropriate indicators have been reported in accordance with the GRI Standards in accordance with the core level; and,
- Performed an overall sense check of the Report against our findings and understanding of Sanford.

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material misstatement and non-compliance with the GRI Standards is likely to arise.

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 a reasonable assurance engagement been performed.

Misstatements, including omissions, within the information subject to assurance and non-compliance is considered material if, individually or in the aggregate, it could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the Selected Non-Financial Information.

USE OF THIS LIMITED ASSURANCE REPORT

Our report should not be regarded as suitable to be used or relied on by any party's other than Sanford Limited for any purpose or in any context. Any party other than Sanford Limited who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Directors of Sanford for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to Sanford Limited on the basis that it shall not be copied, referred to or disclosed, in whole (save for Sanford Limited's own internal purposes) or in part, without our prior written consent. We acknowledge a copy of our limited assurance report will be included in Sanford Limited's Annual Report for information purposes only.





COMBINED INDEPENDENT AUDITOR'S AND LIMITED ASSURANCE REPORT (Continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE SELECTED NON-FINANCIAL INFORMATION

Management, on behalf of Sanford Limited, are responsible for:

- the preparation and fair presentation of the Selected Non-Financial Information in accordance with the criteria set out in the GRI Standards, for each of the principles of materiality, stakeholder inclusiveness, sustainability context and completeness; and
- determining Sanford's objectives in respect of sustainability reporting and for establishing and maintaining appropriate performance management and internal control systems from which the information is derived.

These responsibilities includes such internal control as the directors determine is necessary to enable the preparation of the Selected Non-Financial Information that is free from material misstatement and non-compliance whether due to fraud or error.

AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE OF THE SELECTED NON-FINANCIAL INFORMATION

Our responsibility is to express a conclusion to the Directors on whether anything has come to our attention that the Selected Non-Financial Information has not been prepared in all material respects in accordance with the GRI Standards.

OUR INDEPENDENCE AND QUALITY CONTROL

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

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided other services to the group in relation to statutory audit. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

The partner on the engagement resulting in this Combined Independent Auditor's and Limited Assurance Report is Jason Doherty.

For and on behalf of
KPMG
Auckland

14 November 2022



APPENDICES


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APPENDIX A – SANFORD KEY PERFORMANCE INDICATORS

YEAR ENDING 30 SEPTEMBER 2022

GRI STANDARD REF	KPI METRIC	UNITS	2022	2021	2020	2019
 OUTCOME 1 – ENABLING HEALTHY OCEANS AND ECOSYSTEMS						
304-2	NZ Quota Owned Based on ACE Equivalent	%	19.8	19.8	19.7	19.4
102-7	Total Wildcatch Landed (GWT) ^{1,2}	tonnes	78,462	78,700	84,373	90,351
102-7	Greenweight Wild Caught Landed - Deepwater Fleet	tonnes	68,118	68,341	73,335	69,377
102-7	Greenweight Wild Caught Landed - Inshore Fleet	tonnes	10,344	10,359	11,037	20,974
102-7	Greenweight King Salmon Harvested ^{2,3}	tonnes	5,001	4,935	4,292	4,028
102-7	Greenweight Mussels Harvested ²	tonnes	25,949	28,209	33,918	29,419
102-7	Fishmeal and Fish Oil Produced (product weight)	tonnes	4,780	5,536	5,5912	10,084
304-3	Marine Stewardship Council Deepwater Species (NZ certifications)	#	5	5	5	6
304-3	Wildcatch Sourced from MSC Designated Fisheries	%	39	39	45	36
304-2	Fishing - Seabird Mortality Rate ⁴	%	54	65	61	66
304-2	Fishing - Total Number of Seabirds Caught Dead ⁴	#	123	191	220	164
304-2	Fishing - Marine Mammal Mortality Rate ⁴	%	93	100	92	90
304-2	Fishing Total Number of Marine Mammals Caught Dead ⁴	#	25	44	33	46
304-2	Fishing – Coral by-Catch (Returned To Sea) ⁴	tonnes	3.67	0.76	0.47	0.98
304-2	Salmon Aquaculture – Fish In: Fish Out Ratio (BAP std. Formulation) ⁵	ratio	0.72	0.87	0.87	0.85
N/A	Salmon Aquaculture – Antibiotic Use (Active Pharmaceutical Ingredients (API) ⁵	grammes API/GW tonne	0	0	0	0
304-2	Salmon Aquaculture – Finfish Escapes (Net, Post Recapture Efforts) ⁵	#	0	0	0	0
304-2	Salmon Aquaculture – Mortality Rate (Total Mortality/Count of Fish at End Sept, Adj. For Harvest/Culling) ⁵	%	8.2	3.4	3.1	not reported

APPENDIX A – SANFORD KEY PERFORMANCE INDICATORS (continued)

YEAR ENDING 30 SEPTEMBER 2022

GRI STANDARD REF	KPI METRIC	UNITS	2022	2021	2020	2019
PROTECTING AND ENHANCING THE ENVIRONMENT						
306-3	Number of Notifiable Spills ⁶	#	5	12	3	2
306-3	Total Volume of Notifiable Spills (Liquids)	litres	160	146	45	10
306-3	Total Volume of Notifiable Spills (Gases)	kg	136	0	0	0
302-1	Total Liquid Fossil Fuel Consumed ⁷	litres	20,818,772	22,131,479	22,971,935	21,953,479
302-1	Total Vessel Liquid Fossil Fuel Consumed ⁷	litres	19,936,823	20,928,463	21,935,659	20,910,356
302-3	Wildcatch Vessel Fuel Efficiency ⁸	L/GWkg	0.508	0.449	0.455	0.377
302-3	Aquaculture Vessel Fuel Efficiency ⁸	L/GWkg	0.056	0.053	0.046	0.044
302-1	Electricity Consumed ⁷	kWh	19,907,212	21,807,314	23,085,662	24,780,103
302-3	Electricity Efficiency by Production (Land Based Processing Sites ⁹) ⁷	kWh/GWkg	0.322	0.295	0.322	0.355
302-3	Electricity Efficiency by Total Sales (Land Based Processing Sites ⁹) ⁷	kWh/\$	0.070	0.077	0.091	0.082
302-1	Coal Consumed ⁷	kg	0	2,000	2,100	3,650
302-1	Wood Chip Consumed ⁷	kg	521,084	514,396	500,690	576,712
302-1	Natural Gas Consumed ⁷	kWh	2,481,394	2,838,145	2,881,317	2,348,994
302-1	Liquefied Petroleum Gas Consumed ²⁷	MJ	3,545,747	6,182,059	7,824,465	not reported
302-1	Total Energy Consumption	MJ	892,965,085	944,942,138	992,540,741	
302-1	Renewable Energy Consumption ²⁶	MJ	68,217,268	73,764,362	76,472,940	
302-1	Renewable Energy Use (as % of Total Energy Consumption) ²⁶	%	7.64%	7.78%	7.84%	
N/A	Total Greenhouse Gas Emissions (CO ₂ -e) ¹⁰	tonnes	289,627	297,107	282,007	74,153
305-1	Direct Emissions (CO ₂ -e) – Scope 1 ¹⁰	tonnes	57,076	62,130	65,069	63,480
305-2	Purchased Electricity (CO ₂ -e) – Scope 2 ¹⁰	tonnes	2,313	2,153	2,423	2,247
305-3	Indirect Emissions (CO ₂ -e) – Scope 3 ¹⁰	tonnes	230,238	232,825	214,515	8,426
306-5	Waste Directed to Landfill ¹¹	tonnes	3,536	6,357	9,627	not reported
306-4	Waste Diverted from Landfill ¹¹	tonnes	10,629	8,534	6,446	
306-4	Waste Diversion Rate Across Operations ¹¹	%	75	57	40	



APPENDIX A – SANFORD KEY PERFORMANCE INDICATORS (continued)

YEAR ENDING 30 SEPTEMBER 2022

GRI STANDARD REF	KPI METRIC	UNITS	2022	2021	2020	2019
OUTCOME 2 – SAFE AND HIGH PERFORMING WORKPLACE						
102-7	Total Workforce (at 30 Sept) ¹¹	#	1,421	1,409	1,387	1,453
102-8	Independent Sharefishers (at 30 Sept) ¹¹	#	422	421	444	451
102-41	Employees Covered by Collective Agreements/Union Membership ¹¹	%	18	20	20	20
404-1	Training Credits Achieved by Females ^{11,12}	#	242	252	431	948
404-1	Training Credits Achieved by Males ^{11,12}	#	1,009	1,122	1,567	1,273
404-1	Internal Staff Training and Upskilling ^{11,13}	hours	1,363	1,469	554	not reported
404-1	Staff Training (Total, Internal & External) ^{11,12}	hours	13,872	not reported		
401-1	Average Length of Service (Permanent Staff) ¹¹	years	7.14	7.18	7.74	7.95
401-1	Average Length of Service (Sharefishers) ¹¹	years	5.83	5.81	5.90	5.68
401-1	Involuntary Turnover of Permanent Employees ¹¹	%	5	5	11	9
401-1	Voluntary Turnover of Permanent Employees ¹¹	%	22	19	13	19
AGE OF WORKFORCE ¹¹						
405-1	Average Age of Employees on Land	years	44	44	43	44
405-1	Average Age of Employees at Sea	years	37	37	36	36
WOMEN IN THE WORKFORCE ¹¹						
405-1	Directors	%	29	29	33	17
405-1	Executive (at 30 Sept) ¹⁴	%	29	40	50	40
405-1	Senior Leadership Team (at 30 Sept) ¹⁴	%	32	33	35	37
405-2	Average Base Remuneration Women:Men (at 30 Sept) ²⁵	ratio	0.87:1	0.87:1	not reported	



