



SANFORD

A CLEAR VIEW

INTEGRATED REPORT 2023

CLEAR



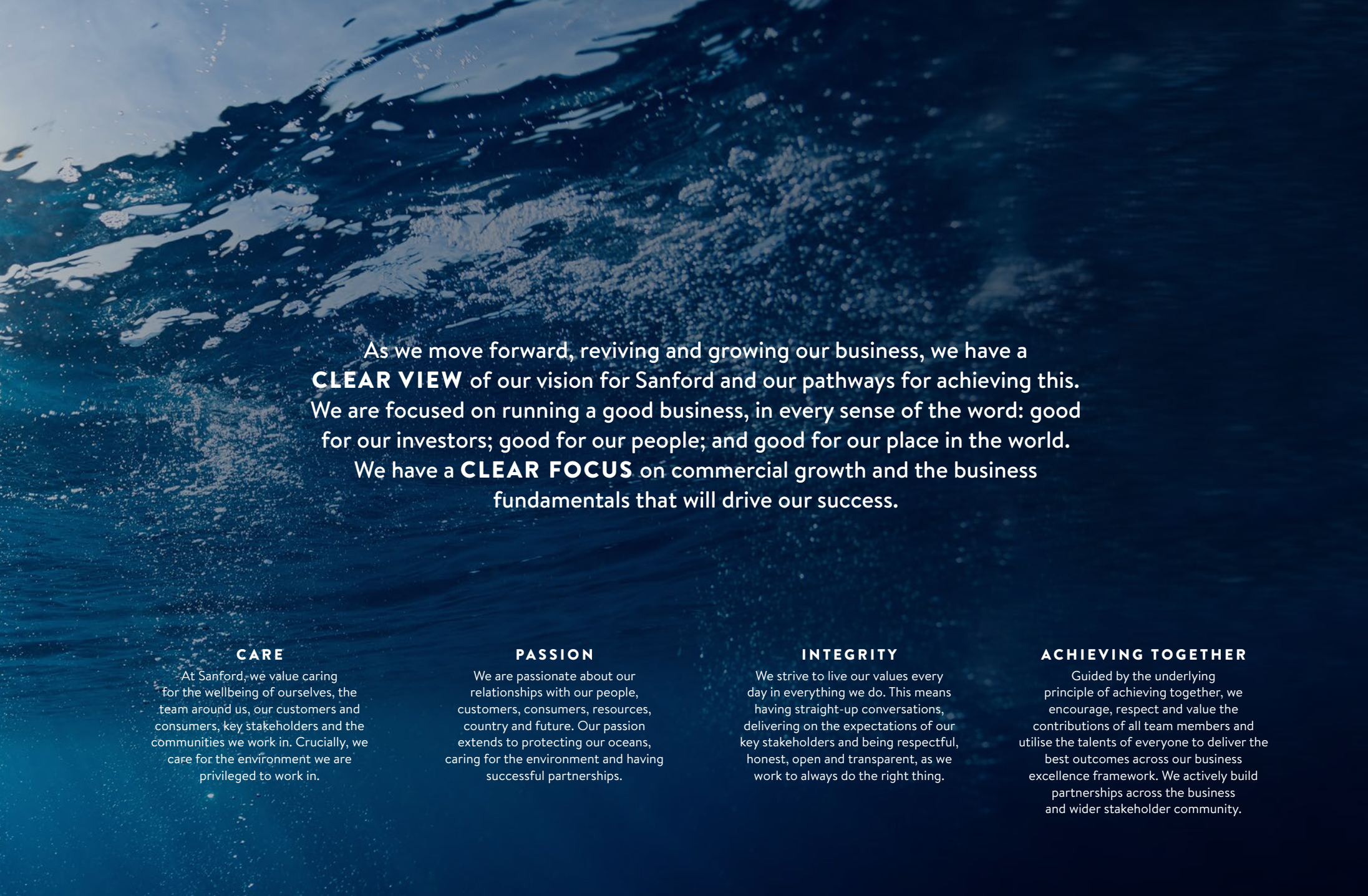
**ABOUT
WHAT WE'VE
ACHIEVED**



**ABOUT
OUR
INTENTIONS**



**VIEW FORWARD
INFORMED BY
OUR RESULTS**



As we move forward, reviving and growing our business, we have a **CLEAR VIEW** of our vision for Sanford and our pathways for achieving this. We are focused on running a good business, in every sense of the word: good for our investors; good for our people; and good for our place in the world. We have a **CLEAR FOCUS** on commercial growth and the business fundamentals that will drive our success.

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.

A CLEAR FOCUS ON COMMERCIAL GROWTH

Salmon, mussels and wildcatch are the product sectors we are focusing on commercially because, collectively, they offer us attractive, sustainable returns and opportunities for growth.



GROW SALMON

Salmon growth and performance is already ahead of expectations with the Big Glory Bay brand going from strength to strength.

SEE PAGES 14 AND 15



GROW MUSSELS

We are confident in the future of our Mussel business with robust demand and pricing, a successful business reset and the capacity and capability for growth.

SEE PAGES 16 AND 17



STRENGTHEN WILDCATCH

Wildcatch continues to underpin our business, with our efforts focused on deepwater opportunities while inshore provides lower-risk annuity-like revenue streams.

SEE PAGES 18 AND 19



A CLEAR FOCUS ON OUR BUSINESS FUNDAMENTALS

We remain committed to the fundamental elements on which our business is built and which underpin our success and everything we do.



PEOPLE

Our trusted customer partnerships, our high performing teams and a culture built on care, passion and integrity, and guided by the principle of achieving together.

SEE PAGES 22 TO 29



PLACE

Leading by example to safeguard our environment and minimise our footprint, and positive engagement with our communities.

SEE PAGES 30 TO 36



PERFORMANCE

Operational excellence across our business to drive success, and earning the support of our shareholders by delivering consistent, sustainable value and increasing returns.

SEE PAGES 37 TO 39





ABOUT THIS REPORT

Welcome to Sanford Limited's 2023 Annual Report for the year ended 30 September 2023 (FY23). Every day our people work together to attain our vision of being New Zealand's seafood leader for quality, value and reputation. In this report, we highlight the progress we are making towards achieving our goal and are proud to share stories of the initiatives we have undertaken.

FY23 has been a year of change, as we have continued to rebuild and position our business for growth. With a clear view on creating value, we have refined our focus and efforts on those commercial pathways which offer the most attractive and sustainable value over the long term. We also recognise the importance of continually improving and strengthening the fundamental pillars that enable our business to succeed.

This report follows the principles of the Integrated Reporting framework. It has been prepared in accordance with the Global Reporting Initiative (GRI) 2021 standards and the Integrated Reporting <IR> framework to report on material ESG activities and provide a view of our performance. Included in the Appendices are report cards that clearly set out how we are performing against our objectives. We have also chosen to voluntarily report on our progress towards full compliance with the new Climate Related Disclosures regime in FY24.

The 2023 Annual Report covers the financial year ended 30 September 2023 and is dated 13 November 2023. The report has been approved by the Board.

Sir Robert McLeod
CHAIRMAN

Craig Ellison
ACTING CHIEF EXECUTIVE OFFICER



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ABOUT SANFORD

Our vision is to be New Zealand's seafood leader for quality, value and reputation. Our purpose is providing exceptional nutritious food from healthy oceans.

Sanford is New Zealand's oldest and largest seafood company and has been listed on New Zealand's stock exchange since 1924. Today our team of 1,485 people are spread across 16 locations in New Zealand and Australia. We hold 19.9% of New Zealand's fishing quota¹ and we harvest, process and sell a wide variety of beautiful New Zealand seafood, with a focus on wildcatch, Greenshell™ mussels and New Zealand King salmon. We have a diverse global sales footprint that gives us flexibility as markets change.

At Sanford, we are committed to a sustainable future for our business and stakeholders, our people, customers and communities. We are innovative in our thinking and bring our expertise and knowledge to the fore in creating new and sustainable solutions to maximise value for our stakeholders and safeguard our environment.

Our business is built on a culture of Achieving Together, and underpinned by our values of Care, Passion and Integrity.



SANFORD IN NUMBERS

As at 30 September 2023²

1,485 people
ON THE TEAM

16 operating sites
ACROSS NEW ZEALAND AND AUSTRALIA

5 processing sites
ACROSS NEW ZEALAND

Bioactives facility
IN BLENHEIM

44 vessels
TOTAL FLEET: FISHING AND AQUACULTURE

15 deepwater
AND INSHORE VESSELS

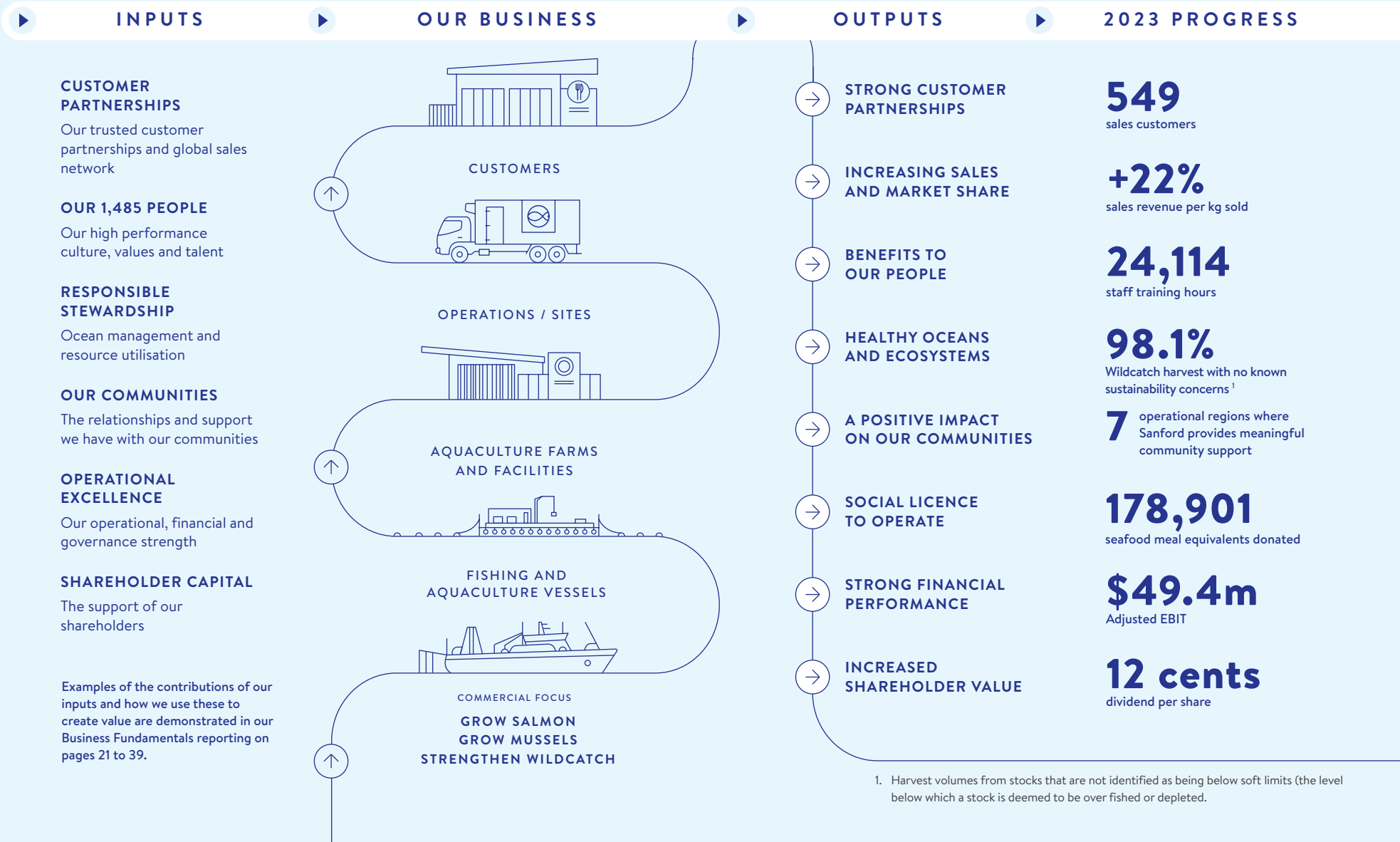
549 customers
AROUND THE WORLD

1. As at 30 September 2023. Quota ownership based on New Zealand Annual Catch Entitlement 19.

2. Numbers reflect Sanford business prior to the Moana transaction (refer page 9).



HOW WE CREATE VALUE



1. Harvest volumes from stocks that are not identified as being below soft limits (the level below which a stock is deemed to be over fished or depleted).



THE YEAR IN REVIEW

FY23 PERFORMANCE SNAPSHOT

CATCH AND HARVEST

112.5k GWT¹

FY22: 109.4K GWT

SALES REVENUE

\$553.4m

FY22: \$531.9m

ADJUSTED EBIT

\$49.4m²

FY22: \$40.2m

REPORTED NPAT

\$10.0m

FY22: \$55.8m³

NET DEBT

\$196.2m

FY22: \$145.5m

EARNINGS PER SHARE

10.7cps

FY22: 59.8cps

RETURN ON AVERAGE EQUITY

1.5%

FY22: 8.6%

TOTAL FY23 DIVIDENDS

12cps

FY22: 10cps

TOTAL WORKFORCE

1,485

FY22: 1,421

STAFF TRAINING HOURS

24,114

FY22: 13,872

SAFETY (TRIFR)⁴

17.40

FY22: 24.53

REDUCTION IN CARBON EMISSIONS

8.74%⁵

2030 TARGET OF 25% REDUCTION
ON FY20 BASE YEAR

1. Greenweight tonnes (GWT).
2. Adjusted Earnings Before Interest and Tax (EBIT) is reported EBIT excluding any net gain on sale of investments, long term assets and intangibles.
3. FY22 NPAT includes \$43.7m from sale of crayfish quota.
4. Total recordable injury rate per 1 million work hours.
5. Reduction in absolute Scope 1 and 2 GHG emissions from 2020 baseline.



BUSINESS HIGHLIGHTS AND NOTABLE EVENTS

IMPROVING PROFITABILITY

despite ongoing economic headwinds and constraints, particularly labour shortages, hindering speed of recovery.

FOCUS on rebuilding the business, with progress being made towards pre-covid performance levels.

ESTABLISHED new business unit structure to build greater accountability focused on improving efficiency, effectiveness and profitability.

DELIVERED on the systems change programme, with updated technology platform in place from May 2023.

RECOVERY in pricing across all business units and strong customer demand.

OUTPERFORMANCE in the Salmon business, with the Big Glory Bay brand continuing to go from strength to strength.

MUSSEL BUSINESS being reset and resourced to meet strong demand.

WILDCATCH BUSINESS delivering consistent, sustainable earnings, with material decrease in squid catch volumes partially offset by other species.

ANNOUNCED SALE of North Island inshore Annual Catch Entitlement (ACE) to Moana New Zealand and closure of North Island factory, with settlement completed on 31 October 2023.

FOCUS ON integrity capital expenditure; construction of new scampi vessel underway and due to launch in Q1 2025.

LEADERSHIP CHANGE with resignation of CEO Peter Reidie in August 2023 and appointment of Director, Craig Ellison, as Acting CEO.



CHAIRMAN AND CEO'S REPORT



Sir Robert McLeod
CHAIRMAN



Craig Ellison
ACTING CEO

Eighteen months ago, we presented our five-year strategy to recover, rebuild and outperform, following the impact of the pandemic on our business. Our pathways are clear – to Grow Salmon, Grow Mussels and Strengthen Wildcatch. We are making good progress on our plan, despite economic headwinds for our business and our industry.

KIA ORA TĀTOU

The past year brought both challenges and opportunities as we, like many other businesses, faced the lingering effects of the global pandemic. However, we are pleased to report that Sanford's performance improved in FY23 compared with the prior year. Many of the headwinds are now easing and we expect the trend of annual improvement to be repeated in FY24.

STRATEGIC PROGRESS

We have a clear view of the commercial goals of our business – to grow Salmon, grow Mussels and strengthen Wildcatch.

While sales and profitability of Wildcatch and Mussels were challenging, the Salmon business, a smaller contributor to the Group, has performed strongly. We have continued to invest in state-of-the-art facilities and technologies to improve the welfare of our salmon, maintain high quality, and meet the growing global demand for this exceptional product.

Our Mussel performance was hampered by labour shortages during the processing season so we were unable to take advantage of higher levels of demand. These teams have now been rebuilt to full strength, positioning us well to maximise the season ahead. Water space closures and inclement weather also adversely impacted our Mussel business, with low seeding expected to limit harvest volumes in FY24. Despite these challenges, market demand has continued to grow and we have invested in infrastructure to expand mussel production to ensure a reliable supply of top-quality Greenshell™ mussels to markets worldwide.

The Wildcatch business is central to Sanford's heritage and sales revenue. The sale of much of our North Island inshore Annual Catch Entitlement (ACE) to Moana New Zealand will simplify our operations and establish a lower-risk annuity-like revenue stream. This will allow us to focus our attention on our deepwater business, which remains our largest business segment.



INVESTING FOR THE FUTURE

Our primary commercial goal remains improved profitability. We have adopted a prudent approach to capital expenditure (CAPEX), focusing primarily on integrity CAPEX while being selective about growth investments.

For example, we are investing in a new scampi vessel, which is currently under construction and due for launch in Q1 2025. This decision reflects our view of a profitable scampi opportunity but it also reflects a maintenance perspective on our existing scampi vessels and capacity.

The Sanford technology programme, Sancore, was delivered with new systems and digital platforms bring rolled out in FY23. These will enhance our seafood processing capabilities, improve resource management, and deliver operational efficiency.

The processing capability at the Sanford Bioactives facility, which opened in late 2022 to produce mussel powders and oils, is operating below our expectations and we are working with our equipment suppliers to meet planned production levels. Fortunately, increasing market demand and prices for half shell mussels provides a material substitute revenue opportunity while we address these challenges.

FINANCIAL PERFORMANCE

We were pleased to deliver an improved normalised profit result for the year, with Adjusted EBIT increasing 23% to \$49.4m. FY23 NPAT of \$10.0m compares to the prior year's profit of \$55.8m which included a one off \$43.7m gain on the sale of crayfish quota.

FY23 revenue was up year on year, reflecting strong pricing and despite a lower squid catch as a result of seasonal conditions, the transition in the inshore business and lower mussel sales volumes due to labour shortages.

The increase in our net debt reflects our investment in CAPEX, particularly the new scampi vessel, the Sancore technology programme, and the Sanford Bioactives facility.

