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Chair Address

Welcome
Kia ora tatau

Welcome to the Sanford 2024 Annual Shareholders Meeting. Thank you for attending, including those of you that are online. I would like to introduce my five co-directors, David Mair, Craig Ellison, John Strowger, Tom McClurg and Jo Curin. Paul Alston, Sanford's Chief Financial Officer, is also joining us at the main table.

Our Strategy
As you know, David Mair was appointed Managing Director on 01 May this year, a little under 8 months ago. We were very pleased to report Sanford's highest ever normalised annual earnings result to 30 September this year. I am very grateful to our wider stakeholders for enabling that result. The Board has mandated David to review the Group's operations and strategy, which is a critical work in progress. David will therefore speak in more detail than me about Sanford's strategy and our operations.

At a macro level, the Board remains focused on maximising total shareholder return measured in share price and dividend performance over time. I believe we can maximise total shareholder returns while also benefiting other Sanford stakeholders. Sanford still requires significant reform, but that change is aimed at making the company financially stronger and less risky. Sanford faces the standard challenges of an exporting and agricultural company with volatility in catch, consumer demand and prices. Two of our biggest export markets are China and the USA, and both destinations are likely to impose more challenges on us in the short term. That said, we have choices about which pathways we take, which also reflects opportunity.

Our Board
Four directors are standing for re-election at this ASM: Tom McClurg, Jo Curin, Craig Ellison, and myself. Because Tom and Jo were appointed by the Board after the last ASM, they must stand for election at this ASM. Craig and I have each served a prior 3-year term so must also stand for election at this ASM.

The Board is presently comprised of six directors. Of these six directors, three are independent: Jo, Tom and myself. John Strowger is not independent because of his relationship with a substantial product-holder. David Mair is not independent because of being the MD. Similarly, Craig is not independent because he was recently an interim MD.

Sanford's Board must have at least two Independent Directors, which it does. Both the NZX Corporate Governance Code and Sanford's Charter recommends that most of the Board be independent. Sanford does not meet this majority test, with three in each category. The NZX Code is a best practice recommendation and is not mandatory. The Board is satisfied that the current position of three directors in each category is an acceptable balance between accommodating shareholder-nominated directors and the alternatives of appointing an additional independent director to achieve a four/three split within seven directors or removing a non-independent director to achieve a three /two split within five directors. Furthermore, if David were just CEO and not MD, the Board would have three of five independent directors with substantially the same composition as the status quo in the boardroom.

The Board does not trivialise director independence. But we also respect the role played by non-independent directors in the governance of public companies where non-independent directors bring uniquely valuable attributes to the Board. Non-independent directors are commonplace in public company boards and Sanford has had a long history of having them. The issue requires balance rather than prejudice. The legal and commercial role of the Board is to represent the interests of all shareholders and not just a subset of them.

My Chairman's Address in this year's Annual Report said that the mix of skills, cohesion, and teamwork are very positive around the board table. I believe our directors are business-savvy, sector-relevant and shareholder-oriented.

Climate Reporting Disclosures
The new disclosure regime is being phased in over time. Reporting against the latest climate reporting standards is required from the financial year beginning on or after 01 January 2023, being 01 October 2023 for Sanford. In the second phase (the accounting periods ending on or after 27 October 2024), the disclosures relating to greenhouse gas emissions must be independently audited. It will take time to develop the capability to produce high-quality climate-related disclosures; some disclosure requirements may require an initial exemption. Therefore, not all requirements in the Aotearoa New Zealand Climate Standards are mandatory immediately. This regime imposes significant compliance obligations and costs on Sanford.

Customers, Our People and Shareholders
I would like to thank our customers for their invaluable support. We can't serve customers without our people, so the Board is grateful to our hard-working teams. Thank you to our shareholders for investing in Sanford. Last but not least, thank you to the senior leadership team and my fellow directors. All your contributions are revealed in the bottom-line result this past financial year.

Recent Questions from some Shareholders
A number of shareholders have asked me questions in the run-up to this ASM, some of which I have addressed in my above remarks. Many shareholders have commented favourably on the shortened annual report. This is a topic where some shareholders have different views. The key reason why the Leadership adopted the change was to communicate more simply, directly and economically.

Another shareholder has asked that we provide more details on the targeted skills of board members in future Annual Reports.

There were also several questions about the MD's LTI share option scheme. The key clarifications here are that the options over 1.8m shares are the full amount granted in respect of the next three years – there will be no other annual or other grants during that period. Further, the options can only be exercised in a brief window at the end of this period.

The formula for the exercise price are provided on page 7 in the Notice of Meeting as [(a*b)-c] where a is $4.0063 (the weighted average traded price of our shares at the time of the grant of the option), b is 1.259 (being the compounding effect of a cost of capital adjustment at 8% (4*1.08*1.08*1.08)) - in other words, the application of a hurdle rate of share price growth before the options are “in the money” - , and c is the cash dividends per share paid from the commencement date of the scheme of 01 May 2024. I note that a*b in this formula amounts to just over $5 per share.