APPENDIX A – SANFORD KEY PERFORMANCE INDICATORS (continued)

YEAR ENDING 30 SEPTEMBER 2022

GRI STANDARD REF	KPI METRIC	UNITS	2022	2021	2020	2019
EMPLOYEE BENEFITS ¹¹						
401-2	Health Insurance Plan	members	118	134	151	157
401-2	Health Insurance Plan Membership	%	12	14	16	16
201-3	Employees in Super Scheme Only	members	66	75	89	98
201-3	Super Scheme Membership (Excludes Sharefishers)	%	17.5	21	24	24
201-3	Employees in Kiwi Saver Only	members	671	634	651	645
201-3	Employees in Both Schemes	members	107	126	137	150
201-3	Kiwi Saver Membership (Excludes Sharefishers)	%	78	77	84	78
HEALTH AND SAFETY						
403-9	Absenteeism Rate ¹⁷	%	7	5	6	6
403-9	Number of Near Misses Reported ¹⁵	#	1,076	833	559	433
403-9	Number of Reported Injuries ¹⁵	#	653	823	766	745
N/A	Number of Notifiable Events ^{15,16}	#	15	10	10	17
403-9	Number of Lost Time Injuries ¹⁷	#	81	62	51	64
403-9	Lost Time Injury Frequency Rate (LTIFR) ¹⁷	#/mil.hrs	48.05	34.36	24.12	32.92
403-9	Total Recordable Injury Frequency Rate (TRIFR) ¹⁵	#/mil.hrs	24.53	32.74	35.69	not reported
403-10	Total Number of Hours Worked ¹⁵	mil.hrs	3,386	3,605	3,361	3,656
NZ/ACC	Number of Accepted ACC Claims ¹⁷	#	124	121	114	96
NZ/ACC	Number of Accepted ACC Claims per Employee ¹⁷	#	0.126	0.120	0.11	0.09
NZ/ACC	Average Cost per Claim (Including Outstanding Estimates) ¹⁷	\$	5,907	3,298	2,077	2,685
403-9	Total Number of Days Off Work ¹⁷	#	2,484	1,430	774	693
419-1	Safety-related Prosecutions ¹⁷	#	0	1	0	0



APPENDIX A – SANFORD KEY PERFORMANCE INDICATORS (continued)

YEAR ENDING 30 SEPTEMBER 2022

GRI STANDARD REF	KPI METRIC	UNITS	2022	2021	2020	2019
 OUTCOME 3 – TRUSTED CUSTOMER PARTNER OF CHOICE						
416-2	Number of Food Safety Recalls	#	0	1	0	0
416-2	Total Number of Food Quality Complaints Received	#	121	209	154	162
416-2	Total % of Food Quality Complaints Received That are Validated	%	77	57	65	62
416-2	Total Validated Food Quality Complaints per Million kg Sold	#/mil.kg sold	1.34	1.67	1.43	not reported
N/A	Social Media Followers Across Sanford Brands ¹⁸	#	56,366	53,743	51,197	41,091
N/A	Social Media Reach (Views of Posts via Facebook and Instagram)	#	3,752,441	1,191,435	not reported	
 OUTCOME 4 - HIGHLY VALUED COMMUNITY PARTNER						
201-1	Total Community and Charitable Investments - Sponsorships and Donations ¹⁹	\$000s	302	354	389	365
413-1	Meal Equivalents Donated to Charities and Communities ²⁰	#	294,576	132,535	76,173	not reported
 OUTCOME 5 – OPERATIONAL EXCELLENCE						
ECONOMIC PERFORMANCE						
201-1	Revenue	\$m	531.9	489.6	468.8	545.1
201-1	Profit for the Year ²¹	\$m	55.8	16.2	19.4	41.7
102-7	Total Assets ²¹	\$m	977.7	940.4	926.3	821.2
102-7	Total Equity ²¹	\$m	664.9	634.1	607.6	588.2
201-1	Return on Average Equity ²¹	%	8.6	2.6	3.2	7.1
201-1	Dividend per Share Attributed to the Period	cents	10.0	0.0	5.0	23.0
201-1	Earnings per Share ²¹	cents	59.8	17.4	20.8	44.6
201-1	Wages and Salaries ²²	\$m	128	125	125	120



APPENDIX A – SANFORD KEY PERFORMANCE INDICATORS (continued)

YEAR ENDING 30 SEPTEMBER 2022

GRI STANDARD REF	KPI METRIC	UNITS	2022	2021	2020	2019
201-1	Payments to New Zealand Income Tax	\$m	1.6	1.2	10.1	14.2
204-1	Payments to Domestic Suppliers	\$m	488.3	397.7	359.8	370.0
OPERATIONAL CAPABILITY AND CAPACITY						
102-7	Number of Vessels ²³	#	43	41	37	37
102-7	Number of Aquaculture Farms ²⁴	#	225	225	225	219
GLOBAL PRESENCE						
102-7	Total Sales Domestic	%	36.6	41.4	43.9	43.9
102-7	Total Sales Export	%	63.4	58.6	56.1	56.1

- Total wildcatch reflects total catch landed including Sanford, 3rd party fleets landing to Sanford facilities, deepwater, inshore, and fishing partners.
- GWT – Greenweight, weight of seafood before processing, measured in tonnes.
- Salmon GWT calculated from factory incoming whole fish weight corrected for blood losses experienced between farm and factory.
- Raw data supplied by MPI for vessels fishing under Sanford's Permit. Data period from July– June of each year due to data available at the time of report production. Mortality Rate is the ratio between total species caught and species caught dead.
- FIFO in accordance with Best Aquaculture Practices (BAP) Salmon farm standards, covers BAP annual audit performed during the year period, grower farm only (<https://www.bapcertification.org/Standards>). Mortality rate per Global Salmon Initiative formulation, covers all salmon year classes over the reporting period across smolt, grower, and brood farms. FY21 mortality rate restated to align with updated data boundary definition.
- Notifiable spills (significant as defined by GRI) are discharges into the environment that, if uncontained, are notifiable to a regulatory authority. Includes any discharge of hazardous substances, regardless of the amount. Sanford operational control boundary scope.

- Scope boundary includes Sanford, 50% equity share for JV NIML, excludes tenants, contract harvesters.
- Scope boundary is Sanford owned/operated vessels, excludes 3rd party/contract fishers, fishing partners. JV NIML included in aquaculture at 50% equity share.
- Land Based Processing Sites include processing factories at Timaru incl meal plant, Auckland incl. DFS, Bluff, Havelock, and JV NIML at 50% equity share. Tauranga factory included as a processing site for FY20 and earlier.
- Scope boundary is ISO 14064 operational control basis, includes all GHG categories. All gases included, as defined by Kyoto Protocol. Scope 1 includes all Sanford & 50% equity share for JV NIML. Tenants and contract harvesters included as Scope 3. Scope 3 measurement boundary increased in 2020. Scope 3 categories subject to a 1% materiality threshold by GHG Protocol Value Chain category – FY20 and FY21 Scope 3 emissions restated with same categories as for FY22 to ensure like-for-like comparisons. Latest emissions factors applied with significant updates in FY22 following external consultation, updates not applied retrospectively to prior years.
- Scope boundary is Sanford direct operations.
- Technical training provided by Primary ITO. Report training credits as a proxy for hours – one credit equates to approximately 10 hours of learning.

- Dedicated internal training, excludes inductions.
- From FY20 on, scope definition transitioned from annual quarterly average percentage, to percentage at 30 Sept.
- Operational control basis for scope boundary, includes Sanford, SanWon, and Sanford sharefishers, excludes NIML and contractors. Hours worked are based on actual hours worked on land, or total time spent on board vessels for multi-day voyages.
- Includes near misses, injuries, illnesses and incidents as defined under the Maritime Transport Act 1994 and Health and Safety at Work Act 2015.
- Scope boundary includes Sanford and SanWon excludes sharefishers, NIML, contractors.
- Sanford brands include: Auckland Fish Market, Big Glory Bay, Sanford and Sons, Sanford, and for FY21 and earlier, Sea to Me.
- Includes sponsorships and donations, excludes stock costs of donated seafood.
- Meal equivalent basis: 100g of fillet, 200g of whole fish, 200g of whole/half shell mussel, 300g for heads/frames.
- FY20 data restatement, refer to Note 14 of FY20 Financial Statements.
- Scope boundary includes all subsidiaries at 100% (companies we own more than 50% shareholding in), 50% of NIML, excludes associates (SanWon) which are not 100% consolidated into our Group accounts.