You can read more on our Financial Performance on pages 49 to 52 and in the Financial Statements.

DIVIDENDS AND EARNINGS PER SHARE

The Board is pleased to have declared a final, fully imputed dividend of 6 cps. This takes full year dividends to 12 cps and represents a yield of 3.1%. Earnings per share are 10.7 cents per share.

OUR CUSTOMERS

Sanford has a strong customer base, with many long term partnerships and relationships. The majority of our business remains commodity based, with a smaller total contribution coming from value added products albeit with higher margins. Although we target an increased percentage of higher-value products, Sanford will remain predominantly a commodity business for the foreseeable future.

OUR PEOPLE

Sanford's success will always require a high performing, engaged and motivated team of people. Our progress over the past year is due to the efforts of our people, who have done a great job in meeting our challenges and improving year on year performance.

This year has seen the implementation of a new organisational structure, new technology platforms and new leadership, which reflects very significant change and sets a strong foundation for the business. The Board acknowledges and thanks our people for their commitment and support of these key reforms.



Our primary commercial goal remains improved profitability. We have adopted a prudent approach to capital expenditure (CAPEX), focusing primarily on integrity CAPEX while being selective about growth investments.

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We understand the importance of traceability and transparency in today's food industry, and we are committed to ensuring that we safely produce products that meet the highest standards of quality and sustainability.

THE VALUE WE CREATE

Sanford has been at the forefront of New Zealand's seafood industry for over a century, delivering quality seafood to consumers in markets around the world.

Our commitment to fishing, harvesting and processing quality seafood in a safe and sustainable manner embodies our responsibility to New Zealand, our customers, consumers and our shareholders.

We understand the importance of traceability and transparency in today's food industry, and we are committed to ensuring that we safely produce products that meet the highest standards of quality and sustainability.

Sanford is a proud Kiwi company, deeply grounded in New Zealand's rich maritime traditions. Our operations support local communities, providing jobs and contributing to the economic wellbeing of our nation. We recognise the importance of protecting New Zealand's natural resources and biodiversity, for future generations of New Zealanders.

BOARD AND LEADERSHIP CHANGES

During the past year, we were pleased to welcome David Mair as a new Director, bringing a wealth of experience and expertise to the Board. We also farewelled three directors who stepped down during the year – Peter Kean, Peter Cullinane and Mark Cairns. The Board would like to thank Peter, Peter and Mark for their invaluable service and support to Sanford. On 9 November 2023, director Abby Foote announced her resignation. The Board acknowledges and thanks Abby for her contribution, particularly her leadership of the People, Health and Safety Committee.

On behalf of the Board, we also want to acknowledge the significant contribution of Peter Reidie, who retired as CEO on 1 August 2023. Peter was instrumental in leading our company through a period of extremely challenging local and international business conditions. He leaves the business with a strong foundation and a clear pathway to the future.

Director, Craig Ellison, has been appointed Acting CEO. Craig has extensive seafood sector, managerial and governance experience. The Board is confident that Craig will provide strong leadership for the business until a permanent CEO is appointed.

LOOKING FORWARD

We anticipate a stronger year in FY24 as we continue to focus our efforts on our commercial businesses – Salmon, Mussels and Wildcatch. Sanford still has some way to go in achieving its commercial and profitability goals, which are conducive to achieving other important goals. Sanford is capable of this and FY24 will be an important year in that journey.

Ngā mihi

Sir Robert McLeod
CHAIRMAN

Craig Ellison
ACTING CEO

COMMERCIAL FOCUS

In 2022, we introduced our five year strategy to restore and revive our business, and build profitability ahead of pre-covid levels. This strategy was further refined in 2023 and prioritises three areas – Grow Salmon, Grow Mussels and Strengthen Wildcatch. The following pages provide an overview of our performance in each of our business units.



GROW
SALMON



GROW
MUSSELS



STRENGTHEN
WILDCATCH

We have reported our progress against our FY23 Targets in Appendix C. Our FY24 Targets can be seen on pages 40 and 41.





SALMON



— GROW SALMON —

Our Salmon business is performing strongly, with our Big Glory Bay brand going from strength to strength. We are focused on both growing farm volumes within existing limits, as well as seeking the opportunity to expand our capacity, and introducing new technology to enhance our salmon growth. King salmon from New Zealand is a prized, premium product. We have a unique farming location, world class expertise and a premium brand that is seeing strong demand in New Zealand and export markets.

SALES VOLUME GWT	REVENUE	PROFIT CONTRIBUTION
4.8k tonnes	\$93.6m	\$32m
FY22: 5.1k tonnes	FY22: \$79m	FY22: \$23m



YEAR IN REVIEW

Salmon growth and profitability is already ahead of schedule, supported by increased volumes, strong branding and pricing, and improved efficiencies.

- Challenging 2022/23 summer conditions were offset by new farm equipment and technology to manage conditions.
- Investment in new farm infrastructure and improved technology to support growth.
- Acquisition of new vessel, San Little Glory, proving its value with a significant reduction in time taken to move a farm from seven days to 24 hours.
- Mortality down 41% relative to prior year (FY22: 8.2%, FY23: 4.8%).
- Diversified and derisked with split of the main Big Glory Bay farm and introduction of modern oxygenation equipment. Well positioned to operate through challenging climate cycles.
- Rising costs, particularly around fish feed and freight. New freight model introduced by supplier delivering cost benefits.
- Change in rostering schedule to 7/7 and improved accommodation options attracting more workers from outside Stewart Island and driving retention.
- Positive uplift in culture and engagement across the business.
- Further improvement in safety metrics and achievement of ACC tertiary accreditation.
- Continued growth of the Big Glory Bay brand in New Zealand and offshore, with strong demand for this premium product.
- Received several prestigious food industry awards for both the product and sustainability.
- Reinstatement of 100% of gut and gill offal, along with mortalities, being utilised sustainably.
- Long term sector wide climate adaptation pathway work commenced via the Aotearoa Circle.

SALMON

OUTLOOK

- Continued volume focus and managing through El Niño summer conditions.
- Focus on sustaining margins and cost management, through lean and efficient 'smart farming'.
- Exploring the use of AI and automation to further enhance operations.
- New feed barge arriving in March 2024 which will enhance farm infrastructure.
- Carbon emissions continue to be a priority. Third party detailed energy monitoring programme scoped and planned to commence as a pathway to identify future emission reduction initiatives.
- RAS hatchery business case under review due to cost and production model considerations.



S T E S S U M



— GROW MUSSELS —

While a commodity product, New Zealand’s Greenshell™ mussels are prized around the world. We farm, process and sell our mussels, predominantly in the half shell. With a large customer base and the return to a full workforce, the Mussel business is set to capitalise on the strong demand for half shell mussels. Other commercial products are being investigated and trialled, including the health benefits of mussel powder and oils. New Zealand’s mussel industry is reliant on wild spat and seed, with Sanford’s SPATnz hatchery providing, in part, a secure and reliable source for the company and supporting our Mussel business.

SALES VOLUME GWT

30.1k tonnes

FY22: 36k tonnes

REVENUE

\$122.9m

FY22: \$106m

PROFIT CONTRIBUTION

\$6.9m

FY22: \$0.4m



YEAR IN REVIEW

The Mussel business has been slower to recover post-covid, with labour issues, particularly processing staff, at the fore.

- Reset and resourced the business to support future growth, with priority focus on performance and profitability.
- Strong demand and pricing for half shell mussels.

- Labour shortages impacted ability to leverage the strong demand for half shell mussels. Now resolved, with processing plants close to being fully resourced.
- Continuing to refine technology and processing equipment at the Sanford Bioactives facility to realise its potential.
- Delivered additional (secondary) waste water treatment screening unit for our Havelock mussel processing site.



- Continued diverting mussel shell waste away from landfill to be repurposed in land based agriculture activities (FY23: 3,786 tonnes of mussel shell diverted).
- Committed assistance to continuation of Marine Farming Association mussel reef restoration projects in Marlborough-Tasman regions - restoring habitats and functioning of these ecosystems.
- Involvement with multiple funded research and clinical studies to commercialise health benefits of marine products.
- Expanded SPATnz mussel hatchery, providing a guaranteed source of high quality spat and seed.
- New D365 technology platform will assist in analytics and smarter decision making.
- Challenging year in the Coromandel for NIML (50% JV in North Island Mussel Ltd) with extreme weather and increased biotoxin events significantly increasing harvesting downtime. Labour shortages continued for most of the year, but have now mostly been addressed.

MUSSELS

OUTLOOK

- Strong pricing and demand expected to continue into 2024.
- Change in weather patterns expected to assist mussel performance, although low seeding, particularly in Coromandel in 2023, will affect 2024 volumes.
- Introduction of flex capacity to match mussel conditions in Havelock.
- In a strong position with water space and infrastructure.



WILDCATCH



STRENGTHEN
WILDCATCH

Wildcatch is traditionally the engine room of the Sanford business. A significant part of this revenue stream is commodity based. We catch and process hoki, squid, orange roughy, scampi, toothfish, ling, snapper and other species, which provide a combination of value and volume products. The quantity that can be caught each year is defined by the Quota Management System. Our aim is to sustainably and fully utilise Sanford’s annual catch entitlement (ACE) by catching our entitlement and then processing and selling in the best formats to maximise margin. Sanford holds 19.9% of New Zealand’s Quota, based on ACE allocations for 2023. With the sale of Sanford’s North Island inshore ACE business, the commercial focus will be on deepwater.

SALES VOLUME GWT

57.1k tonnes

FY22: 64k tonnes

REVENUE

\$299.8m

FY22: \$302m

PROFIT CONTRIBUTION

\$48.8m

FY22: \$52m



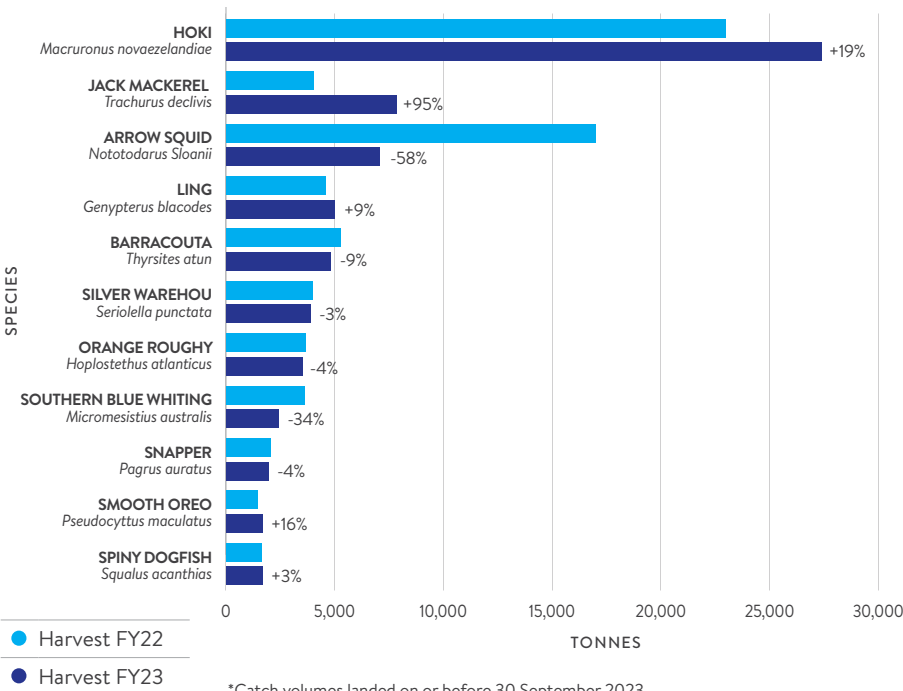
YEAR IN REVIEW

The Wildcatch business is being transformed, with the simplification of inshore operations and creation of an annuity-like revenue stream through the sale of much of our North Island inshore ACE; and continued investment and focus on deepwater, South Island inshore fishing and Australia.

- Announced sale of Annual Catch Entitlement for much of the North Island inshore species to Moana New Zealand through a new long-term agreement. Commerce Commission clearance received and transaction settled on 31 October 2023. Will result in improved profitability for Sanford.
- Strong offshore prices and demand for wildcatch, particularly scampi, hoki and squid.
- Sales volumes were down year on year, with seasonal factors impacting on squid catch (down 58%) which affected the industry. The lack of squid resulted in shift to alternative, less profitable species.
- Economic headwinds, including increasing fuel costs and labour shortages affecting productivity and ability to maximise margin from product cascade.

- Investment in integrity capital remains a priority, with capital requirements associated with ageing fleet and infrastructure.
- Approved two year, major maintenance and upgrade programme on four wildcatch vessels, improving engine and fuel efficiency and reducing emissions.
- Commenced construction of new, more efficient and lower emission scampi vessel which will expand fishing capability and capacity.
- Utilisation of technology and monitoring of ocean conditions, weather patterns and gear performance to target operational efficiency.
- Long term sector wide climate adaptation pathway work commenced across both deepwater and inshore fisheries via the Aotearoa Circle.

WILDCATCH, TOP 10 SPECIES BY HARVEST (FY23* VS FY22)



WILDCATCH

OUTLOOK

- Inshore ACE sale to Moana will deliver significant profit improvement for Wildcatch.
- Focus on improving operational efficiency.
- Continue integrity capital investment programme to update fleet and infrastructure.
- Demand and prices expected to be maintained, with continued pressure on operational costs.
- Future industry collaboration initiatives will be investigated.



MUSSELING UP

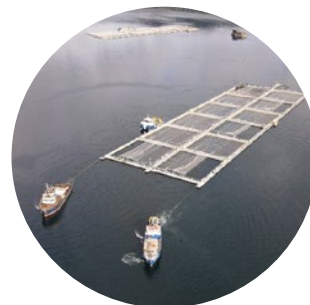
A new study has shown that Sanford's Greenshell™ mussel powder can help aid muscle recovery. Yet another thing these unselfish shellfish can do for us.

The second part of our three-part mussel study, Musseling Up, is great news for those who exercise regularly. Conducted by Plant and Food Research NZ, the study involved men between the ages of 21 and 45 and tested the rate of recovery as well as the level of soreness of the men's muscles following strenuous exercise. For those that were given Sanford Bioactives' PERNAULTA® powder made from our

native Greenshell mussels, both the level of pain, and the time it took to recover were noticeably reduced – by around 25%.

This follows from the results of the first study in Musseling Up that showed Greenshell™ mussel powder decreased pain and inflammation in the knee joints of post-menopausal women.

This study is breaking new ground in extending our understanding of what mussel powder can be used for. Mussel powder for injury recovery is a big, new proven benefit.



NEW SALMON WORKBOAT DELIVERS

The new San Little Glory workboat took to the water in August last year, immediately proving its value in the two-yearly salmon farm move.

Every two years we move our salmon farms to a new site, resting the sea bed on the previous site for up to five years. At any one time, we are only farming on circa 30% of our water space. Within our pens we also keep our salmon at some of the lowest densities in the world, so our salmon have more room to move.

Previously, to move one of our farms took around seven days. With the new San Little Glory in action, the shift took 24 hours and with less stress on our fish.

The purpose-built \$2 million San Little Glory has been designed to move the concrete anchors holding each corner of the company's salmon cages. It is one of two new salmon vessels commissioned for the business during FY23.

TURNING THE TIDE ON INSHORE

Sanford has taken an innovative approach to turning around the North Island inshore business, with the sale of the ACE for much of our North Island inshore species to Moana New Zealand.

The minimum 10-year transaction will greatly simplify inshore operations and establishes a lower-risk passive revenue stream for our North Island inshore ACE.

The value for this transaction starts at nearly \$11m (annualised) for the first year and scales up to \$13m over the next five years before increasing in fixed increments of 1.5% per annum, against modest expenses.

Sanford will retain ownership of the quota for these North Island species. We also continue to hold quota in a number of deepwater and South Island inshore fisheries.

As part of the deal, we have sold Moana two inshore fishing vessels, a selection of processing equipment and refrigerated vehicles/trailers, and some of our Croisilles Harbour marine farms.

The transaction resulted in the closure of the fish processing plant in Auckland and we worked with Moana to facilitate the employment of affected staff where practicable.

Overall, the transaction reduces volatility for Sanford's earnings and enables a refocus on higher return areas of the business.



BUSINESS FUNDAMENTALS

Delivery of our growth and value strategy is underpinned by six essential business fundamentals. In this section, we set out how we are performing in each of these areas and share some of our stories and initiatives from the past year.



PEOPLE

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We have reported our progress against our FY23 Targets in Appendix C. Our FY24 Targets can be seen on pages 40 and 41.



PEOPLE

OUR CUSTOMER PARTNERSHIPS

We work with our customers and consumers to bring them the best of our sustainably harvested seafood and marine extracts, driving increasing sales and market share.



THE YEAR IN REVIEW

At Sanford, we primarily sell and distribute our products to consumers around the world, through trusted intermediaries. These 'last mile' distributors are our trusted customer partners and we continue to build on our partnerships with them in new and existing markets.

Our teams regularly visit key markets and attend exhibitions, to showcase our products and stimulate interest in a wider range of seafood.

We have received recognition for our innovative thinking with a number of high-profile awards during the year. Our Big Glory Bay brand was awarded the Food and Beverage Producer of the Year award at the Primary Industries 2023 Awards. Our commitment to sustainable and traceable farming practices was a stand-out for the judges. We also became a two-time winner at the Outstanding NZ Food Producer Awards. Our retail-ready Big Glory Bay King Salmon portions won a gold medal and the FMCG Business Outstanding New Product Award.

We continue to pursue a strategy of market diversification. North America, Asia, Europe and Australia remain our primary export markets, with approximately 35% of our products sold in New Zealand. We are also seeing emerging sales in new markets for Sanford, including Central America and the Middle East.

Our product portfolio provides a mix of commodity and value revenue, with wildcatch and mussels predominantly generating commodity revenue. Premium salmon and retail ready products, while niche, are more brand focused and offer higher margin, higher value revenue streams.



OUR GLOBAL MARKETS

We continue to pursue a strategy of market diversification, with products and formats tailored to meet different market needs and consumer demand. Supply chain pressures eased over the year, although inflation has put pressure on consumer spending on high value products such as seafood.

North America and China remain our largest export markets, comprising approximately 33% of sales revenue in total; with a further 35% revenue generated in our home market of New Zealand.

PERCENTAGE OF GROUP SALES REVENUE

NORTH AMERICA **20%**
FY22: 17%

CHINA (Incl. Hong Kong) **13%**
FY22: 15%

NEW ZEALAND **35%**
FY22: 37%

The North American market rebounded strongly out of covid, although tempered to some extent by inflationary pressures on consumer spending. We've seen strong demand and pricing on a range of products including frozen half shell mussels, toothfish, and fresh salmon.

While China initially had a slow start to the year, we have since seen a substantial uplift in demand and price, particularly for salmon, mussels and scampi, as the supply chain has been replenished and lockdown restrictions have eased. With catch reduced due to seasonal factors, squid was in hot demand. Unfortunately the almost record high prices did not offset the reduction in volume.

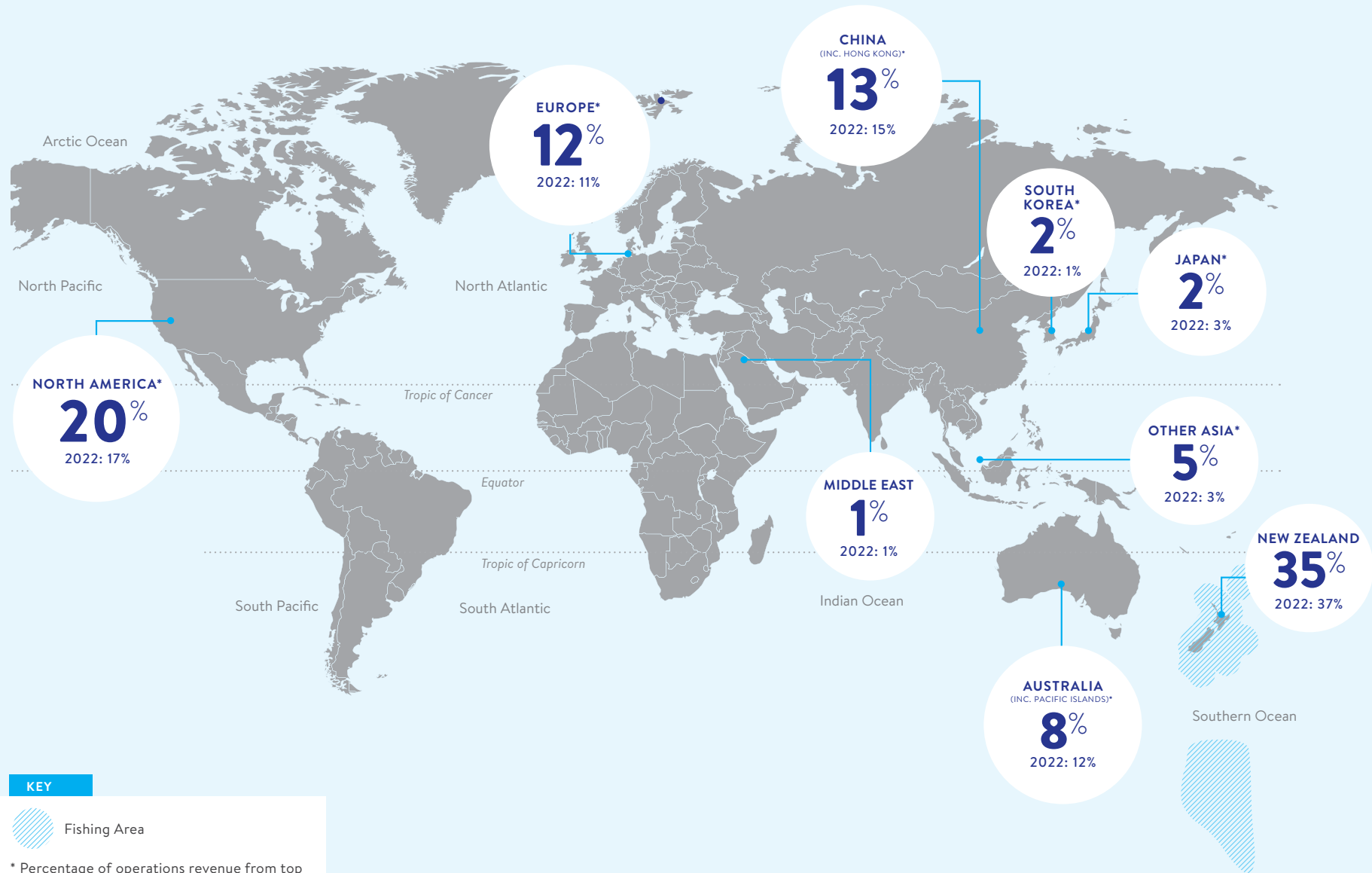
Emerging markets such as Vietnam and South Korea have performed well this year as our Market Managers have returned to market, developing partnerships with importers and foodservice distributors, while widening our portfolio offering.

Europe was relatively flat, while Australia was down year on year. However our core commodity line, hoki, has performed well in these markets and gone some way to closing the gap on the low squid catch.

In our home market of New Zealand, we saw some softening of consumer demand for premium products in FY23 due to cost of living pressures.

Overall, it has been a challenging year with reduced catch on squid, markets emerging from covid, and inflationary pressures putting pressure on consumer spending. However, with careful management of our portfolio of species across our customer base, plus a keen focus on managing demand and supply across markets, we've managed to lift price on key species and finished the year in a positive position.







PROTECTING THE PROVENANCE OF OUR SALMON

When it comes to a brand like Big Glory Bay, the origin of the salmon is important for consumers to understand. Big Glory Bay verifies its products to make it easier for consumers in New Zealand and around the world to know they’re making a good choice.

We have partnered with the world leading product verification company, Oritain, to forensically track the provenance of our salmon down to the exact location. Oritain have created an ‘Origin Fingerprint’ for Big Glory Bay King

Salmon that exists due to the intrinsic chemical properties in the environment that the salmon is grown in.

Five years in, Sanford’s partnership with Oritain is still going strong. Every Big Glory Bay King salmon bears an Oritain Trust Mark which is used to prove that our King salmon is true to source, adding assurance and transparency. So consumers can be confident that they’re enjoying genuine Big Glory Bay salmon, from the beautiful waters of New Zealand.



FOOD SAFETY AND QUALITY

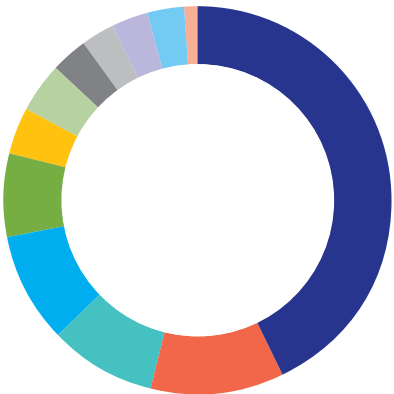
We pride ourselves on delivering quality products for our customer, as demonstrated by customer complaints remaining at very low levels (less than 1.14 complaints per million GW kg sold) and zero food recalls.



1.14

COMPLAINTS PER MILLION KILOGRAMS SOLD AND ZERO FOOD RECALLS

QUALITY COMPLAINTS BREAKDOWN



	2023	2022
Quality defects	43%	48%
Foreign material	11%	7%
Labelling error	9%	15%
Wrong product	9%	2%
Under delivered	7%	5%
Product missing	4%	0%
Weight control	4%	3%
Parasites	3%	2%
Packaging	3%	4%
Product grading error	3%	5%
Other	3%	4%
Date coding error	1%	0%
Bone	0%	0%
Temperature abuse	0%	5%
Total number of quality complaints*	71	121
Justified complaints per million kg sold**	1.14	1.34

Sanford had no food safety product recalls in 2023.
* Includes third party manufacturers.
** Sanford and NIML processing sites only.



PEOPLE

OUR TEAM

We strive to become an employer of choice and benefit our people by cultivating a culture where our team thrive and achieve excellence, guided by our principle of Achieving Together.



THE YEAR IN REVIEW

Our people are the heart of our business. It is their expertise, skills and efforts that will drive the success of our company.

FY23 was a year of change for our teams with the rollout of a new technology platform, the introduction of a new organisational structure and the continued focus on health, safety and wellbeing. Our people have adapted well, embracing the change and focusing on the critical activities that will drive sustainable results for our shareholders, customers and business.

The labour challenges seen over the past few years have persisted, although some easing has been seen. With small local communities in the areas where we operate, we are often dependent on bringing people into the area or using short term transient labour. We are overcoming these issues by offering attractive pay rates, access to accommodation, and flexible work conditions. In particular, labour shortages affected our Mussel business in FY23, limiting our ability to fully meet the strong demand seen over the year. Pleasingly, we are heading into FY24 with a well resourced workforce.

A big focus for the Human Resources team during the year has been technology, with the rollout of new HR and Learning Management systems. These systems are linked to our D365 IT platform and will enable consistent data collection and analysis and a more streamlined approach. Online learning programmes are being developed and delivered for the broader workforce with people able to access and update their training records online.

We are privileged to have a loyal workforce with many long service employees providing strength of capability, sector and business knowledge. Succession planning is a priority, with the focus on both external recruitment as well as development of talent within our business. We continue to focus on improving diversity within our industry.

Our crews operate in high risk environments, both on the water and onshore. We require our people to be mindful of what they do, to ensure everyone goes home safe every day. We have robust risk management, audit and training programmes across the business and were pleased to report an improvement in our safety metrics year on year.



BLUFF MANAGER TAKES OUT FUTURE LEADER AWARD

Sanford's Bluff site manager, Sarah Bynevelt, was awarded the Ministry for Primary Industries Sustainability Future Leader Award for her transformation of the site from a traditionally effective unit to a high-performing hub of innovation.

Sarah's leadership pathway at Sanford started when her manager at the time said to her, 'I think you'd make a great site manager' and ever since then the idea stuck with her. An opportunity opened when Sarah and her husband moved down to Bluff and she "took a leap of faith".

She now runs a team of 80 across Sanford's fresh salmon processing plant in Bluff and is very focused on sustainability practices such as reducing plastic, recycling or repurposing waste materials as well as inspiring those around her to make sustainability a priority.

She is most proud of a project she picked up when she first came into the role, the replacement of the site's primary

processing line. This has paid significant dividends, with the capacity to process salmon on this line increasing by 40% and a noteworthy improvement in health and safety.

Sarah says it was a real privilege to be recognised by the industry. "Hopefully there's other young female leaders out there. We have quite a male-dominated industry in the fishing industry, but there's certainly great opportunities for women and young people."



TALENT DEVELOPMENT IN ACTION

Sanford's new Timaru Operations Manager, Hayden Collier, has made the leap from sea to land to take on his new role. After gaining hands-on experience with processing factories on deepwater vessels and vessel management, Hayden has now moved to the Timaru processing facility where he and his team oversee product as it arrives raw, all the way through to being consumer ready.

When asked what he was most excited about in his new role, Hayden highlighted the opportunity to learn more about a part of the business that he's always worked with, knowing that his different perspective and industry knowledge from his time at sea will come in handy.

Hayden has worked as a contractor and employee at Sanford for many years, although he has a longer family connection with the company. His father also works at Sanford as a Vessel/Project Manager in Timaru.

HEALTH, SAFETY AND WELLBEING

The safety of our crews is paramount in our deepwater operations, especially considering the unique challenges of working on the decks of Sanford vessels in deep waters. Under Sanford's Hazard and Risk Management Framework, we focus on Man Overboard to prevent the risk of drowning which, although low probability, could cause the greatest harm or even a fatality.

We engage regularly with our teams to discuss what additional safety controls we can implement to protect them effectively. This year, we have introduced Rescue Me personal locator devices for all our on-board crew members. These are specifically designed for crew safety and rapid onboard response should someone fall overboard.

The compact device is installed on every life jacket which is compulsory for working crew members on the deck. The beacon serves as a lifesaving location device that could potentially make the difference between life and death in critical situations.

In the event a crew member was to fall overboard, the device immediately sends an alert to the vessel, triggering a rapid response. A strobe light on the device starts flashing, providing a visual indicator of the crew member's location in the water. The device also transmits location coordinates to the vessel's AIS-equipped chart plotter, allowing for precise tracking.



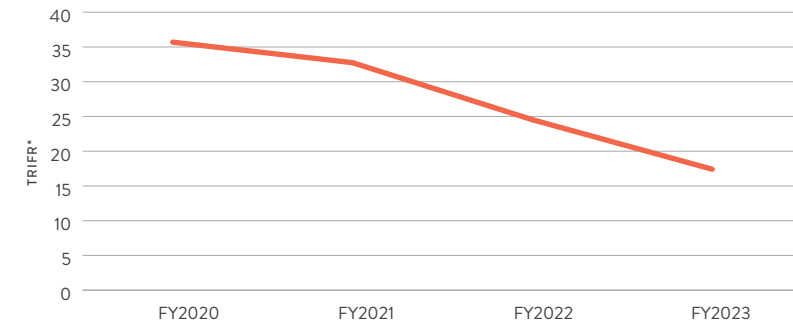
Rescue Me

PERSONAL LOCATOR DEVICES –
KEEPING OUR DEEPWATER CREWS SAFE



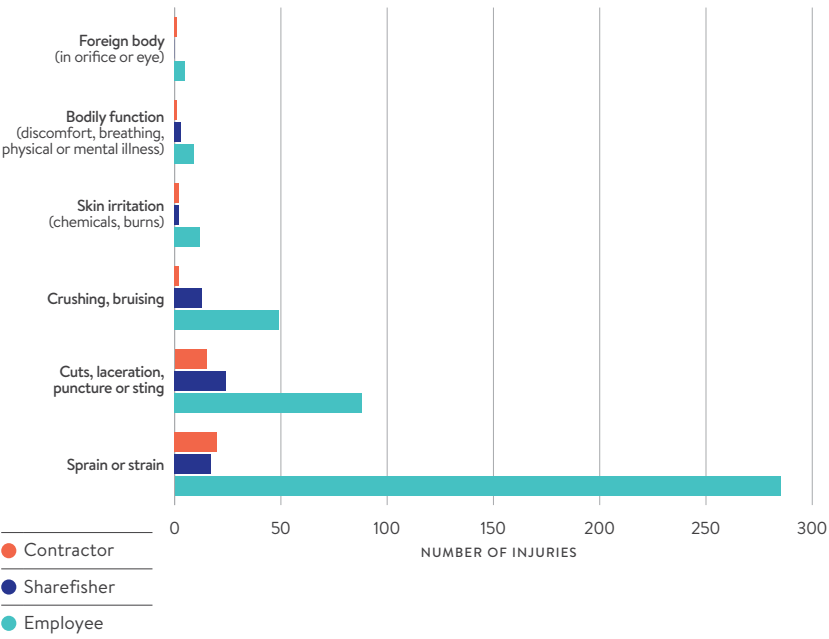
PEOPLE BY THE NUMBERS

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR*) FY20-FY23

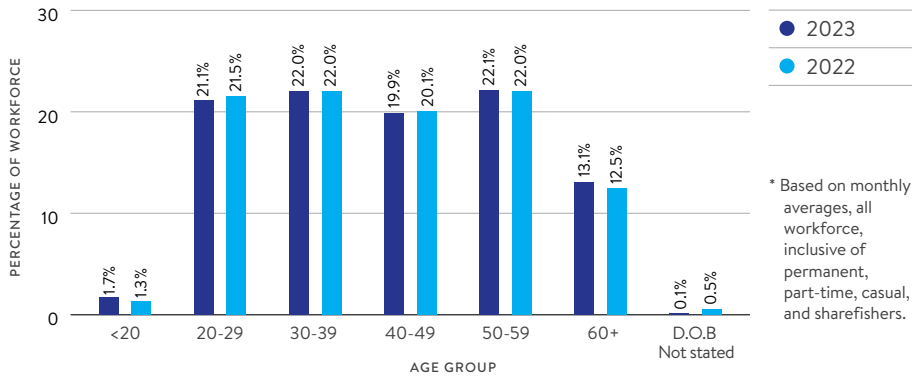


* TRIFR (number of injuries per million hours worked, NZ operationally controlled entities, includes employees, sharefishers, and contracted labour hire in operations).

FY23 INJURIES BY TYPE AND EMPLOYMENT CATEGORY



OUR WORKFORCE IN AGE GROUPS*



* Based on monthly averages, all workforce, inclusive of permanent, part-time, casual, and sharefishers.

STAFF MOVEMENTS*

Across our entire permanent workforce during FY23: voluntary turnover was 18% (FY22: 22%); involuntary turnover was 4% (FY22: 5%). Across only those permanent employees who commenced employment during FY23: voluntary turnover was 20% (FY22: 24%); involuntary turnover was 4% (FY22: 6%).

TURNOVER BY AGE GROUP AND GENDER 2023 – PERMANENT STAFF

AGE GROUP	VOLUNTARY	INVOLUNTARY	TOTAL TURNOVER
Under 20	4	2	6
20-29	28	5	33
30 to 39	45	10	55
40 to 49	38	5	43
50 to 59	33	5	38
60+	19	8	27
Total	167	35	202
GENDER			
Female	69	10	79
Male	98	25	123
Gender undeclared	–	–	–
Total	167	35	202



NEW HIRES BY AGE GROUP AND GENDER 2023 - NZ, PERMANENT EMPLOYEES

AGE GROUP	MALE	FEMALE	TOTAL
Under 20	5	5	10
20 to 29	22	23	45
30 to 39	19	23	42
40 to 49	17	21	38
50 to 59	16	15	31
60+	7	4	11
Total	86	91	177

WORKFORCE BY GENDER BY EMPLOYMENT TYPE – NZ

GENDER	CONTRACT TYPE	FY23 (%)
Male	Permanent full time	55.9
	Permanent part time	1.0
	Fixed term	2.9
	Casual	3.2
	Sharefisher*	37.1
Female	Permanent full time	64.0
	Permanent part time	8.3
	Fixed term	9.6
	Casual	4.1
	Sharefisher*	13.9
Gender undeclared	Permanent full time	–
	Permanent part time	–
	Fixed term	50.0
	Casual	–
	Sharefisher*	50.0

* Fishing boat worker for share of profit.