- MTOP certified vessels and negotiable non-operational registered vessels, excludes powered and non-powered barges.
- Aquaculture farm is defined as having a resource consent regardless of the size of the farmed area for that consent or # and length of lines.
- Includes all permanent full time and part time staff as base remuneration. Excludes overtime, bonuses, allowances, and contractors. Excludes CEO (single position, remuneration listed elsewhere). Sanford applies an equal pay and pay equity approach aligned with our Remuneration Policy and Diversity Policy. Collective agreements are agnostic for gender, age, and ethnicity. Pay gap calculations require the use of organisational averages, which are susceptible to differences in tenure/experience in role or qualification across staff which can then manifest in a statistical pay gap, despite a pay equity approach.
- Renewable energy defined as energy from sources that are replenished at rates higher than they are consumed. For Sanford this category includes woodchip and 82.1% of New Zealand's grid electrical supply (<http://energydashboard.mbie.govt.nz/>)
- FY2022 data influenced by operational footprint changes, LPG usage anticipated to rebound in FY23 as equipment becomes operational at new Sanford Bioactives facility.





APPENDIX B – ALIGNING MATERIAL ISSUES WITH BUSINESS RISK

Key business risks along with response plans are reported to the Board via the appropriate sub-committee on an ongoing basis. The top ten risks informed the materiality process to ensure that Sanford's material issue consideration reflects both stakeholder concern as well as operational and business risks (refer also to pages 17 to 21).

As part of Sanford's strategy development and implementation business risks have been identified with input from external experts. During FY22, Sanford continued the process of review and identification of enterprise level risks, along with their mitigation. Risks are being approached through both a bottom-up process at site and functional levels as well

as a top-down review of enterprise level risks, and the embedding of risk management policies and approaches, engaging the Board and Executive Team with the assistance and expertise of risk management specialists.

The table below highlights the current top 10 business risks, material issue alignment, and key mitigation strategies in response to the risks.

RISK PRIORITY	ORGANISATIONAL RISK	RISK STATEMENT	MATERIAL ISSUE CONNECTION (AND MATERIALITY RANKING)	KEY MITIGATION STRATEGIES
1	Climate change	Climate change effects negatively impact ocean conditions and seafood stocks.	Environmental protection and ocean health – water quality, sensitive habitats and threatened species (1=) Sustainable management of fish stocks (2) Reducing carbon footprint/ emissions (8) Adapting business practice to changing climate (11)	<ul style="list-style-type: none"> Innovation pipeline Diversity of geography and species mix Monitoring of environmental conditions and changes to become aware of factors which have potential to impact harvest/catch performances and take mitigating actions Implement active mitigation strategies at specific sites (e.g. BGB) Seafood sector wide adaptation planning initiatives
2	Environmental risk	Execution of sustainability practices and processes does not protect the environment or meet obligations outlined in the Integrated Report.	Environmental protection and ocean health – water quality, sensitive habitats and threatened species (1=) Efficient management of resources – energy, water (7) Effective waste management – general plastic and food waste (9=)	<ul style="list-style-type: none"> Implement active mitigation strategies at specific sites (e.g. BGB) Monitoring of sustainability reporting requirements is constantly being updated Further embedding of environmental framework within Sanford Resource Sanford's sustainability function to monitor risks and changes in those risks

APPENDIX B – ALIGNING MATERIAL ISSUES WITH BUSINESS RISK (continued)

RISK PRIORITY	ORGANISATIONAL RISK	RISK STATEMENT	MATERIAL ISSUE CONNECTION (AND MATERIALITY RANKING)	KEY MITIGATION STRATEGIES
3	Health and safety	Health and safety incident causing serious injury and/or fatality.	<p>Health, safety, and wellbeing of our people (1=)</p> <p>Responsible leadership – ethical conduct, transparency, governance (3)</p> <p>Risk management – regulatory, compliance, cyber-security, biosecurity, reputation (6)</p>	<ul style="list-style-type: none"> Health and Safety (H&S) policy, incident reporting policy, H&S manuals and procedures, hazard register and work permit systems Deploy and maintain software solutions to facilitate and encourage incident reporting. SHEC board committee, H&S committees, GM H&S, H&S audits, performance reporting, annual reviews of policy and procedures H&S plan in place and approved by the Board (achievement incentives in place, and includes guidelines on incident and near miss reporting) Staff training lead by experienced site dedicated safety managers
4	Cyber security risk	Operations, commercially sensitive data, privacy, reputation or finances are impacted by a cyber breach or attack.	<p>Health, safety, and wellbeing of our people (1=)</p> <p>Risk management – regulatory, compliance, cyber-security, biosecurity, reputation (6)</p>	<ul style="list-style-type: none"> Cybersecurity policy and monitoring mechanisms Resource use of external experts to carry out cyber security testing Development and implementation of business continuity policy based on ISO22301 framework Embedding of risk aware culture and risk management process
5	IT risk	Operational ability and/or efficiency compromised by lack of uptake of operational technology.	<p>Maximising \$/kg of our harvest (including profitability and productivity) (5)</p> <p>Risk management – regulatory, compliance, cyber-security, biosecurity, reputation (6)</p> <p>Effective innovation – products, markets, technology (9=)</p>	<ul style="list-style-type: none"> Review, maintain, and when appropriate upgrade IT and software solutions (e.g. SanCore) Maintain disaster recovery planning (IT) Cybersecurity policy and monitoring mechanisms
6	Key person risk	Inability to retain or implement succession planning for the departure of key employees.	<p>Health, safety, and wellbeing of our people (1=)</p> <p>Talent attraction, development and retention (4)</p> <p>Positive and meaningful work experiences (12=)</p>	<ul style="list-style-type: none"> Succession planning Talent mapping Role mapping and identification of back ups Position Sanford as an industry leader and responsible employer



APPENDIX B – ALIGNING MATERIAL ISSUES WITH BUSINESS RISK (continued)

RISK PRIORITY	ORGANISATIONAL RISK	RISK STATEMENT	MATERIAL ISSUE CONNECTION (AND MATERIALITY RANKING)	KEY MITIGATION STRATEGIES
7	Operations and processes	Fleet or processing operations compromised by deficiency in maintenance, management, and upgrades.	<p>Health, safety, and wellbeing of our people (1=)</p> <p>Food safety and quality (1=)</p> <p>Risk management – regulatory, compliance, cyber-security, biosecurity, reputation (6)</p> <p>Maximising \$/kg of our harvest (including profitability and productivity) (5)</p>	<ul style="list-style-type: none"> Investment in inshore fleet upgrades Investment in deepwater fleet upgrades Vessel management and maintenance plans
8	Strategy (execution) management risks	Inability to execute against strategy.	<p>Maximising \$/kg of our harvest (including profitability and productivity) (5)</p> <p>Effective innovation – products, market, technology (9=)</p> <p>Adapting business practice to changing climate (11)</p> <p>Brand development and responsible marketing (14)</p>	<ul style="list-style-type: none"> Measure and report progress against strategic metrics Board reporting Maintain internal accountabilities
9	Pandemic risk	Risk of serious injury and/or fatality to an employee, contractor and/or member of the public. Secondary impacts include financial impacts from slowdown in economic activity.	<p>Health, safety, and wellbeing of our people (1=)</p> <p>Maximising \$/kg of our harvest (including profitability and productivity) (5)</p> <p>Supply chain management (9=)</p>	<ul style="list-style-type: none"> Regular testing of incident management planning Adoption of a standard policy into a single policy for use over all business units (operational resilience) that includes business continuity planning and disaster recovery, incident and crisis management
10	Weather	Single events of serious magnitude such as a storm or flood which impacts seafood stocks.	<p>Health, safety, and wellbeing of our people (1=)</p> <p>Food safety and quality (1=)</p> <p>Maximising \$/kg of our harvest (including profitability and productivity) (5)</p> <p>Supply chain management (9=)</p>	<ul style="list-style-type: none"> Innovation to develop new technology or processes that will reduce Sanford's carbon footprint Increased monitoring of climate change impacts on water and weather Further diversification of geographic and species mix



APPENDIX C – INDUSTRY MEMBERSHIP AND STAKEHOLDERS

INDUSTRY MEMBERSHIPS

We actively monitor legislative and regulatory change directly and via key industry and sustainability bodies of which we are a member. Our principal memberships and the key roles that Sanford representatives contribute to are set out below.

ORGANISATION	FUNCTION	OUR ROLE
The Aotearoa Circle www.theaotearoacircle.nz	A partnership of public and private sector leaders committed to the pursuit of sustainable prosperity and reversing the decline of New Zealand’s natural resources.	Member partner
Aquaculture New Zealand www.aquaculture.org.nz	Industry body for aquaculture sector, focused on representing the current industry, while enhancing profitability and providing leadership to facilitate transformational growth	Board member Active industry member Industry stakeholder group
Business Leaders Health & Safety Forum www.forum.org.nz	Coalition of business and government leaders committed to improving the performance of workplace health and safety in New Zealand. Forum members are CEOs, Managing Directors or Country Heads of New Zealand organisations.	Forum Member
Business New Zealand www.businessnz.org.nz	Representative organisation for New Zealand businesses. Incorporating the Sustainable Business Council, Major Companies Group and others.	Member
Coromandel Marine Farming Association www.coromfa.co.nz	Representative organisation for mussel and oyster farmers of the Hauraki Gulf.	Member
Deepwater Group www.deepwatergroup.org	Industry body focused on the management of deepwater fisheries resources, within a long-term sustainable framework	Directors Active industry member Industry stakeholder group
Fisheries Inshore New Zealand www.inshore.co.nz	Commercial fisheries stakeholder organisation that represents collective interests as an inshore quota owner, Annual Catch Entitlement (ACE) holder and commercial fisher	Directors Active industry member Industry stakeholder group
Global Seafood Communicators Group	International industry body bringing together communications leaders from peak bodies and some individual seafood companies around the globe.	Member
Groundfish Forum www.groundfishforum.com	Meeting place for leading members of the global groundfish industry to increase understanding about global supply and consumption trends and developments for groundfish products	Executive committee member Forum members
International Coalition of Legal Toothfish Operators (COLTO) www.colto.org	Industry group formed to eliminate Illegal, Unregulated and Unreported (IUU) fishing of toothfish, and to ensure the long-term sustainability of toothfish resources, and the rich and critical biodiversity of the southern oceans.	Founding member



APPENDIX C – INDUSTRY MEMBERSHIP AND STAKEHOLDERS (continued)

ORGANISATION	FUNCTION	OUR ROLE
Marine Farming Association www.marinefarming.co.nz	Subscription based organisation, representing the marine farmers in the top of the South Island of New Zealand, set up with the objective to promote, foster, advance, encourage, aid and develop the rights and interests of its members and the marine farming industry in general.	Member
New Zealand Fishing Health and Safety Forum	Industry body aiming to share knowledge and information to help all participants improve safety and wellbeing in their organisations and across the sector.	Founding member
NZFS (New Zealand Food Safety) National Advisory Panel www.mpi.govt.nz/food-business	New Zealand Food Safety is part of the Ministry for Primary Industries and supports primary producers, exporters, importers, and consumers by implementing the full range of MPI's legislative and regulatory frameworks. Sanford provides an industry representative on the EOC (Emerging Contaminates) NAP (National Advisory Panel).	Member of National Advisory Panel
New Zealand Salmon Farmers Association www.salmon.org.nz	An industry group representing the commercial salmon farming industry including growers, suppliers of equipment and science providers.	Board member
New Zealand Seafood Standards Council	Industry council of experts that liaise with government on behalf of industry to align fisheries requirements.	Member
Seafood New Zealand www.seafoodnewzealand.org.nz	Industry peak body for the New Zealand seafood sector, with a strategy to support the Government's growth objective to double seafood export revenue by 2025	Directors Active industry member
Southern Inshore Fisheries Management Company Ltd (Southern Inshore) www.inshore.co.nz/fisheries/southern-inshore	Commercial Stakeholder Organisation that has the mandate to represent a range of stocks that occur primarily in the South Island	Board member
Southern Seabird Solutions Trust www.southernseabirds.org	Group focused on the protection of seabirds, with initiatives across 24 target species (from black petrel to Yellow-eyed penguins)	Trustee Management board member
Southland Just Transition	A Government and rural leaders forum working for regional growth.	Member
Sustainable Business Council (SBC) www.sbc.org.nz	Executive-led advocacy body for sustainable business in New Zealand	Advisory board member Active member
Sustainable Seas www.sustainableseaschallenge.co.nz	Ecosystem-based management group set up to enhance and protect our marine resources	Board member
Trust Alliance www.trustalliance.co.nz	A primary industry consortium supporting the development of technology for NZ producers, growers, exporters, retailers and consumers to share trusted data along the value chain.	Board member



APPENDIX C – INDUSTRY MEMBERSHIP AND STAKEHOLDERS (continued)

STAKEHOLDER GROUPS AND THEIR ROLES

OUR STAKEHOLDERS	ROLE
 Our People	Our 1,421 employees, including 422 sharefishers, are the foundation of our business and our most valuable asset. Through their commitment to living our values of care, passion and integrity, our people ensure that we continue to produce, deliver and succeed.
 Shareholders and Investors	As at 30 September 2022, 2,831 shareholders provide the financial capital and stability required to sustain, grow and diversify our business.
 Government and Regulators	These stakeholders provide our formal licence to operate, including policy and regulatory frameworks which define what, how, where and when we can perform our activities.
 Industry and Business Associations	As a company committed to its own vision as well as a vision for a sustainable future for New Zealand and the world, we are members of a number of organisations (refer above). They help us leverage our impact and, in partnership, collectively find ways of achieving a more sustainable future.
 Suppliers	Share valued expertise, support and deliver products and services that strengthen our business and facilitate development and growth.

OUR STAKEHOLDERS	ROLE
 Customers and Consumers	Sustain our business, provide the basis for continued growth, product development and innovation.
 Communities, Scientific Partners, NGOs	External partners help us to gain a deeper understanding of social and environmental issues. They also can unlock new opportunities, understand industry best practice, scientific research and development and alert us to potential challenges which may need to be addressed.
 Civil Society including Recreational Fishers	The views and needs of civil society and recreational fishers assist us to stay in-step with society, and hence ensure our social licence to operate. We share some fishing space with recreational fishers and it is important to us that we collaborate with other users of the ocean.
 Iwi	Partnership with iwi represent a critical relationship for us. As guardians of the land and ocean that we operate on/in, we are pleased to work together to ensure good outcomes for all. Ngāi Tahu is a 19.9% shareholder in Sanford.













APPENDIX D – KEY INITIATIVES CONTRIBUTING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

This table lays out some of the projects and initiatives underway at Sanford in 2022 which contributed to the six key Sustainable Development Goals (SDGs) which Sanford can contribute most towards. As a company committed to value creation for all stakeholders,

we use the international SDG Global Goal framework, inclusive of the several targets which sit beneath the top line goals to guide and influence us in our strategy, goals, and initiatives.

SUSTAINABLE DEVELOPMENT GOAL

CASE STUDY	PAGE REF	SANFORD PERFORMANCE OUTCOME	SUSTAINABLE DEVELOPMENT GOAL					
			8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	17 PARTNERSHIPS FOR THE GOALS
Our Global Sales Footprint	26	ALL	✓	✓	✓			
Greening the Fleet	36				✓	✓	✓	
Supporting Sound Science for Sustainability	38			✓			✓	✓
Sustainable, Low Carbon and as Tough as the Southern Ocean	40			✓	✓	✓	✓	
When Labour Pools Become Puddles	47		✓	✓				
Achieving Together Puts Paid to Pain	49		✓					
Care at the Core of Covid Round Three	51		✓					
Short on Manpower But Not on Willpower	53		✓					
Bow Ties Enabling a Safer Operational Culture	54		✓					
Advancing in Australia and the World	61		✓		✓			
Sanford Bioactives Innovation Centre	63		✓	✓				✓

APPENDIX D – KEY INITIATIVES CONTRIBUTING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (continued)

CASE STUDY	PAGE REF	SANFORD PERFORMANCE OUTCOME	SUSTAINABLE DEVELOPMENT GOAL					
			8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	17 PARTNERSHIPS FOR THE GOALS
Three Meals, Three Places	65		✓					
Mussels Doing the Mahi in the Gulf	71						✓	✓
No Waste, No Fuss, No Problem	73				✓			✓
Feeding the People and the Land	74				✓			✓
Graeme Dingle Foundation and Sanford	75							✓
High Stakes Met with High Engagement	81		✓	✓				
Investing for Salmon Growth	83		✓	✓				
Easier, But Not Plain Sailing	85		✓					✓
Full Steam Ahead with SanCore	86		✓	✓				



APPENDIX E – GRI CONTENT INDEX

This Report has been developed in accordance with the International Integrated Reporting Council (IIRC) Integrated Report <IR> Framework. The Report has been prepared in accordance with the GRI Sustainability Reporting Standards (GRI) 2016, and were applied to a core level of compliance. Further references to GRI indicators are provided in Appendix A (Key Performance Indicators).

DISCLOSURES	DESCRIPTION	SECTION DESCRIPTION AND PAGE NUMBER
GRI 102: GENERAL DISCLOSURES 2016		
STRATEGY AND ANALYSIS		
102-14	Chairman, CEO statement	Perseverance, pages 5-13
ORGANISATIONAL PROFILE		
102-1	Name	Sanford Limited
102-2	Operations	Aquaculture, fishing, fish processing, marine extracts, retail; refer Sanford and Our Operations, pages 22-28, 17-21
102-3	Head office	22 Jellicoe Street, Auckland, New Zealand
102-4	Locations	Sanford and Our Operations, pages 27-28
102-5	Legal form	NZX listed New Zealand limited liability company
102-6	Markets and customers	Sanford and Our Operations, pages 27-28; Trusted Customer Partner of Choice pages 58-68
102-7	Scale of organisation	Sanford and Our Operations; Financial Statements, pages 117-182; Key Performance Indicators (Appendix A)
102-8	Workforce	Safe and High Performing Workplace, pages 44-57; Key Performance Indicators (Appendix A), Sharefisher definition, page 56
102-9	Supply chain	Trusted Customer Partner of Choice, pages 58-68, Operational Excellence pages 77-88
102-10	Business changes	Chair's Review, pages 5-7; Financial statements, pages 117-182
102-11	Precautionary principle	Corporate governance, pages 90-116; Enabling Healthy Oceans and Ecosystems, pages 32-43
102-12	External initiatives & charters	Report Structure, Sustainable Development Goals, pages 14-16; Enabling Healthy Oceans and Ecosystems, pages 32-43; Highly Valued Community Partner, pages 69-76; Industry Memberships (Appendix C)
102-13	Memberships	Industry memberships (Appendix C)
102-15	Risks	Aligning Material Issues and Business Risks (Appendix B)
102-41	Collective agreements	Key Performance Indicators (Appendix A)
ETHICS AND INTEGRITY		
102-16	Ethics and values	We Navigate Using Our Values, inside front cover; Corporate governance statement 2022; pages 90-116



APPENDIX E – GRI CONTENT INDEX (continued)