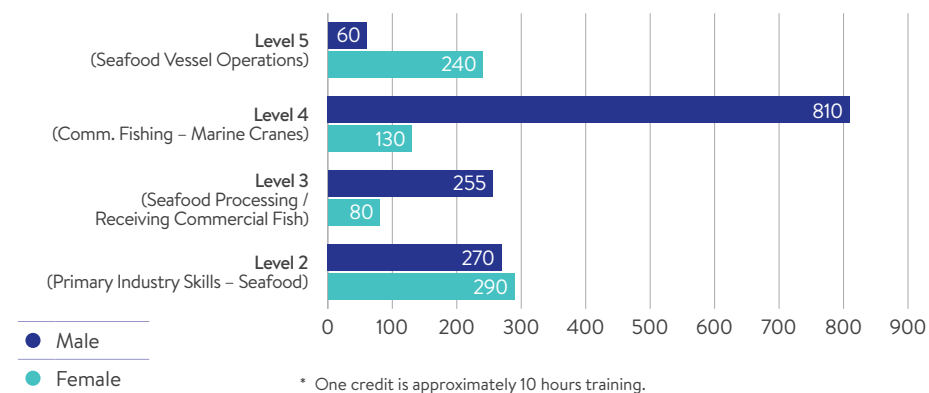
STAFF TRAINING - ALL NZ WORKFORCE (INCL. SHAREFISHERS)

STAFF LEADERSHIP AND DEVELOPMENT TRAINING (INTERNAL)

	PARTICIPANTS			TRAINING HOURS DELIVERED
	FEMALE	MALE	TOTAL	
Leadership	276	145	421	667.5
Deepwater	11	63	74	402.0
Lead Many	42	61	103	344.5
Supply Chain	95	93	188	564.0
DAMP	136	261	397	639.5
Soft Skills	70	54	124	146.5
TOTAL	630	677	1,307	2,764.0

NZQA CREDITS* ACHIEVED BY GENDER AND LEVEL

87 Primary ITO programmes completed during FY23; 87 formal qualifications (national certificates) received; 7 active enrolments at end of quarter.



	FEMALE	MALE
Average training hours per employee	16.23	16.47
Total credits achieved	740	1,395



PLACE

—
**SAFEGUARDING
OUR ENVIRONMENT**
—

We will lead by example in ocean management, maximising resource utilisation, minimising our footprint and protecting the environment wherever we operate to create healthy oceans and ecosystems.

**THE YEAR IN REVIEW**

Sustainability remains a priority at Sanford. We know we are privileged to operate in New Zealand's pristine waters and we are focused on safeguarding our environment. Sustainable practices are part of everything we do.

We use robust science and data to inform our commercial decisions, such as where and how we grow, catch and harvest our seafood. We also have proven multi-year programmes in place to reduce harmful interactions between our fishing activities and marine mammals or seabirds. As a leading industry participant, we engage in fisheries management forums and advocate for sustainable, commercial fishing.

We are focused on reducing our carbon footprint and were pleased to report an overall emissions reduction of 8.7% in FY23, compared to FY20 baseline¹. The commissioning of our new diesel-electric scampi boat in Q1 2025 is anticipated to contribute toward improving the efficiency of our operations.

Reduction of waste directed to landfill also contributes to safeguarding our environment. Repurposing mussel shells for landscaping and farming use is just one example of our innovative thinking coming to the fore in this area. Water and energy utilisation are also part of our focus.

We are working closely with our suppliers to align our values and sustainability goals, with the preparation and pilot of a Supplier Code of Conduct over the year.

You can read more about our sustainability initiatives and progress in the Climate Related Disclosures on pages 116 to 129.

—
Reduction of waste directed to landfill also contributes to safeguarding our environment. Repurposing mussel shells for landscaping and farming use is just one example of our innovative thinking coming to the fore in this area.
—

1. For Scope 1 and 2 emissions, being those relevant for our emissions target.

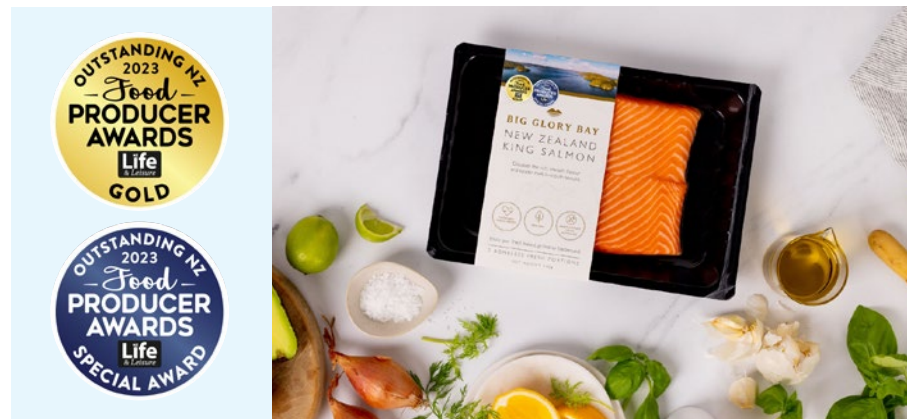


SUSTAINABILITY UNDERPINNING BIG GLORY BAY WIN AT OUTSTANDING NZ FOOD PRODUCER AWARDS

Nestled down the bottom of Aotearoa at 47 degrees South, Big Glory Bay is one of the most remote aquaculture farms in the world. It's that location, and the way our people operate there, that makes all the difference.

We're lucky enough to work in the clean, isolated waters of Aotearoa, meaning our fish can happily stay free from antibiotics. The Southern Ocean current of Rakiura provides healthy average temperatures, so our fish can grow slowly and develop as they should, naturally, free from GMOs and other additives.

And it was this extra care and attention to detail the judges of the Outstanding NZ Food Producer Awards noticed, making these comments on our fresh salmon portions: "Very clean, sweet flavour. Fine texture and delicious." The gold medal was no small feat for Sanford's fresh salmon portions, a product that only launched in late 2022, and Big Glory Bay's very first product of this kind.



But it wasn't just the salmon that the panel was judging, it was also the sustainability of our product. And in this aspect, Big Glory Bay passed with flying colours too.

We were able to tick all their boxes for sustainable aquaculture practices, and then some. From the coveted "Best Choice, Buy First" ranking by the Monterey Bay Aquarium Seafood Watch Programme, to our Oritain traceability. Or the moving of our pens to protect the sea floor, to all the extra initiatives like gumboot recycling that the Bluff team comes up with. We were proud to see the extra mile our salmon division goes to everyday to be recognised outside of the business.

WINNER AT THE PRIMARY INDUSTRIES AWARDS

Big Glory Bay also took out the Food and Beverage Producer Award, at this year's Primary Industries New Zealand Awards. Based on the brand's commitment to both sustainability and protection of the New Zealand producers' image overseas, it was further recognition of the care and effort put into Sanford Big Glory Bay salmon. It was particularly pleasing for a seafood company to win this award, demonstrating the success of the sector in New Zealand.

SANFORD VESSELS FISHING FOR DATA

Sanford's involvement with the Moana Project is one example of how we support sound marine science. New Zealand has one of the largest Exclusive Economic Zones in the world, but we don't really know how climate-induced ocean warming will affect our waters. That's why Sanford joined the Moana Project, which is building a picture of how climate change is driving changes in marine temperatures, with the potential to affect fish stocks.

For the duration of the project when our vessels deploy their fishing gear, they are also trawling for data, with smart sensors providing real time information on ocean depths and temperatures. This information is sent automatically back to the MetService for inclusion in their forecasting models. Sanford skippers can use these detailed forecasting models to determine where to go next if they need to move grounds.

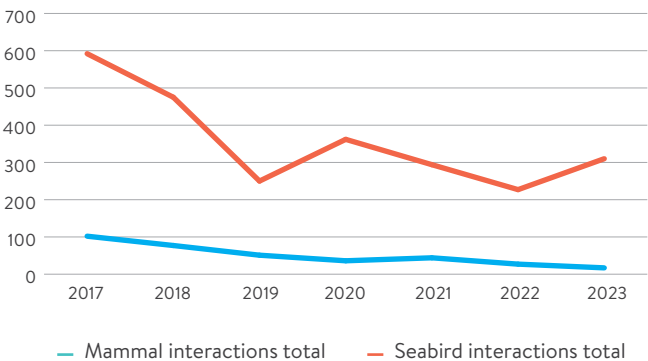
The Moana Project is a five year \$11 million ocean research initiative, with a 200-strong network of vessels capturing valuable data. During FY23, Sanford had sensors on eight deepwater and three inshore vessels.



SUSTAINABILITY BY THE NUMBERS

SEABIRD AND MARINE MAMMAL INTERACTIONS

(Sanford total, all areas, all vessels fishing under Sanford permit)



SINCE 2017

48%

TOTAL SEABIRD
INTERACTION RATE

83%

TOTAL MAMMAL
INTERACTION RATE

MPI SUMMARY OF SANFORD'S REPORTED
INCIDENTAL CATCH DATA¹

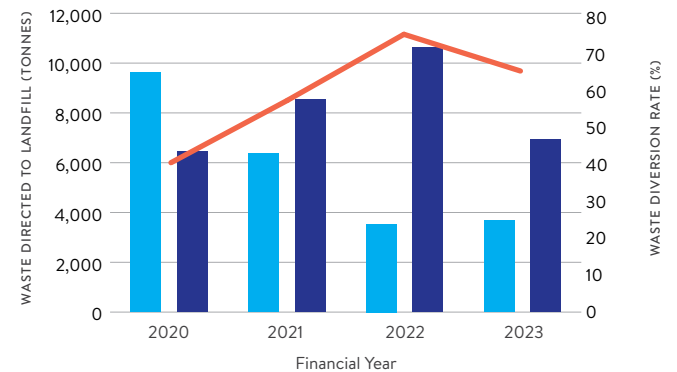
JULY 2022 TO JUNE 2023		
	SEABIRDS	MARINE MAMMALS²
Uninjured	127	1
Injured	2	0
Dead	181	16
Total	310	17
Mortality rate(%)³	58%	94%

1. Vessels operating under Sanford fishing permit over the period 1 July to 30 June, reflecting data availability from MPI.
2. For context, since our records began, Sanford has never harmed a Maui dolphin.
3. Mortality rate calculated as the ratio between total species caught and those caught dead.

WASTE REDUCTION TRENDS (NZ)

Sanford prevented 6,924 tonnes of waste* from going to landfill in FY23. 65% of all Sanford wastes are now being diverted away from landfill.

WASTES GENERATED FROM OPERATIONS

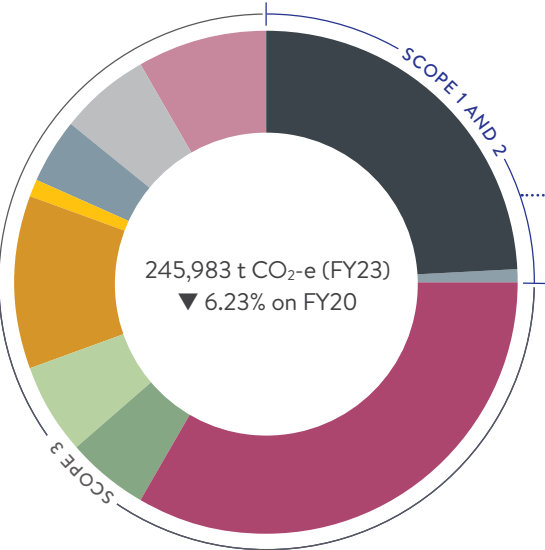


- Waste directed to landfill (incl. marine)
- Waste diverted from landfill (incl. marine and metals)
- Waste diversion rate across all operations %

*Waste definition includes inorganic and organic materials. Waste diversion is the mass of waste repurposed and recycled divided by the total waste mass (waste repurposed or recycled plus waste directed to landfill).

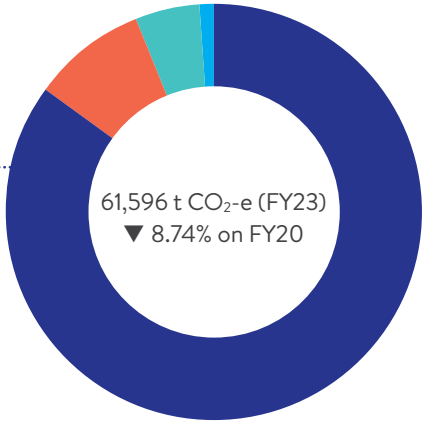


SANFORD'S WHOLE VALUE CHAIN
EMISSIONS PROFILE – 2023
(SCOPE 1, 2 AND 3)*



● Direct emissions (includes fuel, refrigerants from owned assets)	24%
● Indirect emissions from electricity	1%
● Purchased goods and services (contract fishers, packaging, feed, PPE, etc.)	33%
● Capital goods	5%
● Fuel and energy-related activities (e.g. fuel refining by others)	6%
● Upstream transportation and distribution (freight paid for by Sanford)	11%
● Waste generated in operations	1%
● Downstream transportation and distribution (freight of products paid by others)	4%
● Use of sold products (e.g. further processing and cooking of seafood)	6%
● End-of-life treatment of sold products (e.g. food waste)	8%

SANFORD'S OPERATIONAL EMISSIONS
PROFILE BY DIVISION - 2023
(SCOPE 1 AND 2)



● Wildcatch	85%
● Mussels	9%
● Salmon	5%
● Other (Head office, etc.)	1%

* Refer to climate related disclosure on pages 116 to 129 for further details.





PLACE

POSITIVE ENGAGEMENT WITH OUR COMMUNITIES

We aim to support, enrich and be a positive contributor to the communities in which we participate.



THE YEAR IN REVIEW

As a proud New Zealand company, we are rooted in the regional communities that form the backbone of our operations.

We recognise that our operations have a direct impact on local communities and, as such, we take our social responsibility seriously. Sanford invests in programmes and initiatives that empower our communities, creating job opportunities, supporting education, and contributing to the overall well-being of the regions our people call home.

We continue to support the Graeme Dingle Foundation and their work to build resilience within children and adults in New Zealand. For almost 30 years, the Foundation has taken a special interest in those who may be at risk and Sanford has been alongside them for the past 20 years, providing financial, in kind and in person support.

We also continue to support other community initiatives such as the NZME special children's Christmas event and the 10 cents per salmon fund which provides funding grants for projects across Stewart Island and Bluff, such as the re-roofing of Stewart Island's community hall.

Supporting people in need is an important outcome for our community engagement. More than 178,000 servings of seafood went out to families in need this year, through foodbanks and food charities. Significant donations were made toward communities affected by the extreme North Island weather and flooding events, particularly in Auckland, East Cape, and the Napier-Hastings areas.

In the case of the Kai Ika project, we donated fresh fish heads and frames that would often go to waste, enabling South Auckland families to add fresh kai moana to their menu. This helps to address the growing problem of food insecurity and ensures maximum value from our precious marine resources.



GROWING MUSSELS TO GROW KIWIS

For ten years now, the revenue from a mussel line in the Marlborough Sounds has been donated to Queen Charlotte College in Picton, helping to educate and inspire young Kiwis interested in the aquaculture industry.

Sanford's support of Queen Charlotte College goes back to 2003 when the school opened up their Aquaculture Academy. Sanford has offered education, rope samples and school visits since the early days of the programme. However, ten years ago, Sanford began donating the profits from a mussel line to the school, making the fantastic aquaculture courses a lot easier to access for students.

Students complete Unit Standards on Aquaculture, Water Care and Environmental impacts. They are also able to do diving tickets, boating certificates and workplace Unit Standards such as First Aid, Health and Safety in the Work force. These external Standards would make the course very expensive if the students had to cover all of the costs. But with the support from businesses like Sanford, the costs are kept at a minimum.

The donations help maintain the school's own aquaculture equipment to help the students learn the ropes, for example, the Wetlab where tanks of salmon are grown and hatched, and the school barge which is used for sea trips and boating skills.

Over the years, hundreds of students have entered and completed the aquaculture programme supported by Sanford at Queen Charlotte College. It has opened the door for many Picton students, with many going on to work in the industry.

10+years

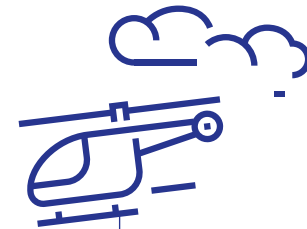
**SUPPORTING STUDENTS
IN AQUACULTURE**



**STEWART ISLAND LANDS
A NEW HELIPAD**

While the water is our field of expertise, that doesn't mean we can't reach for the skies with the proceeds of our 10 cents per salmon fund in Southland. In December 2022, Sanford proudly helped fund a new rescue helicopter pad, allowing better support and access for the community and its visitors.

10 cents per salmon really adds up, and with Community Trust South and the Southland District Council's Stewart Island visitors levy joining in, this \$75,000 project was brought to life. Now that the new helipad is up and running, visitors and locals can rest easy, knowing helicopter access is now that much better.



\$75,000

HELIPAD PROJECT

10¢

**PER SALMON – COMMUNITY SALMON FUND,
HELPING FUND THIS COMMUNITY PROJECT**

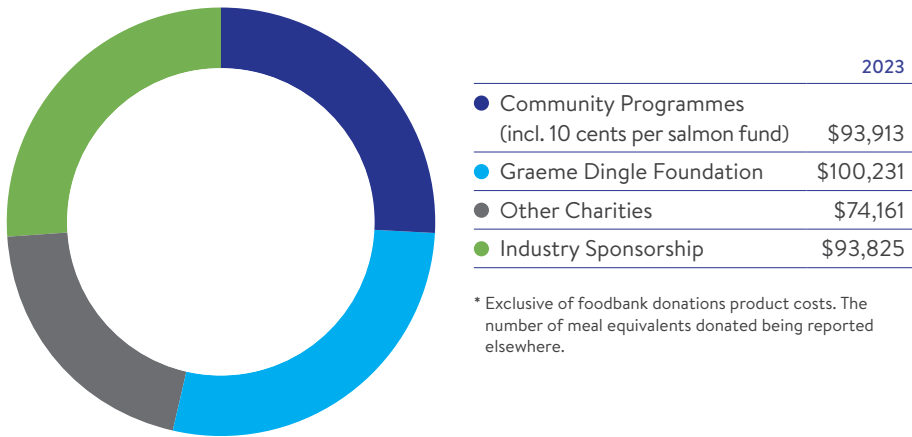


COMMUNITY ENGAGEMENT BY THE NUMBERS

COMMUNITY COMMITMENT



In donations and sponsorships to community organisations and programmes such as Graeme Dingle Foundation

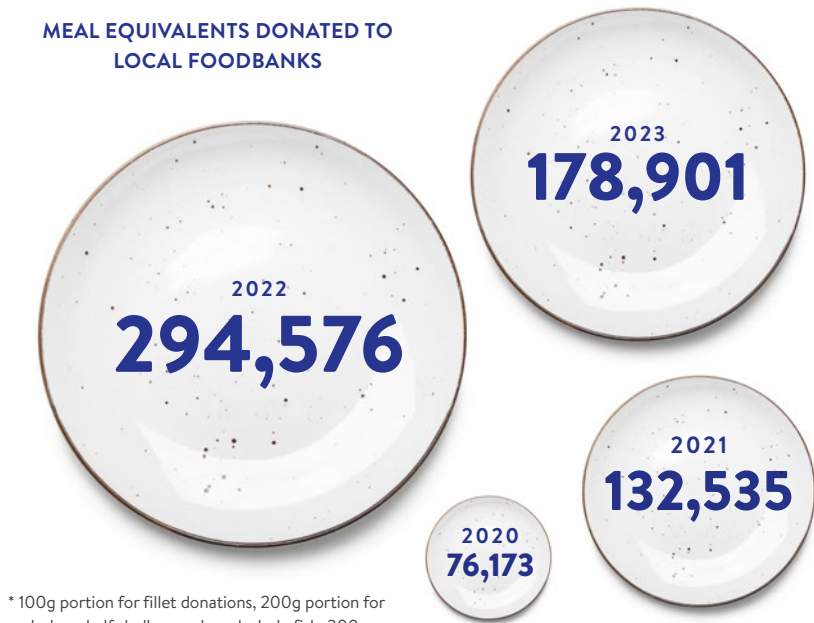


* Exclusive of foodbank donations product costs. The number of meal equivalents donated being reported elsewhere.

COMMUNITY FOODBANK SUPPORT



MEAL EQUIVALENTS DONATED TO LOCAL FOODBANKS



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

Significant seafood product donations made to communities affected by severe weather events during FY23, upper North Island flooding, and Gisborne/Napier/Hastings following Cyclone Gabrielle.



PERFORMANCE

OPERATIONAL EXCELLENCE

We relentlessly pursue excellence across all our functions to drive our business success.



THE YEAR IN REVIEW

FY23 has been a year of positive momentum for Sanford as we have continued to rebuild following the pandemic. At all times, we have remained focused on living up to our vision of being New Zealand's seafood leader for quality, value and reputation. We deliver consistent, sustainable and socially beneficial outcomes to our shareholders and stakeholders through our approach to operational excellence, innovation and continual improvement.

In early 2023, a new company structure was established, with the introduction of clear divisions of responsibility in our three business units – Salmon, Mussels and Wildcatch. Alongside this was a revamp of the executive team and reporting lines.

The Sancore systems change programme has been delivered, with our new D365 technology platform up and running from May 2023. This will deliver the systems and processes needed to drive a high achieving organisation.

We remain committed to our Salmon growth strategy, which is in part, dependent on expanding our capacity. Due to increasing cost estimates, we are revisiting the business case for a new salmon hatchery, designed around a Recirculating Aquaculture System (RAS).

The new Sanford Bioactives facility in Blenheim, which opened in December 2022, provides an opportunity to test, trial and produce innovative new products. Our initial focus has been on mussel powder and oils. Disappointingly, the processing equipment is taking longer than anticipated to perform to our standards, with output below expectations. We are continuing to work with the equipment suppliers to increase yield to acceptable levels, with positive outcomes being seen in recent weeks.

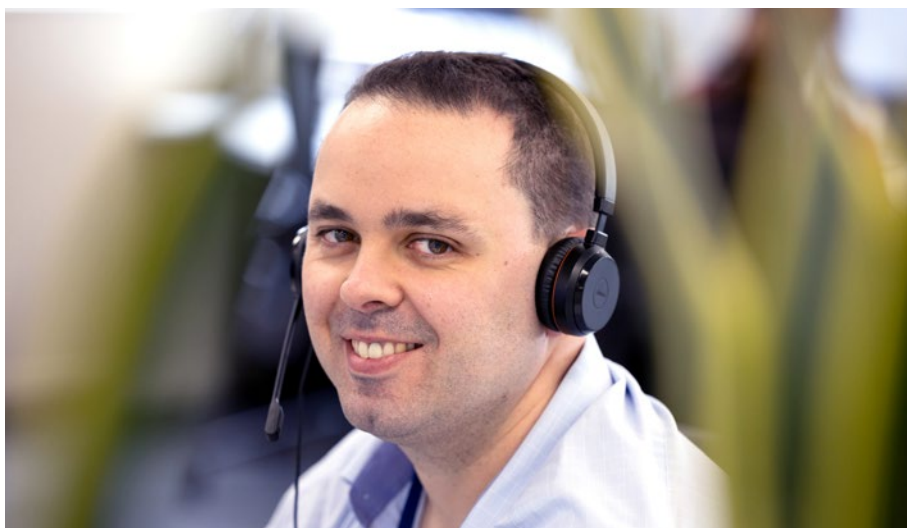


BIG GLORY BAY GETS BIGGER

Some of Sanford's Big Glory Bay salmon moved into a new neighbourhood as our farms were split and moved to make way for new oxygenation technology.

The investment in this innovative technology now means 100% of our grower fish are supported with supplemental oxygen if required through challenging periods. This allows us to have separate, fully oxygenated farms, keeping our fish happier and healthier.

It takes a huge team effort from all staff to make this happen, and to protect the fish during the move. The team tasked with the job is made up of experienced farm staff, which is invaluable when moving the salmon farms.



ALL SYSTEMS GO

The Sancore digital change programme has delivered new quality, safety, health and environmental software across the business. In FY23, Microsoft D365 IT platform was introduced, providing cornerstone finance, supply chain, quota management and payment systems. This will be the technology foundation for our business for many years to come.

The Innova real time product tracking software has been integrated with D365, providing enhanced end-to-end visibility of inventory and detailed cost accounting by product type. Innova was rolled out in 2022, allowing product to be tracked 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.

As with all technology rollouts, particularly of this size, the D365 go live was a huge change initiative and required team effort and perseverance to bring to fruition. Sanford's team have engaged positively to adapt their processes and take on a learning curve to support these new ways of working.

ON TRACK WITH BUILD OF NEW SCAMPI VESSEL

Sanford's new scampi vessel is one of the company's largest capital investment projects in recent times. The hull is being built in Poland with the finishing and fit out in the Netherlands.

In the middle of 2023, the first cuts were made in the steel that will form the hull. Five months on the hull construction is progressing ahead of schedule, ready for hull delivery in Q1 2024.

Built on a design by Damen and informed by MARIN, a globally recognised marine research institute, and with expert insights from scampi skippers, the aim is for a future-proofed fleet which provides a safer operating platform for crews, the environment and protected species.

The vessel improves the scope and range of fishing into new areas. Of additional benefit, it employs a low emission diesel-electric power system and has been designed to operate efficiently, thus saving on fuel, and carbon footprint.



PERFORMANCE

—
SHAREHOLDER
VALUE
—

We are focused on delivering consistent, sustainable profit that will drive increasing value and returns for our shareholders.



SHAREHOLDER VALUE BY THE NUMBERS

FY23 TOTAL DIVIDENDS:	12 cps
REPRESENTS A DIVIDEND YIELD OF:	3.1% ¹
DIVIDEND COVER:	0.9
EARNINGS PER SHARE (CENTS):	10.7c
NET ASSET BACKING PER SHARE:	\$7.32

1. Based on share price at 30 September each year – FY23 \$3.89.



2024 BUSINESS TARGETS

MATERIAL TOPIC	OUR 2030 VISION	PERFORMANCE MEASURE	TARGET FOR FY24
Sustainable management of fish stocks	Fisheries stocks we source our harvest from continue to be maintained at levels which can sustain fisheries utilisation and ecosystem health.	Percentage of Sanford’s wildcatch harvest with no known sustainability issues*	>90% by volume of harvest
Environmental protection and ocean health	Best practice methods to ensure and enable the protection of ocean health, water quality, sensitive habitats and threatened species.	Percentage of fully functional processing and support facility environmental consents, not requiring mandatory improvements	100%
		Bottom contact trawl fishing: NZ public’s awareness of fact-based impacts and benefits	Assist delivery of an industry program to the NZ public to quantify and communicate facts and dispel myths
		Number of seabirds and marine mammals affected by our Wildcatch operations	Reductions in 3-year moving average for total interactions
Reducing carbon footprint	Reduction of 25% absolute Scope 1 and 2 emissions by 2030 from a 2020 baseline.	Number of projects delivered in support of our emissions reduction target	Six emissions-related projects
		GHG emissions reduction from 2020 baseline	10% reduction in GHG emissions relative to 2020 baseline
Health, safety and wellbeing	Workplaces that protect our people from the risk of harm and support their wellbeing through systemised use of initiatives, behaviours, and cultures.	Percentage of all incident investigations and reviews completed within target timeframe	100%
		Percentage of high priority H&S action plans implemented and closed within target timeframes	>90%
Talent attraction, development, and retention	Workplace conditions and behaviours that support staff attraction, development, and retention.	Percentage of core people processes completed on time (year-end reviews, objective setting, business integrity/ethics training)	>90%
Food safety and quality	Leader in providing safe, high quality marine sourced products that deliver on customers’ expectations.	Number of justified quality related customer complaints	≤1.34 complaints per million GWkg sold

*Soft limit for fisheries management defined by MPI and is the level at which active measures are taken to rebuild stocks. Stock status tables released by MPI annually each December.



MATERIAL TOPIC	OUR 2030 VISION	PERFORMANCE MEASURE	TARGET FOR FY24
Community and Iwi	Respected by our local communities and iwi, and with established and deep strategic relationships that create value for the community, our partners, and Sanford.	Number of Sanford operational areas where Sanford provide targeted and meaningful community support projects, events and initiatives	7 (Auckland, Coromandel, Marlborough, Nelson/Tasman, South Canterbury, Southland, Stewart Island)
Maximising profitability and productivity	Successful execution of business strategy, delivering growth and improved value outcomes, driving improved business margins and financial performance.	Wildcatch: Increase in divisional profitability, while continuing integrity investment	FY24 Wildcatch profit > FY23
		Salmon: Increase in divisional profitability, while continuing growth investment to support 6000 GWT harvest volume in 2027	FY24 Salmon profit > FY23
		Mussels: Increase in divisional profitability, develop and deploy process, yield and strategy KPIs	FY24 Mussels profit > FY23
Responsible leadership	Recognised as a company that governs with clearly defined values for the greater good of all stakeholders.	Percentage of centrally procured top-tier suppliers accepting Sanford's supplier code of conduct	>90% of those having contract reviews during the year
Climate adaptation	Appropriate responses to direct and indirect climate impacts for our business are built into our strategy, investment planning, and operational processes.	Number of climate adaptation measures and projects implemented and completed within the business	Seven projects (6 internal, 1 external)
Risk management	Clear identification and prioritisation of risks, and required mitigation actions to manage the risk to acceptable levels.	Number of identified risks with residual risk ratings reaching extreme	0
		Percentage of identified risks with residual ratings of medium or higher that are mitigated and measured	100%



—
WHAT MATTERS
—



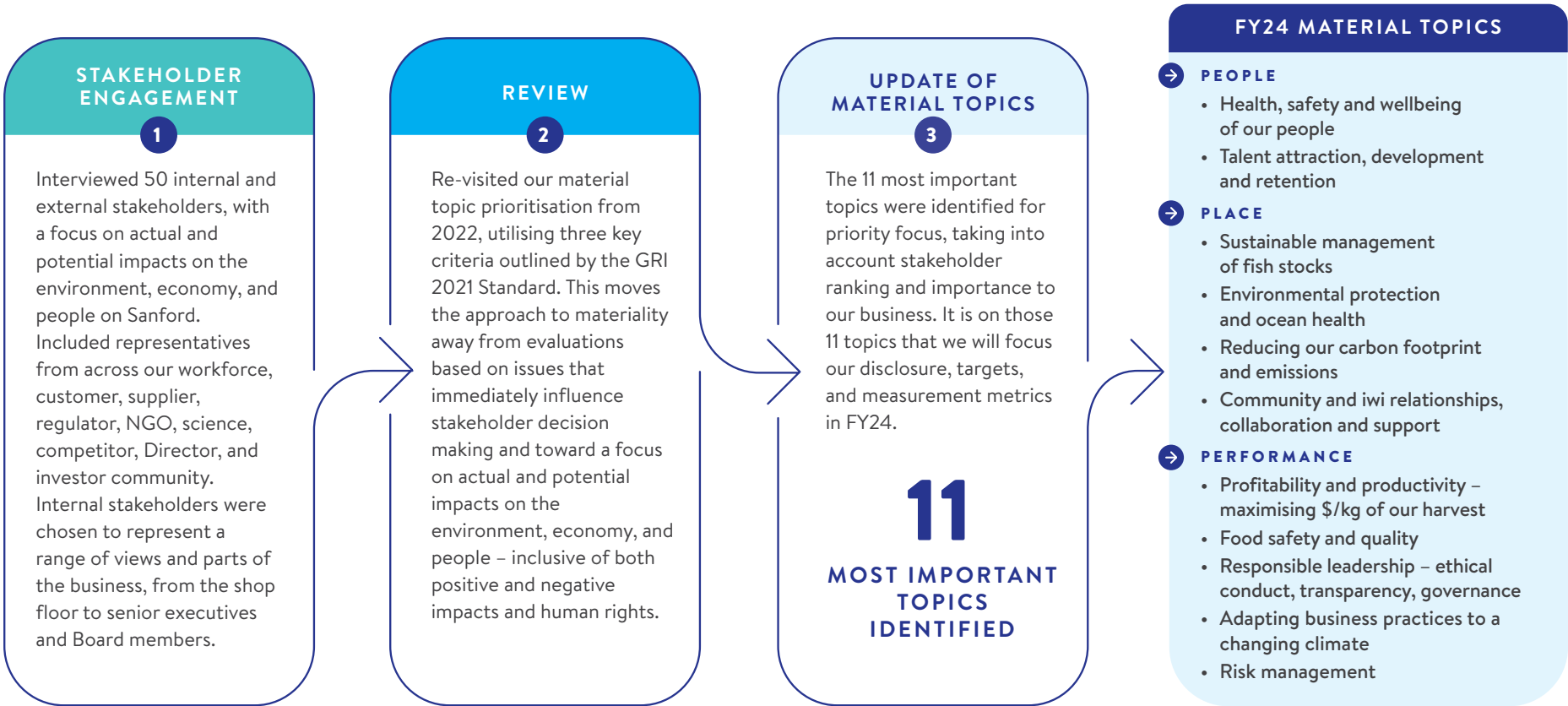


WHAT MATTERS

UPDATING OUR MATERIAL TOPICS FOR FY24

Since 2014, Sanford has evaluated, prioritised, responded to, and reported on material topics in its annual report. In this year’s report, we have reported against the material topics we initially identified in 2020, and then revised in FY22 to 19 key topics. Progress against our FY23 targets can be read in Appendix C.

In FY22, we engaged with our stakeholders as part of a three-year cycle to review the material issues, impacts and indicators that matter for our business. In FY23, with the assistance of independent consultancy, Proxima (NZ), we reviewed those material issues as we transition to the 2021 GRI Sustainability Reporting Standards, along with the International Integrated Reporting Council (IIRC) Framework. Sustainability Reporting Standards. The outcome was a revised list of 11 priority topics. These will be the focus of our disclosure, targets and measurement metrics going forward in FY24. See Appendix D for more information on the review process.





SUSTAINABLE DEVELOPMENT GOALS

Sanford supports the United Nations Sustainable Development Goals (SDGs). These are a collection of 17 global goals set by the United Nations General Assembly in 2015 covering social and economic development issues. They were designed to be a “blueprint to achieve a better and more sustainable future for all.” We focus on six of these goals, where we believe we can make a contribution and a difference.

	SDGS	WHERE WE CAN CONTRIBUTE	OUR CONTRIBUTION
	Goal 8: Decent Work and Economic Growth	8.1 Sustainable economic growth 8.3 Promote policies to support job creation and growing enterprises 8.5 Full employment and decent work with equal pay 8.8 Protect labour rights and promote safe working environments	Our business strategy aims to deliver economic growth and value improvements from our sustainable harvest and use of natural resources. During FY23 we delivered our inshore turnaround project, stabilising economic returns from those assets whilst also living our values to care for our affected people by facilitating re-deployment offers and career workshops.
	Goal 9: Industry, Innovation and Infrastructure	9 Resilient infrastructure, inclusive and sustainable industrialisation 9.1 Reliable, sustainable, and resilient infrastructure to support economic development and wellbeing, including within regional areas	We strive to be a business which clearly identifies, understands, prioritises, and responds to its key risks with effective mitigation strategies. During FY23 we have appointed a dedicated Group Risk Manager and made substantial progress by developing and delivering an Enterprise Risk Management policy and framework. This work continues to build resilience in our assets and operations ensuring that we can continue to deliver on outcomes.
	Goal 12: Responsible Consumption and Production	12.6 Encourage companies to adopt sustainability information in their reporting	Our commitment to transparency and sustainability reporting continues. We strive to do more with less every day. A diligent focus on waste generation over the past four years has proven extremely successful, and in FY23 we successfully reduced our total waste volume to less than 40% of FY20 levels (FY20: 9,627 t, FY23: 3,667 t). We continued to support food loss and waste reduction initiatives by encouraging a whole of fish consumption approach through sales and donations of fish heads and frames – sales of by-products (heads, frames, roe, wings, and collars) at our Sanford Fish Auction increased by >400% year on year.



SDGS	WHERE WE CAN CONTRIBUTE	OUR CONTRIBUTION
	Goal 13: Climate Action 13.2 Integrate climate change measures into policies, strategies planning	Climate change is already affecting our operations and activities. We've been disclosing our carbon footprint since 2005 and have deployed mitigation strategies since 2016, when climate change was identified as Sanford's number one priority risk. This year we have successfully contributed toward sector wide climate adaptation pathway planning, prepared our first voluntary Climate Related Disclosure following XRB standards, and have revised the metrics we use to track emissions across our business.
	Goal 14: Life Below Water 14.1 Reduce marine pollution 14.2 Sustainably manage, protect and restore ecosystems 14.4 Sustainable fishing 14.7 Increase the economic benefits from sustainable use of marine resources	Healthy oceans and ecosystems has been a core component of our business strategy for several years. We strive to deliver best practice fishing, farming, and environmental operations to ensure and enable the protection of water quality, habitats and endangered or threatened species. During FY23 we successfully delivered on substantial waste water improvement projects at our Havelock mussel processing plant, approved to upgrade seabird avoidance devices on our largest fishing vessels above and beyond regulatory minimums, and continued our focus on delivering benefits for people and economies from our harvest. We strongly support the NZ Quota Management System and its delivery of fisheries sustainability.
	Goal 17: Partnerships for the Goals 17 Partnerships for the goals	Partnering with others allows us to further our impact and deliver more effectively on many of our most significant challenges. During FY23 we have further developed and built on our partnerships with groups where we have common goals, such as WWF with the MAUI63 program, the Aotearoa Circle partners for seafood sector climate adaptation pathways, Seafood NZ for industry government partnerships, and Moana fisheries for the transition of our North Island inshore operations and staff re-deployment opportunities.