DISCLOSURES	DESCRIPTION	SECTION DESCRIPTION AND PAGE NUMBER
GRI 102: GENERAL DISCLOSURES 2016		
102-17	Ethics mechanisms (advice/ concern)	Protected Disclosures Policy (Whistleblowing) https://www.sanford.co.nz/investors/governance/policies/protected-disclosures-policy/
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
102-45	Organisation & entities	Report Structure, pages 14-16; Financial Statements – Group Entities, pages 172-173
102-46	Report content	Report Structure, pages 14-16; Reporting what Matters, pages 17-21
102-47	Material issues	Reporting what matters, pages 17-21
103-1	Scope – Boundary inside and outside	Material issues cover all Sanford entities unless otherwise stated, pages 17-21; Our Five Performance Outcomes pages 32-88; Key Performance Indicators (Appendix A)
102-48	Restatements	Key Performance Indicators (Appendix A)
102-49	Changes	Reporting what matters, pages 17-21
STAKEHOLDER ENGAGEMENT		
102-40	Stakeholders – Groups	Reporting what matters, pages 17-21; Appendix C
102-42, 43, 44	Stakeholders – Basis, Approach, Key Topics	Reporting what matters – Stakeholder Engagement Process, pages 17-18; Appendix C
REPORT PROFILE		
102-50	Report period	1 October 2021 to 30 September 2022
102-51	Last report	Horizons, Sanford Annual Report 2021
102-52	Reporting cycle	Annual
102-53	Contact	Contact info@sanford.co.nz for queries, or to provide feedback
102-54	GRI compliance	This report has been prepared in accordance with the GRI Standards: Core option
102-55	GRI content index	Heading in this Index
102-56	Assurance	Combined (financial and non-financial), pages 176-182
GOVERNANCE		
102-18	Governance	Corporate governance statement 2022, pages 90-116





APPENDIX E – GRI CONTENT INDEX (continued)

MATERIAL TOPICS AND RELATED INDICATORS (ORDERED BY MATERIAL TOPIC IMPORTANCE)

Including GRI 100, 200, 300, 400

REFERENCE AND INDEX	DESCRIPTION	REPORT SECTION TITLE	SECTION DESCRIPTION AND PAGE NUMBER
MATERIAL TOPIC: HEALTH SAFETY AND WELLBEING OF OUR PEOPLE			
GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
103-1,2,3	Boundary and approach	Sanford and Our Operations Safe and High Performing Workplace	Chairman Review, pages 5-7; CEO Review, pages 9-13; Sanford and our Operations, pages 22-28; Safe and High Performing Workplace, Our Future Focus page 57; Corporate governance statement, pages 90-116
403-1	Health and safety management system		Sanford Health, Safety and Wellbeing policy https://www.sanford.co.nz/investors/governance/policies/safety-and-health-policy/
403-2	Hazard identification, risk assessments		Corporate governance statement, pages 90-116; Bowties enabling a safer operational culture, pages 54-55
403-9	Injury statistics		Injuries by Site and by Type graphs, page 50; Health and Safety, Key Performance Indicators (Appendix A)
MATERIAL TOPIC: FOOD SAFETY AND QUALITY			
GRI 416: CUSTOMER HEALTH AND SAFETY			
103-1,2,3	Boundary and approach	Sanford and Our Operations Trusted Customer Partner of Choice	Sanford and our Operations, pages 22-28; Trusted Customer Partner of Choice Our Future Focus, page 68
416-2	Non-compliance (products)		Number of Food Safety Recalls - Key Performance Indicators (Appendix A); Customer complaints, Key Performance Indicators (Appendix A); Quality complaints breakdown page 67 No non-compliances with food safety regulations identified during the period

APPENDIX E – GRI CONTENT INDEX (continued)

REFERENCE AND INDEX	DESCRIPTION	REPORT SECTION TITLE	SECTION DESCRIPTION AND PAGE NUMBER
MATERIAL TOPICS: ENVIRONMENTAL PROTECTION AND OCEAN HEALTH – WATER QUALITY, SENSITIVE HABITATS, THREATENED SPECIES; SUSTAINABLE MANAGEMENT OF FISH STOCKS			
GRI 304: BIODIVERSITY; GRI 307: ENVIRONMENTAL COMPLIANCE			
103-1,2,3	Boundary and approach	Sanford and Our Operations Enabling Healthy Oceans and Protecting the Ecosystems Highly Valued Community Partner	CEO Review, pages 9-13; Sanford and our Operations, pages 22-28; Highs and Lows, pages 24-25; Supporting sound science for sustainability, pages 38-39; Enabling Healthy Oceans and Environments, Our future Focus pages 42-43; Mussels doing the Mahi in the Gulf, pages 71-72
304-2	Impact		Incidental Catch Data, page 38; Outcome 1, Enabling Healthy Oceans and Ecosystems, Key Performance Indicators (Appendix A)
304-3	Habitat restoration		Mussels doing the Mahi in the Gulf, pages 71-72
307-1	Environmental Compliance		Full compliance to catch reporting and regulations, no environmental abatement notices. Enabling healthy oceans and Ecosystems – Progress on Targets pages 33-35
MATERIAL TOPICS: RESPONSIBLE LEADERSHIP – ETHICAL CONDUCT, TRANSPARENCY, GOVERNANCE			
GRI 102-16 VALUES, PRINCIPLES, NORMS, 102-17 ETHICS			
Refer to General Disclosures for GRI 102-16, 102-17, 102-18			



APPENDIX E – GRI CONTENT INDEX (continued)

REFERENCE AND INDEX	DESCRIPTION	REPORT SECTION TITLE	SECTION DESCRIPTION AND PAGE NUMBER
MATERIAL TOPICS: TALENT ATTRACTION, DEVELOPMENT, AND RETENTION			
GRI 401: EMPLOYMENT; GRI 404: TRAINING AND EDUCATION; GRI405: DIVERSITY AND EQUAL OPPORTUNITY			
103-1,2,3	Boundary and approach	Sanford and Our Operations Safe and High Performing Workplace	Sanford and our Operations, pages 22-28; Safe and High Performing Workplace, pages 44-57
401-1	New hires and turnover		New hires and turnover graph data, pages 48 and 55; Safe and High Performing Workplace, pages 44-57; Outcome 2, Safe and High Performing Workplace, Key Performance Indicators (Appendix A)
401-2	Employee benefits		Employee Benefits, Key Performance Indicators (Appendix A)
404-1	Employee training		Staff leadership and development training (internal), page 52; NZQA Credits and Qualifications tables, page 52
405-1	Diversity (governance and employees)		Corporate governance statement, pages 90-116; Women in the Workforce, Key Performance Indicators (Appendix A)
405-2	Gender Pay Ratio		Average base remuneration women:men, Key Performance Indicators (Appendix A)
MATERIAL TOPICS: MAXIMISING \$/KG OF OUR HARVEST (PROFITABILITY AND PRODUCTIVITY); RISK MANAGEMENT			
GRI 201: ECONOMIC PERFORMANCE			
103-1,2,3	Boundary and approach	Sanford and Our Operations Operational Excellence	Chairman Review, pages 5-7; CEO Review, pages 9-13; Sanford and our Operations, pages 22-28, Operational Excellence pages 77-88
102-15	Risks		Aligning Material Issues with Business Risks (Appendix B)
201-1	Economic value		Chairman Review, pages 5-7; CEO Review, pages 9-13; Economic Performance, Key Performance Indicators (Appendix A); Financial Statements, pages 117-182
201-2	Adaptation to climate change/ Climate risks		Reporting what matters, pages 17-21; Operational Excellence, progress against targets pages 78-80; Sanford's public CDP disclosure available at https://www.cdp.net/en ; Aligning Material Issues with Business Risks (Appendix B)



APPENDIX E – GRI CONTENT INDEX (continued)

REFERENCE AND INDEX	DESCRIPTION	REPORT SECTION TITLE	SECTION DESCRIPTION AND PAGE NUMBER
MATERIAL TOPICS: EFFICIENT MANAGEMENT OF RESOURCES: ENERGY			
GRI 302: ENERGY			
103-1,2,3	Boundary and approach	Sanford and Our Operations	CEO Review, pages 9-13; Healthy Oceans Pages 32-43
302-1,3	Energy	Enabling Healthy Oceans and Protecting the Ecosystems	Key Performance Indicators, Protecting and Enhancing the Environment (Appendix A); 302-1d (N/A none sold)
302-4	Reduction of energy consumption		CEO Review, pages 9-13; Outcome 1, Enabling Healthy Oceans and the Ecosystems, Our Future Focus, page 42-43. Emission reduction calculations and statements use defined base year (as stated) and the same emissions factors used for 305-1,2,3 (page 41) relevant for the aspect considered (waste, fuel burn). Forecast emission reductions informed by prior use on same asset, and manufacturer estimates of efficiency improvements to be realised from the implemented initiative
MATERIAL TOPICS: REDUCING CARBON FOOTPRINT - EMISSIONS			
GRI 305: EMISSIONS			
103-1,2,3	Boundary and approach	Sanford and Our Operations	CEO Review, pages 9-13; Outcome 1, Enabling Healthy Oceans and Ecosystems, pages 32-43
305-1,2,3	GHG emissions (Scope 1,2,3)	Enabling Healthy Oceans and Protecting the Ecosystems	Greening the Fleet, pages 36-37; Our Approach to Carbon Emissions and associated graphs, page 41; Key Performance Indicators, Protecting and Enhancing the Environment (Appendix A) Biogenic emissions not relevant/material for Sanford direct activities; where relevant these are included in emissions factors applied for significant Scope 3 inputs
MATERIAL TOPICS: EFFECTIVE INNOVATION – PRODUCTS, MARKETS, TECHNOLOGY			
N/A			
103-1,2,3	Boundary and approach	Sanford and Our Operations Enabling Healthy Oceans and Protecting the Ecosystems Trusted Customer Partner of Choice	Chair's Review, pages 5-7; CEO Review, pages 9-13; Our Strategy, pages 14-16; Sanford and our Operations, pages 22-28; Sustainable, low carbon, and as tough as the Southern Ocean page 40; Advancing in Australia – and the world, page 61-62; Sanford bioactives innovation centre, pages 63-64; Our future focus, page 68



APPENDIX E – GRI CONTENT INDEX (continued)

REFERENCE AND INDEX	DESCRIPTION	REPORT SECTION TITLE	SECTION DESCRIPTION AND PAGE NUMBER
MATERIAL TOPICS: SUPPLY CHAIN MANAGEMENT			
GRI 102 (GENERAL); GRI 204: PROCUREMENT PRACTICES			
103-1,2,3	Boundary and approach	Sanford and Our Operations Operational Excellence	CEO Review, pages 9-13; Chairman Review, pages 5-7; Outcome 5, Operational Excellence, pages 77-88
102-9, 102-16	Supply chain, Values-ethics-norms	Safe and High Performing Workplace Trusted Customer Partner of Choice	Values, inside front cover; Sanford Code of Ethical Behaviour https://www.sanford.co.nz/investors/governance/policies/code-of-ethical-behaviour/ ; Outcome 2, Safe and High Performing Workplace, pages 44-57; Outcome 3, Trusted Customer Partner of Choice, pages 58-68; Outcome 5, Operational Excellence, pages 77-88
204-1	Procurement practices – local suppliers		Sanford and Our Operations - Our New Zealand Footprint, page 28; Our Global Footprint, page 27; Key Performance indicators, Economic Performance (Appendix A)
MATERIAL TOPICS: EFFECTIVE WASTE MANAGEMENT			
GRI 306: WASTE (GRI 2020)			
103-1,2,3	Boundary and approach	Sanford and Our Operations	CEO Review, pages 9-13; Sanford and our Operations, pages 22-28
306-4,5	Waste generated, diversion rate	Enabling Healthy Oceans and Protecting the Ecosystems	Waste directed to/from landfill and waste diversion rate, Key Performance Indicators (Appendix A)
MATERIAL TOPICS: COMMUNITY AND IWI RELATIONSHIPS, COLLABORATION, AND SUPPORT			
GRI 413: LOCAL COMMUNITIES; GRI204: PROCUREMENT PRACTICES			
103-1,2,3	Boundary and approach	Sanford and Our Operations Highly Valued Community Partner	Sanford and Our Operations, pages 22-28; Highly Valued Community Partner - Our Future Focus, page 76
204-1	Procurement practices – local suppliers		Highly Valued Community Partner – Our Future Focus, page 76; Spending on domestic suppliers – Key Performance Indicators (Appendix A)
413-1	Community programs and engagement		Highly Valued Community Partner – Progress Against Targets, page 70; Feeding the People and the Land, page 74; Mussels Doing the Mahi in the Gulf, page 71; No Waste, No Fuss, No Problem, page 73; Community Foodbank Support pages 73-74; Community Commitment, page 75; Graeme Dingle Foundation and Sanford, page 75



REFERENCE AND INDEX	DESCRIPTION	REPORT SECTION TITLE	SECTION DESCRIPTION AND PAGE NUMBER
MATERIAL TOPICS: ADAPTING BUSINESS PRACTICES TO CHANGING CLIMATE			
GRI 102 (GENERAL); GRI 201 (ECONOMIC) – REFER TO MATERIAL TOPIC: MAXIMISING \$/KG OF OUR HARVEST WHICH INCLUDES REQUIRED GRI DISCLOSURES (102-15 AND 201-2)			
MATERIAL TOPICS: POSITIVE AND MEANINGFUL WORK EXPERIENCES			
GRI 401 EMPLOYMENT – REFER TO MATERIAL TOPIC: TALENT ATTRACTION, DEVELOPMENT, AND RETENTION WHICH INCLUDES REQUIRED GRI DISCLOSURES (401-1)			
MATERIAL TOPICS: EFFECTIVE COMMUNICATIONS (INCLUDING INTERNAL AND EXTERNAL)			
N/A			
103-1,2,3	Boundary and approach	Sanford and Our Operations Operational Excellence	Introducing our 2022 Report, page 2; Chair’s Review, pages 5-7; CEO Review, pages 9-13; Report structure pages 14-16; Our Future Focus, pages 87-88.
MATERIAL TOPICS: TRACEABILITY AND PLACE OF ORIGIN; BRAND DEVELOPMENT AND RESPONSIBLE MARKETING			
GRI 417: MARKETING AND LABELLING			
103-1,2,3	Boundary and approach	Sanford and Our Operations Enabling Healthy Oceans and Ecosystems Trusted Customer Partner of Choice	Sanford and our operations pages 22-28; Trusted Customer Partner of Choice – Our Future Focus, page 68; Operational Excellence – Our Future Focus pages 87-88
417-1	Product labelling		MSC certified catch, page 39; Quality complaints breakdown: labelling error page 67; Product certifications listed in Awards and Accreditations, page 210



APPENDIX F – ABBREVIATIONS

ABBREVIATION	DESCRIPTION
ACC	Accident Compensation Corporation
ACE	Annual Catch Entitlement
AEP	Accredited Employer
AFRC	Audit Finance and Risk Committee
AI	Artificial Intelligence
AR	Annual Report
ARA	Australasian Reporting Awards
ATO	Antarctic Toothfish
AU	Australia
BAP	Best Aquaculture Practices
BGB	Big Glory Bay
CAPEX	Capital Expenditure
CCAMLR	Convention for the Conservation of Antarctic Marine Living Resources
CCO	Chief Customer Officer
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO ₂	Carbon dioxide
COLTO	Coalition of Legal Toothfish Operators
COO	Chief Operating Officer
CPO	Chief People Officer
CRD	Climate Related Disclosures
CSR	Corporate Social Responsibility
DEFRA	Department for Environment, Food and Rural Affairs (UK Government)
DOB	Date of Birth
DOC	Department of Conservation

ABBREVIATION	DESCRIPTION
DWG	Deepwater Group
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EECA	Energy Efficiency and Conservation Authority
EEZ	Exclusive Economic Zone
EMS	Environmental Management System
eNPS	Employee Net Promotor Score
EOC	Emerging Contaminates
ER	Electronic Reporting
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance Indicators
EV	Electric Vehicle
FAO	Food and Agriculture Organisation (of the UN)
FIFO	First In, First Out
FMA	Fisheries Management Area
FNZ	Fisheries New Zealand
FSQ	Food Safety and Quality
FSSC	Food Safety System Certification 22000
FY	Financial Year
GDF	Graeme Dingle Foundation
GHG	Greenhouse gases
GM	General Manager
GRI	Global Reporting Initiative
GW hours	Gigawatt hours

ABBREVIATION	DESCRIPTION
GWKg	Greenweight Kilogram
GWT	Greenweight Tonne
HR	Human Resources
H&S	Health and Safety
HSE NZ	Health Safety Environment New Zealand
HSW	Health, Safety and Wellbeing
H1	First half of the financial year
ICE	Internal Combustion Engine
IIRC	International Integrated Reporting Council
IP	Intellectual property
ISO	International Organisation for Standardisation
IT	Information Technology
ITO	Primary ITO is a business division of Te Pukenga Work Based Learning Limited (part of te Pukenga – New Zealand Institute of Skills and Technology)
IUU	Illegal, Unregulated and Unreported (fishing)
Kg	Kilogram
KPI	Key Performance Indicator
LTIFR	Lost Time Injury Frequency Rate
LTIs	Lost Time Injuries
MARIN	Maritime Research Institute Netherlands
MFA	Marine Farming Association
MJ	Mega Joule
MOH	Ministry of Health
MOSS	Maritime Operator Safety System



APPENDIX F – ABBREVIATIONS (continued)

ABBREVIATION	DESCRIPTION
Motu	Motu Research, a New Zealand policy research institute
MPAs	Marine Protected Areas
MPI	Ministry for Primary Industries
MSC	Marine Stewardship Council
MT	Metric Tonne
MTOP	Maritime Transport Operator Plan
MYND	A programme offered by the Graeme Dingle Foundation
NAP	National Advisory Panel
NEBIT	Normalised Earnings Before Interest and Tax
NGOs	Non-Governmental Organisations
NIML	North Island Mussels Limited
NIWA	National Institute of Water and Atmospheric Research
NPAT	Net Profit After Tax
NSSP	National Shellfish Sanitation Programme
NZDS	New Zealand Diving and Salvage
NZFN	New Zealand Food Network
NZFS	New Zealand Food Safety
NZHSE	New Zealand Health and Safety in Employment
NZME	New Zealand Media and Entertainment
NZQA	New Zealand Qualifications Authority
NZQF	New Zealand Qualifications Framework
NZX	NZ Stock Exchange
P&L	Profit and Loss