OUR BOARD

AS AT 30 SEPTEMBER 2023

For full profiles, please visit www.sanford.co.nz/investors/governance/board-of-directors/. For information on corporate governance at Sanford, please see the Corporate Governance Report on pages 130 to 144.



SIR ROBERT MCLEOD KNZM

INDEPENDENT CHAIRMAN

Appointed 2016, appointed Chairman in 2019.

Rob has had an extensive professional and governance career both within the accounting profession and various public and private companies. He is a past Chairman of Aotearoa Fisheries Limited (Moana), Sealord Group Limited and was a Commissioner of the Waitangi Fisheries Commission. He has chaired and been a member of a number of Government Task Forces and is also a past Chairman of the New Zealand Business Roundtable.

LLB/BCom, FCA

COMMITTEE RESPONSIBILITIES

Chairman of Board and Nominations Committee, member of Audit, Finance and Risk Committee and People, Health and Safety Committee.



CRAIG ELLISON

NON-INDEPENDENT, EXECUTIVE DIRECTOR AND ACTING CEO

Appointed 2021.

Craig has had a long involvement in the Fisheries and Seafood sector. He was the past Chief Executive of Ngāi Tahu Holdings, Chair of Ngāi Tahu Seafood, Poutama Trust, Moana Pacific, Prepared Foods, the NZ Seafood Standards Council, as well as serving on the Executive of the Fishing Industry Association Board, and numerous stakeholder organisations. Craig has served on a number of other trade organisations and taskforces in the sector, and was a Commissioner with the Treaty of Waitangi Fisheries Commission (Te Ohu Kai Moana) as it worked through the Allocation model and giving effect to the Fisheries Settlement. After the agreement on allocation methodology Craig served on the board of Aotearoa Fisheries and Sealord.

Masters in Zoology

COMMITTEE RESPONSIBILITIES

Member of Nominations Committee.

**ABBY FOOTE**

INDEPENDENT DIRECTOR

Appointed November 2018. Resigned 9 November 2023.

Abby is a professional director with over 12 years' experience, including both NZX and Crown companies. With qualifications in both law and accounting, Abby's executive career encompassed both disciplines, focusing on corporate finance and commercial transactions. She has experience in a number of diverse areas including mergers and acquisitions, treasury and structured finance transactions, and telecommunications. She also has experience in managing large projects and in strategic development and implementation.

LLB (Hons)/BCA

COMMITTEE RESPONSIBILITIES

Chair of People, Health and Safety Committee, member of Audit, Finance and Risk Committee, and Nominations Committee.

**FIONA MACKENZIE**

INDEPENDENT DIRECTOR

Appointed 2020.

Fiona Mackenzie is Managing Director Funds Management, ANZ Bank New Zealand Limited. She has had an extensive career in the finance and investment industry, including in New Zealand and the USA, for Guardians of New Zealand Superannuation Fund, NZX, Morgan Stanley and Credit Suisse. She is a director for a number of ANZ Bank NZ subsidiaries.

BCom/LLB, MBA

COMMITTEE RESPONSIBILITIES

Chair of Audit, Finance and Risk Committee and Nominations Committee.

**DAVID MAIR**

INDEPENDENT DIRECTOR

Appointed 2022.

David has significant corporate experience. He has been CEO of NZX listed Skellerup Holdings Limited since 2011, and a director since 2006. He was also involved in a2 Milk from 2008 until the company listed on the ASX in 2015. David is currently a director of Forté Funds Management Limited.

BE (Civil), MBA

COMMITTEE RESPONSIBILITIES

Member of People, Health and Safety Committee and Nominations Committee.



OUR EXECUTIVE TEAM

AS AT 13 NOVEMBER 2023

Sanford's Executive Team was refreshed and expanded in 2023, to support the new organisational structure. Our executives are all experienced, passionate about our industry and proven leaders. They have the expertise and skills to lead our people as we implement our strategy and deliver on our vision.

For more information and profiles of our Executive Team, please visit www.sanford.co.nz/about-sanford/executive-team/



CRAIG ELLISON
ACTING CHIEF
EXECUTIVE OFFICER



PAUL ALSTON
CHIEF FINANCIAL OFFICER



LOUISE WOOD
EXECUTIVE GM SUPPLY
CHAIN AND OPERATIONS



ANDREW STANLEY
EXECUTIVE GM MUSSELS



RICHARD MILLER
EXECUTIVE GM SALMON



PAUL TURNBULL
ACTING CO-GM WILDCATCH



COLIN WILLIAMS
ACTING CO-GM WILDCATCH



DEBRA LUMSDEN
CHIEF PEOPLE OFFICER



VAUGHAN WILKINSON
EXECUTIVE GM STRATEGY &
INNOVATION



FY23 GROUP FINANCIAL COMMENTARY

Sanford's **FY23 revenue** of \$553.4m was the highest in the past five years, with revenue gains across all three divisions reflecting strong pricing and improved operating conditions. This increase was despite a lower squid catch as a result of seasonal conditions, the transition in the inshore business, and lower mussel sales volumes due to labour shortages.

Sanford uses several **non-GAAP measures** when discussing financial performance. In particular, Adjusted EBIT is used to provide useful information on the underlying performance of the Sanford business. This is also the measure used to evaluate performance, analyse trends and allocate resources. Adjusted EBIT excludes transactions considered to be non-trading or one-off in their nature or size, and unusual transactions, which can arise as the result of a specific event or circumstance or transaction that is not expected to occur frequently. Excluding these items from adjusted EBIT can assist users in forming a view on the underlying performance of the Group.

In FY23, **Adjusted EBIT** was \$49.4m, with earnings continuing their positive climb back to pre-covid levels. The FY23 result excludes \$18.4m of non-trading adjustments, compared to \$12.6m in the prior year. In particular, FY23 included \$5.5m in restructuring costs as the North Island inshore business closed, as well as a \$2.2m gain following the surrender of a lease at the Port of Tauranga.

Sanford's FY23 **reported EBIT** was \$31.0m, up 12.3% on \$27.6m in the prior year.

Reported Net Profit After Tax includes non-trading adjustments and unusual transactions. In the prior year FY22, NPAT included a \$43.7m gain on the sale of crayfish quota. FY23 NPAT was \$10.0m.

Net debt increased by \$51m to \$196m, with ongoing capital investment, particularly the new scampi vessel, the Sancore technology programme, and the Sanford Bioactives facility. Gearing at 22.9% remains within the parameters set by the Board, reflecting a prudent and strategic financial management approach. Sanford has total facilities of \$250m (reduced from \$270m), providing sufficient headroom for continued investment in capital projects (including fleet and technology) and to explore growth initiatives.

Operating cashflow of \$41.1m remained at strong levels.

Our **inventories** increased to \$83.0m in FY23 from \$67.2m in FY22 with the increase mainly in mussels and wildcatch and timing related.

A final, fully imputed dividend of 6 cents per share was declared by the Board, taking full year dividends to 12 cents per share.

**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 property, plant and equipment and intangibles.

Adjusted EBIT: Reported EBIT adjusted for impairment, restructuring costs, software as a service (SaaS) expenditure, other one-off items and gain from termination of lease.

Adjusted EBITDA: Adjusted EBIT before depreciation and amortisation.

GAAP TO NON-GAAP RECONCILIATION

	12 Months ended 30 September 2023 \$000	12 Months ended 30 September 2022 \$000
Reported net profit for the period (GAAP)	10,011	55,772
<i>Add back:</i>		
Income tax expense/(benefit)	7,471	6,692
Net interest expense/(income)	13,522	8,731
<i>Deduct:</i>		
Net loss/(gain) on sale of investments, property, plant and equipment and intangibles	(35)	(43,616)
Reported EBIT	30,969	27,579
<i>Adjustments:</i>		
Impairment of assets	1,418	1,301
Restructuring costs	5,544	345
Software as a Service (SaaS) expenditure	12,714	10,312
Receipt from surrender of lease	(2,200)	
Other one-off items	947	639
Adjusted EBIT	49,392	40,176
<i>Add back:</i>		
Depreciation and amortisation	32,142	28,086
Adjusted EBITDA	81,534	68,262



FIVE YEAR FINANCIAL REVIEW

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023	2022	2021	Restated 2020 (ii)	2019
	\$000	\$000	\$000	\$000	\$000
Revenue	553,397	531,887	489,625	468,849	545,121
Adjusted EBITDA*	81,534	68,262	52,603	66,294	85,729
Depreciation and amortisation	(32,142)	(28,086)	(29,310)	(28,016)	(20,884)
Adjusted EBIT**	49,392	40,176	23,293	38,278	64,845
Restructuring costs	(5,544)	(345)	(288)	(3,452)	(1,609)
Impairment of assets	(1,418)	(1,301)	–	(1,193)	(635)
Receipt from termination of lease	2,200	–	–	–	–
Software as a service (SaaS) expenditure ⁽ⁱⁱⁱ⁾	(12,714)	(10,312)	(6,183)	(4,187)	–
Other one-off items	(947)	(639)	(711)	2,082	–
Reported EBIT	30,969	27,579	16,111	31,528	62,601
Net interest expense	(13,522)	(8,731)	(9,011)	(8,995)	(7,866)
Non-trading currency exchange losses	–	–	–	–	(26)
Net gain (loss) on sale of investments, property, plant and equipment and intangible assets	35	43,616	12,935	4,037	4,614
Profit before income tax	17,482	62,464	20,035	26,570	59,323
Income tax expense	(7,471)	(6,692)	(3,800)	(7,151)	(17,631)
Profit for the year	10,011	55,772	16,235	19,419	41,692
Non controlling interest	5	122	28	11	4
Profit attributable to equity holders of the Company	10,016	55,894	16,263	19,430	41,696
Equity					
Paid in capital	94,690	94,690	94,690	94,690	94,690
Reserves	589,881	569,795	538,702	512,266	492,817
Non controlling interest	380	388	702	665	675
Total equity	684,951	664,873	634,094	607,621	588,182



	2023	2022	2021	Restated 2020 (ii)	2019
	\$000	\$000	\$000	\$000	\$000
Represented by:					
Current assets	276,405	224,096	208,477	193,677	164,412
Less current liabilities	180,386	139,888	118,549	120,808	114,380
Working capital	96,019	84,208	89,928	72,869	50,032
Property, plant and equipment	227,254	193,032	167,660	157,143	141,774
Right-of-use assets ⁽ⁱ⁾	40,334	37,574	35,655	40,381	–
Investments	4,383	3,938	4,096	4,050	1,831
Biological assets (non current)	18,226	19,019	18,286	25,806	20,074
Intangible assets	493,196	493,096	497,132	494,973	493,111
Derivative financial instruments	12,515	6,925	9,051	10,306	11
	891,927	837,792	821,808	805,528	706,833
Less non-current liabilities	206,976	172,919	187,714	197,908	118,651
Total net assets	684,951	664,873	634,094	607,620	588,182
Dividend per share (cents)	12 [†]	10 [†]	–	5 [†]	23 [†]
Dividend cover (times)	0.9	6.0 [†]	–	1.0 [†]	1.9 [†]
Return on average total equity	1.5%	8.6%	2.6%	3.2%	7.1%
Earnings per share (cents)	10.7	59.8	17.4	20.8	44.6
Net asset backing per share	\$7.32	\$7.10	\$6.77	\$6.49	\$6.28

* Adjusted EBITDA: Earnings before interest, taxation, depreciation, amortisation, restructuring costs, impairment of assets, software as a service (SaaS) expenditure, other one off items and net gain on sale of investments, intangible and long-term assets.

** Adjusted EBIT: Adjusted EBITDA after depreciation and amortisation.

† Includes the dividends proposed after balance date.

(i) 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 2023 are not consistent with 2019.

(ii) 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 2023

FINANCIAL STATEMENTS 2023

The Directors are pleased to present the Financial Statements of the Group for the year ended 30 September 2023.

For and on behalf of the Board of Directors:

Sir Robert A McLeod
Chairman

13 November 2023

Fiona Mackenzie
Director

13 November 2023

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**INCOME STATEMENT**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 \$000	2022 \$000
Revenue	4	553,397	531,887
Cost of sales		(444,760)	(435,033)
Gross profit		108,637	96,854
Other income	14	7,500	48,267
Distribution expenses		(14,762)	(12,326)
Administrative expenses	5	(37,877)	(36,877)
Other expenses	5	(32,744)	(24,923)
Operating profit		30,754	70,995
Finance income	6	958	402
Finance expense	6	(14,480)	(9,133)
Net finance expense		(13,522)	(8,731)
Share of profit of equity accounted investees	13	250	200
Profit before income tax		17,482	62,464
Income tax expense	7	(7,471)	(6,692)
Profit for the year		10,011	55,772

	Note	2023 \$000	2022 \$000
Profit attributable to:			
Equity holders of the Company		10,016	55,894
Non controlling interest		(5)	(122)
		10,011	55,772
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	10.7	59.8



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023 \$000	2022 \$000
Profit for the year (after tax)	10,011	55,772
Other comprehensive income		
<i>Items that may be reclassified to the income statement</i>		
Foreign currency translation differences	183	573
Change in fair value of cash flow hedges recognised in other comprehensive income	34,270	(34,972)
Deferred tax on cash flow hedges	(9,596)	9,792
Cost of hedging losses recognised in other comprehensive income	440	(425)
Deferred tax on cost of hedging	(123)	119
<i>Items that may not be reclassified to the income statement</i>		
Amount of treasury share cost (recovered)/expensed in relation to share-based payment	(143)	121
Other comprehensive income (loss) for the year	25,030	(24,792)
Total comprehensive income for the year	35,042	30,980
Total comprehensive income for the year is attributable to:		
Equity holders of the Company	35,047	31,093
Non controlling interest	(5)	(113)
Total comprehensive income for the year	35,042	30,980

**STATEMENT OF FINANCIAL POSITION**

AS AT 30 SEPTEMBER 2023

	Note	2023 \$000	2022 \$000
Current assets			
Cash on hand and at bank	8	6,805	9,534
Trade receivables	9	104,921	88,206
Derivative financial instruments	18	6,170	3,901
Other receivables and prepayments		8,352	11,073
Biological assets	10	48,300	44,211
Inventories	11	83,029	67,171
Assets held for sale	20	18,828	–
Total current assets		276,405	224,096
Non-current assets			
Property, plant and equipment	12	227,254	193,032
Right-of-use assets	19	40,334	37,574
Investments	13	4,383	3,938
Derivative financial instruments	18	12,515	6,925
Biological assets	10	18,226	19,019
Intangible assets	14	493,196	493,096
Total non-current assets		795,908	753,584
Total assets		1,072,313	977,680

	Note	2023 \$000	2022 \$000
Current liabilities			
Bank overdraft and borrowings (secured)	8	58,000	45,000
Derivative financial instruments	18	6,138	23,872
Trade and other payables	15	87,373	54,585
Taxation payable		3,625	4,766
Lease obligation	19	11,518	11,665
Liabilities held for sale	20	13,732	–
Total current liabilities		180,386	139,888
Non-current liabilities			
Bank loans (secured)	18	145,000	110,000
Contributions received in advance		1,878	2,219
Employee entitlements	15	1,358	1,244
Derivative financial instruments	18	2,262	14,642
Deferred taxation	7	26,996	17,968
Lease obligation	19	29,482	26,846
Total non-current liabilities		206,976	172,919
Total liabilities		387,362	312,807
Equity			
Paid in capital		94,690	94,690
Retained earnings		581,016	585,961
Other reserves		8,865	(16,166)
Shareholder funds		684,571	664,485
Non controlling interest		380	388
Total equity	16	684,951	664,873
Total equity and liabilities		1,072,313	977,680



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 \$000	2022 \$000
Cash flows from operating activities			
Receipts from customers		570,872	549,168
Interest received		958	402
Payments to suppliers and employees		(506,716)	(493,670)
Income tax paid		(9,156)	(1,619)
Interest paid		(14,905)	(9,377)
Net cash flows from operating activities		41,053	44,904
Cash flows from investing activities			
Sale of property, plant and equipment	12	578	11
Sale of intangible asset - quota	14	–	52,739
Sale of investments	13	–	115
Dividends received from investments	13,22	152	250
Purchase of property, plant and equipment and intangible assets	12,14	(64,412)	(53,442)
Acquisition of shares in other companies	13,22	(347)	(12)
Net cash flows used in investing activities		(64,029)	(339)

	Note	2023 \$000	2022 \$000
Cash flows from financing activities			
Proceeds from borrowings		60,000	67,500
Repayment of term loans		(25,000)	(85,000)
Dividends paid to Company shareholders	17	(14,961)	–
Dividends paid to non controlling interest shareholders		(3)	(201)
Lease payments		(12,360)	(11,359)
Net cash flows from/(used in) financing activities		7,676	(29,060)
Net (decrease)/increase in cash and cash equivalents		(15,300)	15,505
Effect of exchange rate fluctuations on cash held		(429)	103
Cash and cash equivalents at beginning of year		(35,466)	(51,074)
Cash and cash equivalents at 30 September		(51,195)	(35,466)
Represented by:			
Bank overdraft and borrowings (secured)		(58,000)	(45,000)
Cash on hand and at bank		6,805	9,534
	8	(51,195)	(35,466)

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Reconciliation of profit for the period with net cash flows from operating activities

		2023	2022
	Note	\$000	\$000
Profit for the year (after tax)		10,011	55,772
Adjustments for non-cash items:			
Depreciation and amortisation		32,142	28,086
Depreciation - Annual Catching Entitlements (ACE)	19	6,882	6,805
Impairment of assets held for sale	20	750	974
Impairment of property, plant and equipment	5,12	479	327
Impairment of intangible	5,14	189	-
Share-based payment (recovered)/expensed		(143)	121
Share of profit of equity accounted investees	13	(250)	(200)
Change in fair value of biological assets	10	(3,296)	(4,704)
Change in fair value of forward exchange contracts and foreign currency options		(3,243)	5,074
Decrease in deferred tax	7	(691)	(140)
Decrease in contributions received in advance		(341)	(357)
Unrealised foreign exchange loss/(gains)		3,993	(5,814)
Other		(65)	-
		36,406	30,172

		2023	2022
	Note	\$000	\$000
Movement in working capital			
Decrease/(increase) in trade and other receivables and prepayments		(17,341)	(14,810)
(Increase)/decrease in inventories		(15,878)	8,380
Increase in trade and other payables and other liabilities		28,886	3,883
(Decrease)/increase in taxation payable		(996)	5,123
		(5,329)	2,576
Items classified as investing activities			
(Gain)/loss on sale of property, plant and equipment	12	(35)	38
Gain on sale of intangible asset	14	-	(43,654)
		(35)	(43,616)
Net cash flows from operating activities		41,053	44,904



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Reconciliation of movement of liabilities to cash flows arising from financing activities

		Lease Obligation \$000	Bank Loans (secured) \$000	Derivative Financial Liabilities \$000	Total \$000
As at 1 October 2022		38,511	110,000	27,688	176,199
Lease payments	19	(12,360)	–	–	(12,360)
Proceeds from bank loans		–	60,000	–	60,000
Repayment of bank loans		–	(25,000)	–	(25,000)
Financing cash flows		(12,360)	35,000	–	22,640
New leases, net of settlements	19	31,425	–	–	31,425
Terminations of leases	19	(2,573)	–	–	(2,573)
Lease obligations classified as held for sale	19	(13,732)	–	–	(13,732)
Effect of movement in exchange rates	19	(271)	–	–	(271)
Change in fair value of derivative financial instruments		–	–	(37,973)	(37,973)
As at 30 September 2023		41,000	145,000	(10,285)	175,715
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)
New leases, net of settlements	19	13,483	–	–	13,483
Terminations of leases	19	(125)	–	–	(125)
Effect of movement in exchange rates	19	103	–	–	103
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

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	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
Balance at 1 October 2022		94,690	143	902	(17,105)	(106)	585,961	664,485	388	664,873
Profit for the year (after tax)		–	–	–	–	–	10,016	10,016	(5)	10,011
Other comprehensive income										
Foreign currency translation differences		–	–	183	–	–	–	183	–	183
Hedging (gains)/losses recognised in other comprehensive income		–	–	–	34,270	440	–	34,710	–	34,710
Deferred tax on change in reserves		–	–	–	(9,596)	(123)	–	(9,719)	–	(9,719)
Amount of treasury share cost recovered in relation to share-based payment		–	(143)	–	–	–	–	(143)	–	(143)
Total comprehensive income		–	(143)	183	24,674	317	10,016	35,047	(5)	35,042
Distributions to non controlling shareholders		–	–	–	–	–	–	–	(3)	(3)
Distributions to shareholders	17	–	–	–	–	–	(14,961)	(14,961)	–	(14,961)
Balance at 30 September 2023		94,690	–	1,085	7,569	211	581,016	684,571	380	684,951
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 (gains)/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		–	–	–	–	–	–	–	(201)	(201)
Distributions to shareholders	17	–	–	–	–	–	–	–	–	–
Balance at 30 September 2022		94,690	143	902	(17,105)	(106)	585,961	664,485	388	664,873



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 2023. 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 cost and net realisable value
- Assets held for sale are measured at the lower of fair value less cost to sell and carrying value

(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:

- Valuation of deferred tax assets and liabilities (refer note 7)
- Valuation of biological assets (refer note 10)
- Valuation of inventories (refer note 11)
- Impairment testing of property, plant and equipment (refer note 12)
- Impairment testing of intangible assets (refer note 14)
- Valuation of financial instruments (refer note 18)
- Determination of lease term and incremental borrowing rates (refer note 19)

Estimates are designated by a  symbol in the notes to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

New standards and interpretations effective from 1 October 2022 are not applicable to the Group.

A number of new standards and interpretations effective at 30 September 2023 (for annual periods beginning 1 January 2023 and 2024) are not mandatory for the Group but are available for early adoptions. No new standards and interpretations have been early adopted. The impact of these new standards and interpretations on the financial statements has not been assessed. These standards will be mandatory for the Group in the financial year ended 30 September 2024.

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, due to the aggregated manner in which performance is monitored.

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.

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 seven (2022: six) 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 3 – SEGMENT REPORTING (continued)

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.

Revenue by geographical location of customers

	2023	2022
	\$000	\$000
New Zealand	192,577	194,625
North America	113,123	91,081
China	68,787	75,530
Europe	67,522	59,772
Australia	45,444	63,218
Other Asia	28,859	17,176
Japan	13,569	13,875
South Korea	9,202	6,357
Middle East	6,102	6,895
Hong Kong	3,927	2,291
Central and South America	2,288	604
Africa	1,136	420
Pacific	861	43
Revenue	553,397	531,887

The revenue information above is based on the delivery destination of sales.

The Group has two customers who both account for more than 10% of total sales for the year (2022: two customers).

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.

Revenue in relation to contract assets:

Of the revenue recognised this year \$1.3m (2022: \$0.1m) was originating from contract assets due to performance obligations being satisfied before end of the year. The group recognises this revenue from the satisfaction of performance obligations prior to consideration received from these customers, in line with the above. Additionally, the payment terms for these assets are also in line with the above.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 5 – EXPENSES

	Note	2023 \$000	2022 \$000
(a) Administrative and other expenses includes			
Audit fees – KPMG		429	307
Audit fees – other auditors (for audit of Group companies)		53	66
KPMG fees for other services [†]		68	58
Impairment of intangible assets	14	189	974
Impairment of held for sale assets	20	750	–
Impairment of property, plant and equipment	12	479	327
Restructuring costs		5,544	345
Research and development		663	1,109
(b) Personnel expenses included in cost of sales, administrative and distribution expenses			
Wages and salaries (including short-term employee benefits)		136,089	128,128

[†] KPMG fees of \$68,000 for other services are in respect of a limited assurance engagement relating to selected sustainability information included in the Sanford annual report (2022: \$58,000).

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 and impairment losses recognised on financial assets (except for trade receivables), as well as non-trading currency exchange losses.

	Note	2023 \$000	2022 \$000
Finance income			
Interest income		958	402
		958	402
Finance expense			
Interest expense on bank loans and bank overdraft		11,939	8,072
Interest expense on leases	19	2,541	1,061
		14,480	9,133
Net finance expense		13,522	8,731



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

7.1 Income tax expense

	2023	2022
	\$000	\$000
Current period	8,109	7,536
Adjustments for prior periods	53	(704)
	8,162	6,832
Deferred tax expense		
Origination and reversal of temporary differences	(645)	(960)
Adjustments for prior periods	(46)	820
	(691)	(140)
Income tax expense	7,471	6,692
Reconciliation of effective tax rate		
Profit for the year	10,011	55,772
Income tax expense	7,471	6,692
Profit before income tax	17,482	62,464
Tax at current rate of 28%	4,895	17,490
Non-deductible expenses	535	430
Gain from sale of intangible assets – quota	–	(12,979)
Capitalised asset timing differences	179	(34)
Non-taxable income	–	(55)
Impairment of goodwill	–	273
Unrecognised tax losses	1,876	1,376
Adjustments for prior periods	19	116
Different foreign tax rate	(102)	75
Other	69	–
	2,576	(10,798)
Income tax expense	7,471	6,692
Imputation credit account		
Imputation credits available for use in subsequent reporting periods	58,009	54,886

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 2023

NOTE 7 – TAXATION (continued)**7.2 – Deferred tax**

	2023			
	Balance 30 September 2022	Recognised in Income Statement	Recognised in Other Comprehensive Income	Balance 30 September 2023
	\$000	\$000	\$000	\$000
Movement in temporary differences during the year				
Property, plant and equipment	5,897	(1,530)	–	4,367
Intangible assets	14,021	(408)	–	13,613
Trade receivables	(31)	(77)	–	(108)
Derivative financial instruments	(6,694)	–	9,719	3,025
Biological assets	7,833	2,190	–	10,023
Other liabilities	(3,058)	(866)	–	(3,924)
Net deferred tax liability	17,968	(691)	9,719	26,996



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 7 – TAXATION (continued)

7.2 – Deferred tax (continued)

	2022		
	Balance 1 October 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	-
Intangible assets	15,539	(1,518)	-
Trade receivables	(137)	106	-
Derivative financial instruments	3,217	-	(9,911)
Biological assets	6,175	1,658	-
Other liabilities	(2,351)	(707)	-
Net deferred tax liability	28,019	(140)	(9,911)
			17,968

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 respect of the following item because it is not probable that future taxable profit will be available against which the Group can utilise the benefits. There is no expiry time for the use of these tax losses.

	2023 \$000	2022 \$000
Unrecognised deferred tax asset		
Tax losses attributable to the joint operation	21,004	13,918



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

	2023	2022
	\$000	\$000
Cash on hand and at bank	6,805	9,534
Bank overdraft and borrowings (secured)	(58,000)	(45,000)
	(51,195)	(35,466)

Borrowings are all denominated in NZD and expire in April 2024 (2022: April 2023).

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.

	2023	2022
	\$000	\$000
Gross trade receivables	105,367	88,367
Less: Allowance for doubtful debts (refer to note 18(a))	(446)	(161)
	104,921	88,206



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

	2023		
	Mussels \$000	Salmon \$000	Total \$000
Balance at beginning of year	26,922	36,308	63,230
Changes due to biological transformation and movement in fair value less estimated costs to sell	21,871	10,827	32,698
Harvested produce transferred to inventories	(23,126)	(6,276)	(29,402)
Balance at 30 September 2023	25,667	40,859	66,526
Current	14,352	33,948	48,300
Non-current	11,315	6,911	18,226
	25,667	40,859	66,526

	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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 Group is exposed to financial risks relating to the production of biological assets (salmon and mussels) arising from climate change volatility, climatic events, disease and contamination of water space.

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 \$6.7m (2022: 10% increase/decrease \$6.2m). 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 \$6.3m (2022: 10% increase/ decrease \$5.4m).

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 grow out 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 2023

NOTE 11 – INVENTORIES

P 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.

	2023	2022
	\$000	\$000
Seafood – at cost	70,694	51,230
Net realisable value provision	(3,202)	(3,071)
	67,492	48,159
Packaging, fishing gear, fuel and stores – at cost	15,537	19,012
	83,029	67,171

The cost of inventories recognised as an expense for the year ended 30 September 2023 is \$358.5m (2022: \$300.5m).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT



Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Property, plant and equipment are allocated to the respective cash generating units for the purpose of impairment testing.

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 \$67.5m is included within the relevant category of property, plant and equipment below (2022: \$47.1m).

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:

	2023	2022
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
Machinery and plant	1–10	1–10
Motor vehicles	5	5
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 2023

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT (continued)

	2023					
	Land \$000	Freehold Buildings \$000	Leasehold Buildings \$000	Fishing Vessels \$000	Plant and Equipment \$000	Total \$000
Balance at beginning of year	2,252	22,108	66,821	253,899	150,317	495,397
Additions	57	–	1,409	49,942	14,992	66,400
Disposals	–	–	(2,569)	(1)	(1,283)	(3,853)
Assets classified as held for sale (Net of impairment)	–	–	–	(12,805)	(1,332)	(14,137)
Impairment	–	–	–	–	(479)	(479)
Effect of movements in exchange rates	–	–	–	–	(63)	(63)
Balance at end of year	2,309	22,108	65,601	291,035	162,152	543,265
Accumulated depreciation and impairment						
Balance at beginning of year	–	(7,354)	(33,580)	(156,662)	(104,769)	(302,365)
Depreciation	–	(630)	(2,034)	(15,636)	(6,059)	(24,359)
Assets classified as held for sale (Net of impairment)	–	–	–	6,441	963	7,404
Disposals	–	–	2,130	–	1,179	3,309
Balance at end of year	–	(7,984)	(33,484)	(165,857)	(108,685)	(318,011)
Net book value at 30 September 2023	2,309	14,124	32,177	125,178	53,466	227,254

Assets held for sale

Refer to note 20 on information regarding assets held for sale.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

**Commitments**

The estimated capital expenditure for property, plant and equipment contracted for at reporting date but not provided is \$22.4m for the Group (2022: \$5.0m).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

	2023 \$000	2022 \$000
Equity accounted investees		
(a) Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:		
Current assets	5,021	3,683
Non-current assets	6,136	5,400
Total assets	11,157	9,083
Current liabilities	795	802
Non-current liabilities	2,058	2,009
Total liabilities	2,853	2,811
Revenue	7,355	5,866
Expenses	(7,044)	(5,481)
Profit	311	385
(b) Movements in carrying value of equity accounted investees:		
Balance at beginning of year	3,834	3,999
Sale of investment	–	(115)
Share of profit	250	200
Dividends received from associates	(152)	(250)
Acquisition of shares in associate	347	–
Balance at 30 September	4,279	3,834
Other investments		
Shares in other companies	104	104
	4,383	3,938



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 allocation. 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 and development 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 processed, is capitalised if the product of 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 2023

NOTE 14 – INTANGIBLE ASSETS (continued)

	2023					
	Fishing Quota \$000	Marine Farm Licences \$000	Goodwill \$000	Intellectual Property \$000	Computer Software \$000	Total \$000
Cost						
Balance at beginning of year	387,100	102,654	4,481	3,660	8,887	506,782
Additions	–	–	–	–	1,711	1,711
Assets classified as held for sale	–	(38)	–	–	–	(38)
Impairment	(189)	–	–	–	–	(189)
Effect of movements in exchange rates	(10)	–	(106)	–	–	(116)
Balance at end of year	386,901	102,616	4,375	3,660	10,598	508,150
Accumulated amortisation and impairment						
Balance at beginning and end of year	(9,333)	(1,244)	(974)	(2,135)	–	(13,686)
Amortisation	–	–	–	(732)	(536)	(1,268)
Balance at end of year	(9,333)	(1,244)	(974)	(2,867)	(536)	(14,954)
Carrying amount at 30 September 2023	377,568	101,372	3,401	793	10,062	493,196

Assets held for sale

Refer to note 20 on information regarding assets held for sale.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 14 – INTANGIBLE ASSETS (continued)

	2022					
	Fishing Quota	Marine Farm Licences	Goodwill	Intellectual Property	Computer Software	Total
	\$000	\$000	\$000	\$000	\$000	\$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

Sale of crayfish quota in areas CRA2, CRA7 and CRA8 in the year ended 30 September 2022

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 2022 income statement.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 2023 the Group's market capitalisation was \$364m (2022: \$391m) and the carrying value of its net assets was \$685m (2022: \$665m). 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:

- Recent economic challenges such as Covid, shortfalls of labour in New Zealand and rising costs on the business, have resulted in significant falls in earnings in the 2020 and 2021 years, with positive gains made in 2022 and this year; these trading profits are still not at pre-Covid performances. However, management do not consider that the share price factors in rising global seafood prices, continuing strong demand, and the likelihood of profitability improving across the business, but specifically for the aquaculture cash generating unit, worst hit by the past economic challenges.
- The likelihood that the market value of the Group's New Zealand fishing quota (recognised within the wildcatch cash generating unit) materially exceeds its carrying value. In 2022 the sale of CRA2, CRA7 and CRA8 quota realised a consideration of \$52.7m whereas the carrying value was \$8.3m. For 2023 management have obtained an updated 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.

Recently management obtained an updated 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:

	2023			
	Fishing Quota	Marine Farm Licences	Goodwill	Total
	\$000	\$000	\$000	\$000
New Zealand Wildcatch	376,529	–	–	376,529
New Zealand Aquaculture	846	101,372	1,458	103,676
Australian Seafood	193	–	1,943	2,136
	377,568	101,372	3,401	482,341

	2022			
	Fishing Quota	Marine Farm Licences	Goodwill	Total
	\$000	\$000	\$000	\$000
New Zealand Wildcatch	376,718	–	–	376,718
New Zealand Aquaculture	846	101,410	1,458	103,714
Australian Seafood	203	–	2,049	2,252
	377,767	101,410	3,507	482,684



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 14 – INTANGIBLE ASSETS (continued)

14.2 Cash Generating Units (continued)

Wildcatch and Aquaculture - impairment testing and assumptions



Impairment testing and assumptions

Based on impairment testing undertaken in the current year, no impairment is required for New Zealand 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 7.8% and 8.8% (2022: 6.8% and 7.6%) were applied; the midpoint being 8.3% (2022: 7.2%). Future cash flows were projected for 5 years and a terminal growth rate of 2.25% (2022: 2%) was applied.

Key assumptions for earnings and capital expenditure are based on actual historical results and the 2024 budget approved by the Board, and Sanford's strategy. The 2024 budget assumption is largely based on earnings returning to levels evidenced in 2017 to 2019 as well as other strategic initiatives. The Aquaculture CGU assumes that for the FY25-FY28 period the CAGR of earnings is 10.8% and for the equivalent period for the New Zealand wildcatch CGU the CAGR of earnings is 3.9%. The New Zealand wildcatch CGU assumes positive earnings growth associated with the sale of much of Sanford's North Island inshore Annual Catch entitlement to Moana New Zealand, which provides an annuity-like revenue stream to this CGU. 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 value by \$190m (2022: \$129m) and aquaculture by \$88m (2022: \$125m).

Sensitivity analysis - impairment testing



The Group has conducted 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 in the New Zealand wildcatch and aquaculture CGUs are not sensitive to reasonably possible changes in assumptions of the group's terminal growth and discount rates. However, the recoverable amounts are sensitive to reasonably possible changes in assumptions of the group's earnings growth expectations. For the aquaculture CGU, if the FY24 budget earnings assumption was assumed to continue with no growth through to FY28, then the carrying amount would approximately equal the recoverable amount. For the New Zealand Wildcatch CGU earnings would have to fall by a CAGR of 2.6% over the modelled period for the carrying amount to equal the recoverable amount.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.



There was no impairment in 2023 but in 2022 the Group impaired \$1.0m of goodwill associated with the acquisition of retail space lease acquired in 2015.

Sanford's goodwill balance of \$3.4m 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. 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. The estimated useful life for computer software is between 3-10 years.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

Provisions

The Group recognises a provision when the Group has a present obligation – legal or constructive – as a result of a past event, it is more likely than not that the resulting liability from the obligation will be required to be settled, and the amount required to settle can be reliably estimated.

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.

	2023	2022
	\$000	\$000
Current liabilities		
Trade payables	29,226	15,413
Other payables and accruals	45,943	28,270
Employee entitlements	8,585	10,902
Restructuring provision	3,619	–
	87,373	54,585
Non current liabilities		
Employee entitlements	1,358	1,244
	1,358	1,244

Within Other payables and accruals is a provision for redundancy of \$3.6m arising from the Group's intended closure of the Auckland processing factory, which is part of the sale of Sanford's North Island inshore catch rights and ancillary assets (refer to note 20). The provision is expected to be settled within 12 months of balance date.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 contains the cumulative net change in fair value on foreign currency options which are excluded from the hedge designations of foreign currency risk.