ABBREVIATION	DESCRIPTION
PBV	Performance Based Verification
PPE	Personal Protective Equipment
PGP	Primary Growth Partnership
PHEV	Plug-in Hybrid Electric Vehicle
PITO	Primary Industry Training Organisation
PPE	Personal Protective Equipment
PSH	Precision Seafood Harvesting
QMS	Quota Management System
R&D	Research and Development
RAS	Recirculating Aquaculture System
RAT	Rapid Antigen Test
ROCE	Return on Capital Employed
SANSCORE	Project name for Sanford's information system replacement and related process change project
SBC	Sustainable Business Council
SBU	Separate Business Unit
SEEMP	Ship Energy Efficiency Management Plans
S&OP	Sales and Operational Planning
SDGs	Sustainable Development Goals
SHEC	Safety, Health and Environment Committee
SKU	Stock-keeping Unit
SLT	Senior Leadership Team
SPAT _{NZ}	Shellfish Production and Technology New Zealand Ltd.
TAC	Total Allowable Catch

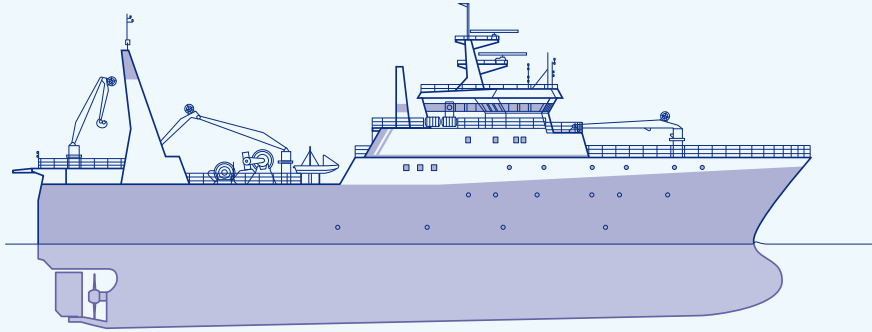
ABBREVIATION	DESCRIPTION
TACC	Total Allowable Commercial Catch
TCFD	Taskforce on Climate Related Financial Disclosures
TRIFR	Total Recordable Injury Frequency Rate
UN	United Nations
USA	United States of America
WWF	World Wide Fund for Nature
XRB	External Reporting Board (New Zealand)





— OUR FLEET —

DEEPWATER – SAN GRANIT

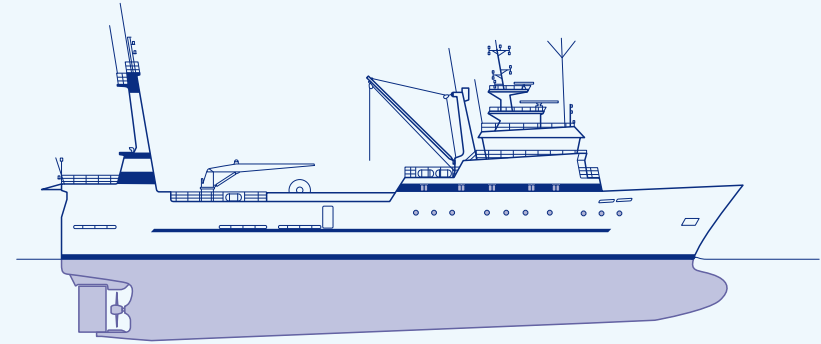


No. In Fleet	1	Gross Tonnage	2487
Built	1989 (Denmark)	Main Engine HP	4530
Length	67.4 m	Accommodation	48 crew
		Freezer Hold	600m ³

Use: Single and Twin Trawl, targeting hoki, arrow squid and orange roughy

DEEPWATER – STERKODER CLASS

VESSELS San Waitaki, San Enterprise, San Discovery

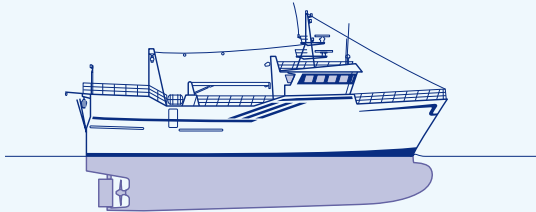


No. In Fleet	3	Gross Tonnage	1899
Built	1990-1992 (Norway)	Main Engine HP	3342
Length	64m	Accommodation	49 crew
		Freezer Hold	940m ³

Use: Trawl, targeting hoki, ling, hake, orange roughy, warehou and arrow squid.

INSHORE VESSELS – 32M

VESSELS San Rakaia, San Tongariro

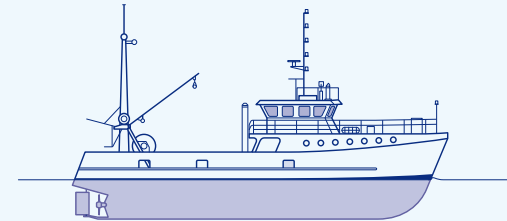


No. In Fleet	2
Built	1996-1997
Length	32m
Gross Tonnage	498
Main Engine HP	1409
Accommodation	5 crew

Use: Trawl targeting inshore species such as snapper, gurnard, tarakihi.

INSHORE VESSELS – 26M

VESSELS Ikawai, Tengawai

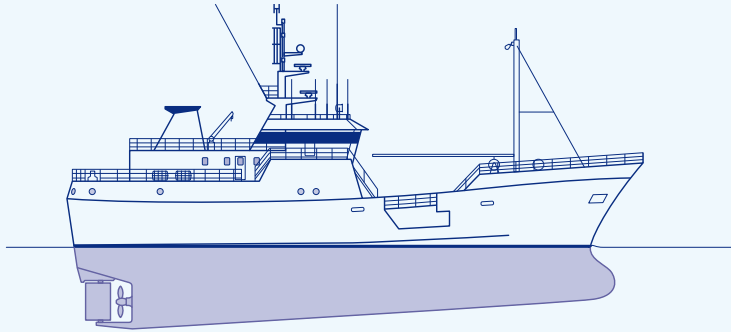


No. In Fleet	2
Built	1979
Length	26m
Gross Tonnage	157
Main Engine HP	850
Accommodation	3 crew

Use: Trawl targeting inshore species such as snapper, gurnard, tarakihi.

DEEPWATER – LONGLINER

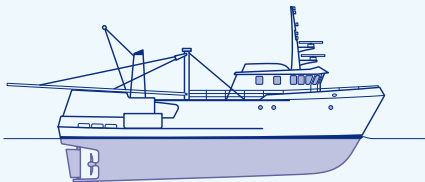
VESSELS San Aspiring, San Aotea II



No. In Fleet	2	Gross Tonnage	1079-1508	Use: Automated bottom longliner targeting toothfish and ling.
Built	1993 & 2001 (Norway)	Main Engine HP	1075-2320	
Length	46.35 – 52 m	Accommodation	25-32 crew	
		Freezer Hold	515-725m ³	

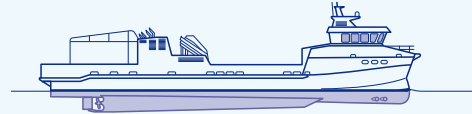
DEEPWATER – SCAMPI VESSEL

VESSELS San Tangaroa, San Aramand, Venture K, Drysdale, Albatross II



No. In Fleet	5	Use: Twin or triple trawl targeting scampi.
Built	1984-2000	
Length	19.95-26m	
Gross Tonnage	129-222	
Main Engine HP	500-600	
Accommodation	6-8 crew	
Product Capacity	14-40m ³	

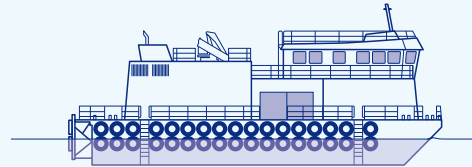
AQUACULTURE – MULTI-PURPOSE



No. In Fleet	13
Built	1967-2009
Length	21-28 m
Gross Tonnage	10-51
Main Engine HP	240-900
Crew Capacity	2-30 crew
Use: Mussel farm operations – seeding, harvesting, maintenance. Salmon operations support – transfer of fish, materials, and equipment (Bluff – Big Glory Bay).	

AQUACULTURE – SALMON BARGE

VESSELS San Hamana



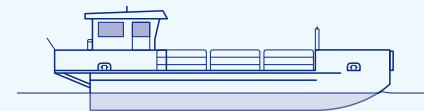
No. In Fleet	1
Built	2020
Length	28 m
Gross Tonnage	116
Generator HP	725
Accommodation	5 crew
Feed Storage	200t
Use: Salmon farm operations base.	

AQUACULTURE – MUSSEL SOURCING VESSELS



No. In Fleet	2	Main Engine HP	500-575
Built	1995-2003	Crew Capacity	2-18 crew
Length	12-13.1m	Use: Mussel farm support operations.	
Gross Tonnage	10-10.5		

BARGES – AQUACULTURE



No. In Fleet	9	Use: Operational support, harvesting of salmon, net cleaning, feed transport etc.
Built	1970-2022	
Length	12-28m	
Gross Tonnage	5-83	



AWARDS AND ACCREDITATIONS



AWARDS

Best Choice 'Buy First': Rating by Monterey Bay Aquarium's highly regarded Seafood Watch program for our Big Glory Bay produced King Salmon farmed in marine net pens.

Best Choice 'Buy First': Rating by Monterey Bay Aquarium's highly regarded Seafood Watch program for all of our farmed mussels.

Platinum Level Environmental Performance award for Sanford within the Marine Farming Association environmental program driving industry environmental initiatives throughout the mussel farming industry at the top of the South Island.

Sanford Annual Report 2021 "Horizons", **Gold Award in the Australasian Reporting Awards (ARA) General Award Category, Gold Award in the ARA Sustainability Reporting Award Category, Finalist in the ARA Special Award for Integrated Reporting and Communications**, at the 2022 Australasian Reporting Awards.

Sanford Annual Report 2021 "Horizons", **Silver Award in Specialised Annual Report, Integrated AR and CSR: Traditional Format** at the ARC Awards International 2022

Carbon Disclosure 2021. Awareness level rating score 'C'. Sanford disclosed its climate change impact through the Climate Disclosure Project, CDP, the world's leading climate disclosure platform. The ratings score aligns with regional sector benchmark. Within the same platform, Sanford was evaluated with a leadership band score of "A-" for supplier engagement on climate issues, which is above regional and global sector benchmarks.

Finalist: Sanford Big Glory Bay Salmon in the Producer Award category, and for **Marie McDonald (Sanford Quality Assurance Manager) in the 'Primary Industries Champion'** category for the 2022 New Zealand Primary Industries Awards.

Recognised: By CSIRO (Commonwealth Scientific and Industrial Research Organisation) for excellent support from the San Waitaki in support of acoustic and biological surveys of Chatham Rise Orange Roughy fishery.

Winner: Grant Boyd, Sanford Havelock, of the "**Outstanding Marine Farmer Award**" for 2022 from the Marine Farming Association to recognise the individual who has made a significant contribution to the marine farming industry in the Top of the South over the preceding 12 month period.

Seafood Star Awards: Longstanding service recognition award for Marie McDonald, Sanford Bluff's Quality Assurance Manager.



ACCREDITATIONS

Certified: 39% of Sanford's wildcatch by greenweight during FY22 was Marine Stewardship Council Certified.

Approved: Pest Free Warrant operator by the Department of Conservation and Auckland Council for vessel operations to ensure integrity of pest free island habitats.

Marine Stewardship Council Chain of Custody Certification: Maintained across all relevant sites

Maintained: Licensed fish receiver status by the Ministry for Primary Industries (MPI).

A+ Sustainable Aquaculture Program: Maintained compliance and accreditation.

Best Aquaculture Practices (BAP) certification maintained for Sanford King Salmon operations including the hatchery at Kaitangata, farms at Big Glory Bay, and processing facility at Bluff. BAP certification also maintained for Big Glory Bay Greenshell™ mussels.

Maintained: FSSC 22000 Food Safety Management System certification across 100% of land based processing sites.

Maintained: Best rating available under Ministry for Primary Industries' Performance Based Verification (PBV) regulatory audit program for relevant Sanford sites and vessels.

Re-Certified: ISO14001:2015 Environmental Management System certification.

Retained: Sanwell Gold Accreditation at Timaru site.

Maintained: Maritime Transport Operator's Certification through the successful completion of Maritime New Zealand's Marine Operator Safety System (MOSS) audits.



DIRECTORY

AS AT 15 NOVEMBER 2022

BOARD OF DIRECTORS

Sir Robert McLeod, Chairman
Mark Cairns
Peter Cullinane
Craig Ellison
Abigail (Abby) Foote
Peter Kean
Fiona Mackenzie

EXECUTIVE TEAM

Peter Reidie, Chief Executive Officer
Paul Alston, Chief Financial Officer
Karen Duffy, Chief People Officer
Andre Gargiulo, Chief Customer Officer
Colin Williams, General Manager Fishing
Louise Wood, Chief Supply Chain Officer
Peter Young, Acting Chief Operations
Officer

REGISTERED OFFICE

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PO Box 443
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Auckland 1140
New Zealand
Telephone +64 9 379 4720
Email info@sanford.co.nz
Website www.sanford.co.nz

PRINCIPAL BANKERS

ANZ Bank New Zealand Limited
Bank of New Zealand
Rabobank New Zealand Limited

SOLICITORS

Chapman Tripp
Russell McVeagh

GROUP AUDITOR

KPMG, Auckland

STOCK EXCHANGE

The Company's shares trade on the
New Zealand Stock Exchange (NZX).
NZX Trading Code: SAN

SHARE REGISTRAR

Computershare Investor Services Limited
Private Bag 92 119
Victoria Street West
Auckland 1142
New Zealand
159 Hurstmere Road
Takapuna
Auckland 0622
New Zealand

MANAGING YOUR SHAREHOLDING ONLINE

To change your address, update your
payment instructions and to view your
investment portfolio including transactions
please visit:

www.investorcentre.com/nz

GENERAL ENQUIRIES

General enquiries can be directed to:
enquiry@computershare.co.nz
Private Bag 92 119
Victoria Street West
Auckland 1142
New Zealand
Telephone +64 9 488 8777

Please assist our registrar by quoting your
CSN or shareholder number.

Other queries should be directed to the
General Counsel and Company Secretary
at the Registered Office.



Photo credit: thank you to everyone who
contributed to the images and videos in
this Integrated Report. Thank you to Ann
Orman, Steve Hussey, Chris Stanley, the
Revive Our Gulf team, Erica Moutter, Carly
Sheehan, Ben Pierce, Dean Carruthers and
Perry Smith. We also wish to thank the
many Sanford staff and sharefishers who
sent us images for inclusion and who
agreed to be photographed or videoed for
the 2022 Report.



ANNUAL MEETING



**THURSDAY 15
DECEMBER 2022**

2.00 PM



Sanford's 2022 Annual Meeting of Shareholders will be held both in-person and on-line.

The in-person venue is:
World Cup Lounge West
South Stand
Eden Park
Reimers Avenue
Mt Eden
Auckland

For further information and details on how to join on-line, please refer to the Notice of Annual Meeting, available on our website:

www.sanford.co.nz/investors/announcements/2022/



GEMFISH GNOCCHI PUTTANESCA

by Tony Price at Private Dining

SERVES FOUR

INGREDIENTS

500g gemfish, small dice

800ml basic passata tomato sauce
(pasta sauce)

Black pepper to taste

1/2 clove of garlic very finely chopped

1/4 cup finely chopped parsley

Zest of 1 lemon

1/4 cup olive oil

20 pitted kalamata olives

40 capers

2 anchovy fillets very finely chopped

Sea salt to taste

1 400-500g pack of gnocchi

METHOD

In a large saucepan place olive oil, medium/low heat and gently sautee garlic.

Add passata and all other ingredients except gemfish, parsley and gnocchi, gently simmer for 20 mins and allow to reduce.

Add gemfish and gently cook for 5 mins.

Add gnocchi and fold through.

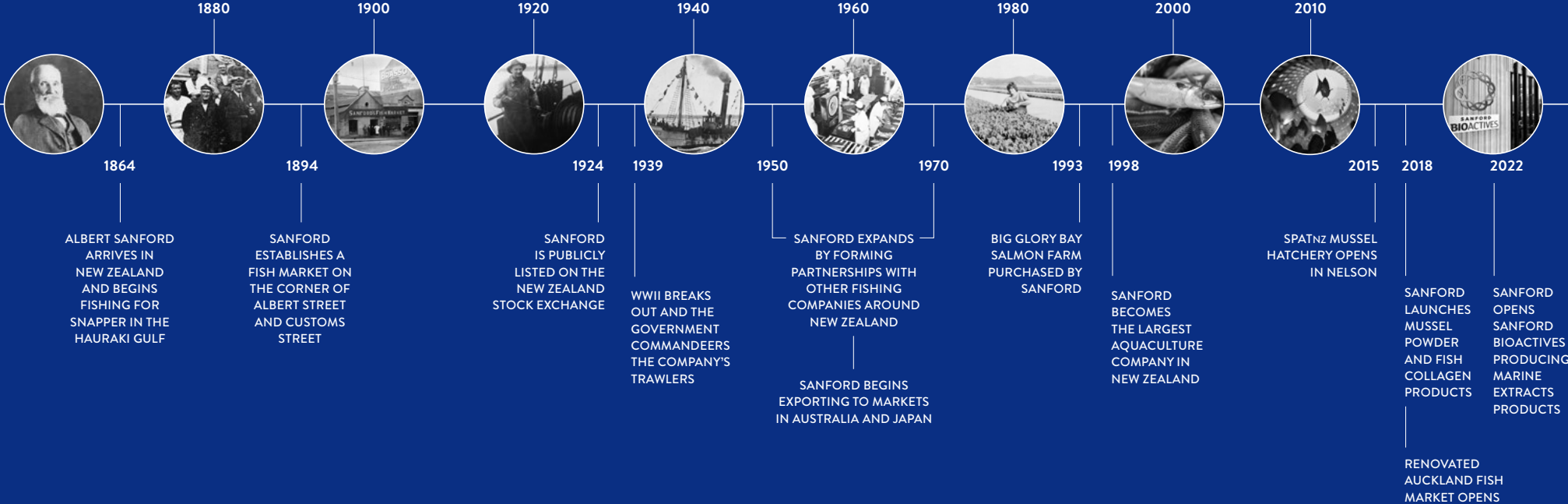
Garnish with parsley and serve.



ABOVE Gemfish gnocchi puttanesca by Tony Price at Private Dining.



PERSEVERANCE SINCE 1864



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