(d) Share capital and earnings per share

	Ordinary Shares	
	2023	2022
	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.

The calculation of basic earnings per share (EPS) at 30 September 2023 was based on the profit attributable to ordinary shareholders of \$10.3m (2022: \$55.9m) and a weighted average number of ordinary shares outstanding of 93,506,137 (2022: 93,506,137). The EPS for 2023 is 10.7 cents (2022: EPS was 59.8 cents).

(e) Treasury shares and the Long-term incentive scheme

In 2014, Sanford established a long-term incentive plan (the LTI plan) for the CEO role. This was subsequently updated with the 2021 LTI plan. The LTI plan is designed to improve the performance of the Group by incentivising and motivating the former CEO. This involved the group purchasing treasury shares pursuant to the terms of the LTI plan. The Group has not acquired any Sanford Limited shares in 2023 for the purposes of the LTI plan (2022: no shares acquired). The treasury shares held at 30 September 2023 was 120,598 shares (2022: 120,598 shares).

NOTE 17 – DIVIDENDS

	2023	2022
	\$000	\$000
The following dividends were declared and paid by the Company for the year ended 30 September:		
– Final dividend in respect of the 2022 year was 10 cents per share (2021: nil)	9,351	–
– Interim dividend in respect of the 2023 half year was 6 cents per share (2022 half year: nil)	5,610	–
	14,961	

On 13 November 2023, the Board declared a final dividend for the year ended 30 September 2023 of 6 cents per share.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 2023

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 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:

	2023	2022
	\$000	\$000
New Zealand	72,223	40,448
North America	16,098	20,763
Europe	15,611	14,562
Australia	2,698	3,203
Japan	1,646	3,329
Other	3,665	9,710
Trade and other receivables	111,941	92,015

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 18 – FINANCIAL INSTRUMENTS (continued)**(a) Credit risk (continued)**

The status of trade receivables at the reporting date is as follows:

	Gross receivables	Allowance for doubtful debts	Gross receivables	Allowance for doubtful debts
	2023	2023	2022	2022
	\$000	\$000	\$000	\$000
Not past due	75,714	–	75,843	–
Past due 0 – 30 days	23,297	–	11,737	–
Past due 31 – 120 days	5,241	(38)	222	(111)
Past due 121 – 365 days	1,115	(408)	494	(50)
Past due more than 1 year	–	–	71	–
	105,367	(446)	88,367	(161)

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 2023

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.

	2023						
	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	145,000	172,740	4,812	4,812	9,599	153,517	–
Trade payables	29,226	29,226	29,226	–	–	–	–
Other payables	45,943	45,943	45,943	–	–	–	–
Bank overdraft and borrowings	58,000	60,159	1,855	58,304	–	–	–
Total non-derivative liabilities	278,169	308,068	81,836	63,116	9,599	153,517	–
Foreign currency options	300	833	833	–	–	–	–
Forward exchange contracts	(314)	(489)	1,619	1,204	(1,176)	(2,136)	–
Interest rate swaps	(7,161)	(8,246)	(1,468)	(1,530)	(2,471)	(2,661)	(116)
Fuel swaps	(3,110)	(3,177)	(2,712)	(214)	(251)	–	–
Total derivative liabilities (assets)	(10,285)	(11,079)	(1,728)	(541)	(3,898)	(4,797)	(116)

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 18 – FINANCIAL INSTRUMENTS (continued)**(b) Liquidity risk (continued)**

	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)

Facilities

On 28 April 2023, the secured term loans and working capital facilities expiring on 30 April 2023 were extended to 30 April 2024 (working capital facilities) and 30 April 2028 (secured term loan). On 28 April 2023 the Group restructured its loan portfolio such that the total banking facility limit was reduced from \$270 million to \$250 million. The increased facility limit was required in 2020, it was increased due to the uncertainty of cash requirements arising from Covid-19 at that time.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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:

	2023		
	Facility \$000	Expiry date	Balance \$000
Current liabilities			
Borrowings (secured)	85,000	April 2024	58,000
Non-current liabilities			
Bank loans (secured)			
4.5 year facility	40,000	November 2025	40,000
3 to 5 year facility	95,000	April 2026	75,000
5 year facilities	30,000	April 2028	30,000
	250,000		203,000

	2022		Balance \$000
	Facility \$000	Expiry date	
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

Interest rates

Interest rates on the above loans ranged from 6.30% - 6.79% (2022: 3.65% - 5.08%).

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, which include interest cover ratio, gearing ratio and ratios of assets and EBITDA between Sanford and the Guaranteeing Group. The Group has complied with all covenants during the period (September 2022: all covenants were complied with).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 2023

NOTE 18 – FINANCIAL INSTRUMENTS (continued)

(c) Market risk (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 rate 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 contracts is estimated using forward fuel prices at reporting date.

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 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 valuation adjustments and timing of cash flows. No ineffectiveness arose on cash flow hedges of interest rate risk during the year (2022: none).

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 18 – FINANCIAL INSTRUMENTS (continued)**(c) Market risk (continued)**

Interest-bearing variable rate instruments and related derivatives reprice as follows:

	2023					
	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	6,805	6,805	–	–	–	–
Bank overdraft and borrowings	(58,000)	(58,000)	–	–	–	–
Bank loans	(145,000)	(145,000)	–	–	–	–
Interest rate swaps						
Notional cash inflows	122,000	122,000	–	–	–	–
Notional cash outflows	(122,000)	–	(5,000)	(42,000)	(55,000)	(20,000)
Total variable rate	(196,195)	(74,195)	(5,000)	(42,000)	(55,000)	(20,000)

	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)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

	2023					
	Nominal	Weighted average rate	Carrying amounts		Change in fair value used to measure ineffectiveness	Cash flow hedge reserve
			Assets	Liabilities		
Cash flow hedges	\$000		\$000	\$000	\$000	\$000
Interest rate risk						
Hedged item: NZD floating rate exposure on borrowings	(203,000)	6.72%	n/a	n/a	(7,194)	n/a
Hedging instrument: Interest rate swaps	(122,000)	3.34%	7,161	–	7,161	(7,161)
	2022					
	Nominal	Weighted average rate	Carrying amounts		Change in fair value used to measure ineffectiveness	Cash flow hedge reserve
			Assets	Liabilities		
Cash flow hedges	\$000		\$000	\$000	\$000	\$000
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)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 (2022: none).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 18 – FINANCIAL INSTRUMENTS (continued)

(c) Market risk (continued)

As at 30 September 2023, the Group's exposure to foreign currency risk for the next 12 months can be summarised as follows:

	2023				
	USD	AUD	JPY	EUR	GBP
(figures are NZD)	\$000	\$000	\$000	\$000	\$000
Cash (overdraft)	1,579	1,399	311	62	63
Trade receivables	72,296	4,306	1,646	215	–
Trade payables	(5,129)	(7,033)	–	(689)	(37)
Net statement of financial position exposure before hedging activity	68,746	(1,328)	1,957	(412)	26
Forecast net receipts	200,642	9,158	6,429	(14,675)	–
Net cash flow exposure before hedging activity	269,388	7,830	8,386	(15,087)	26
Forward exchange contracts and options	(197,330)	(7,289)	(5,859)	12,647	–
Net un-hedged exposure	72,058	541	2,527	(2,440)	26

	2022				
	USD	AUD	JPY	EUR	GBP
(figures are NZD)	\$000	\$000	\$000	\$000	\$000
Cash (overdraft)	1,103	(867)	5	15	9
Trade receivables	48,793	876	3,329	1,081	201
Trade payables	(4,876)	(3,140)	–	(22)	(6)
Net statement of financial position exposure before hedging activity	45,020	(3,131)	3,334	1,074	204
Forecast net receipts	179,211	11,905	8,451	–	–
Net cash flow exposure before hedging activity	224,231	8,774	11,785	1,074	204
Forward exchange contracts and options	(156,548)	(8,616)	(8,890)	–	–
Net un-hedged exposure	67,683	158	2,895	1,074	204

Forecast net receipts for USD, AUD and Euro comprise net of purchases in the respective currencies.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

	2023				
	Nominal	Carrying amounts assets	Carrying amounts liabilities	Change in fair value used to measure ineffectiveness	Cash flow hedge reserve
Cash flow hedges*	\$000	\$000	\$000	\$000	\$000
Foreign currency risk					
Hedged item: Forecast transactions denominated in foreign currencies	386,038	n/a	n/a	(228)	n/a
Hedging instruments: Forward exchange contracts	382,704	7,933	(6,881)	1,266	(1,266)
Hedging instruments: Foreign currency options	3,333	–	(149)	(149)	149
	2022				
	Nominal	Carrying amounts assets	Carrying amounts liabilities	Change in fair value used to measure ineffectiveness	Cash flow hedge reserve
Cash flow hedges*	\$000	\$000	\$000	\$000	\$000
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

* Includes all hedges of forecast future transactions.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 80% (2022: 75%) 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 (2022: 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:

	2023			
	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	3,957	(20,869)	(299)	(17,211)
Changes in cash flow hedge reserve	1,665	29,080	3,525	34,270
Changes in cost of hedging reserve	–	440	–	440
Taxation on reserve movements	(466)	(8,266)	(987)	(9,719)
Balance at the end of the year	5,156	385	2,239	7,780

	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)

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

	2023		2022	
	\$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	2,816	(4,624)	3,308	(3,106)
Sensitivity to changes in foreign exchange rates				
10% change in foreign exchange rates	25,653	(30,088)	27,218	(31,386)
Sensitivity to changes in fuel prices				
10% change in fuel prices	2,009	(1,875)	2,736	(1,906)
Impact on profit after tax:				
Sensitivity to changes in interest rates				
100 bp change in interest rates	83	(207)	119	(128)
Sensitivity to changes in foreign exchange rates				
10% change in foreign exchange rates	2,918	(3,185)	745	(468)

(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

	2023	2022
	\$000	\$000
Derivative assets	18,685	10,826
Derivative liabilities	(8,400)	(38,514)
Net amount	10,285	(27,688)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

	Note	2023				
		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		25,495	8,737	27,696	7,810	69,738
Additions		6,635	11,081	12,624	1,367	31,707
Disposals		(3,332)	(1,649)	(1,209)	(139)	(6,329)
Transfer to Assets held for sale	20	(16,621)	–	–	–	(16,621)
Effect of movement in exchange rates		(20)	–	–	–	(20)
Balance at end of year		12,157	18,169	39,111	9,038	78,475
Accumulated depreciation and impairment						
Balance at beginning of year		(5,513)	(2,171)	(20,498)	(3,982)	(32,164)
Depreciation		(2,100)	(3,125)	–	(1,314)	(6,539)
Depreciation – ACE		–	–	(6,882)	–	(6,882)
Disposals		1,134	1,141	1,209	131	3,615
Transfer to Assets held for sale	20	3,814	–	–	–	3,814
Effect of movement in exchange rates		15	–	–	–	15
Balance at end of year		(2,650)	(4,155)	(26,171)	(5,165)	(38,141)
Net book value at 30 September 2023		9,507	14,014	12,940	3,873	40,334

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 19 – RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)**(a) Right of use assets (continued)**

	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

**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 (2022: none).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 2023

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 3 and 5 years, and is renegotiated periodically based on commercial rates. Marine farm licence leases are for periods of between one 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 2023

NOTE 19 – RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)

(b) Lease liabilities (continued)

Amounts recognised as lease liabilities are presented below.

	Note	2023					2022				
		Land and Buildings	Plant and Equipment	Annual Catch Entitlement (ACE)	Marine Farm Licences	Total	Land and Buildings	Plant and Equipment	Annual Catch Entitlement (ACE)	Marine Farm Licences	Total
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at beginning of year		20,946	6,686	7,208	3,671	38,511	21,745	2,510	7,277	4,877	36,409
Additions		6,516	10,927	12,624	1,358	31,425	803	5,776	6,807	97	13,483
Interest cost		994	604	801	142	2,541	818	91	7	145	1,061
Repayments of principal and interest		(2,780)	(3,441)	(7,225)	(1,455)	(14,901)	(2,428)	(1,661)	(6,883)	(1,448)	(12,420)
Terminations		(2,214)	(359)	–	–	(2,573)	–	(125)	–	–	(125)
Transfer to Liabilities held for sale	20	(13,732)	–	–	–	(13,732)	8	95	–	–	103
Effect of movement in exchange rates		(5)	(266)	–	–	(271)					
Balance at end of year		9,724	14,151	13,409	3,716	41,000	20,946	6,686	7,208	3,671	38,511
Represented by:											
Current		974	3,329	6,498	717	11,518	1,705	1,634	7,209	1,117	11,665
Non-current		8,750	10,822	6,911	2,999	29,482	19,240	5,052	–	2,554	26,846
		9,724	14,151	13,409	3,716	41,000	20,945	6,686	7,209	3,671	38,511



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 19 – RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)

(b) Lease liabilities (continued)

Present value of future rentals payable

	2023			2022		
	Principal	Interest	Gross	Principal	Interest	Gross
	\$000	\$000	\$000	\$000	\$000	\$000
Less than one year	11,518	1,766	13,284	11,666	985	12,651
Between one and five years	22,197	3,167	25,364	11,747	3,135	14,882
More than five years	7,285	3,117	10,402	15,098	1,749	16,847
Total	41,000	8,050	49,050	38,511	5,869	44,380

Lease expenses included in profit or loss

	2023	2022
	\$000	\$000
Short-term leases	3,936	3,438
Short-term leases of Annual Catch Entitlement (ACE)	5,011	3,830
	8,947	7,268



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 20 – ASSETS HELD FOR SALE

P The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are recognised in the Income Statement.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment, and right of use assets are not depreciated once classified as held for sale.

E On 22 May 2023 the Group announced that Sanford had agreed to lease the Annual Catch Entitlement (ACE) for much of its quota of North Island inshore species to Aotearoa Fisheries Limited (Moana) through a new long-term agreement. The transaction includes the sale of two of the Group’s inshore fishing vessels and a selection of processing equipment and refrigerated vehicles/trailers. One marine farm comprised of three coastal permits in the Croisilles Harbour will also be included in the transaction. The fish processing plant in Auckland will be closed on completion. Sanford retains ownership of the quota for these North Island species.

On 13 September 2023, the Group announced the New Zealand Commerce Commission had granted Moana clearance in respect of the transaction. The sale transaction was deemed highly probable at this point and assets associated with the transaction were classified as held for sale with depreciation of these assets ceasing on this date. Additionally a provision for redundancy was recognised in the current year for the Auckland fish processing plant (refer to note 15).

At balance date the transaction was conditional on Sanford agreeing acceptable terms for the discontinuation of toll processing with an existing toll processing customer, and it was deemed highly probable this condition would be met.

Specific assets from the following asset classes are classified as held for sale.

	2023
	\$000
Assets	
Property, plant and equipment	
– Fishing Vessels	6,364
– Plant and equipment	369
Impairment of Property, plant and equipment	
– Fishing Vessels	(738)
– Plant and equipment	(12)
Intangible assets	38
Total	6,021

The fair values less costs to sell for certain assets were lower than their carrying amounts at the time the assets were classified as held for sale. An impairment loss of \$0.7m was recognised in the Income Statement as a result. Fair values less costs to sell were determined based on the contractual sale prices per the agreement with Moana.

Other assets classified as held for sale but unimpaired exhibit fair values (less costs to sell) that are higher than their carrying amounts. Gains in fair values relative to carrying amounts are not recognised in the Income Statement in FY23.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 20 – ASSETS HELD FOR SALE (continued)

(b) Sale of perpetual right to lease

In line with the Group's restructure and sale of North Island inshore fisheries assets, the Group has started to reassess the use of its leased Auckland premises. The Group has started negotiations for the sale of its perpetual right to lease the Auckland premises. On this basis these site leases have been classified as held for sale.

The fair value less costs to sell for the Right of Use asset is higher than the carrying value. No impairment has been recognised for this asset.

The Assets and liabilities specifically relating to the lease of the Auckland premises are classified as held for sale.

	2023 \$000
Assets	
Right-of-use assets	12,807
Liabilities	
Lease obligation	13,732

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 2023

NOTE 21 – GROUP ENTITIES (continued)

Basis of consolidation (continued)

The Group comprises the Company and the following principal entities:

Name	2023	2022		Principal activity
	Interest held (%)	Interest held (%)	Balance date	
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

Name	2023	2022		Principal activity
	Interest held (%)	Interest held (%)	Balance date	
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	42.53	42.53	30 September	Research company
Precision Seafood Harvesting General Partner Limited	33.33	33.33	30 September	Research company
Precision Seafood Harvesting Limited	25	–	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 2023

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

	Note	Transaction Value Related Parties associated with Directors of the Group		Transaction Value Joint Ventures and Associates		Transaction Value Joint Operation	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Income (Expenses)							
Management fees		–	–	231	223	–	–
Sales		–	–	4	206	5,730	4,048
Interest received		–	–	–	–	1,864	826
Dividends received	13	–	–	152	250	–	–
Acquisition of shares in associates	13	–	–	(347)	–	–	–
Purchases		(286)	(25,810)	(133)	(391)	(33,061)	(23,443)
		(286)	(25,810)	(93)	288	(25,467)	(18,569)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 22 – RELATED PARTY TRANSACTION (continued)

(b) Material transactions with related parties (continued)

	Amounts Owing from Related Parties	
	2023	2022
	\$000	\$000
Associates	300	297
Joint Operation	32,368	26,094
	32,668	26,391

Transactions with related parties associated with directors of the Group is with Port of Tauranga Limited (2022: Ports of Tauranga Limited and Z Energy Limited through to May 2022). These transactions arise in the normal operations of the Group.

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. The parties have agreed not to call upon the loans within 12 months from reporting date.

NOTE 23 – KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation comprised:

	2023	2022
	\$000	\$000
Salary and short-term employee benefits	12,965	12,484*
Redundancy payments	158	0
Directors' fees	688	808
	13,811	13,292

* Includes the payment of a short term incentive in December 2022. For 2023 no such payment at the date of this report.

Key management personnel is defined as the executive and their direct reports.

NOTE 24 – CONTINGENT LIABILITIES

	2023	2022
	\$000	\$000
Guarantees	801	801

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 25 – SUBSEQUENT EVENTS

The Board approved a final dividend for the year ended 30 September 2023 on 13 November 2023. Refer to note 17.

On 31 October 2023 the Group announced that the transaction with Moana had been completed. Refer to note 20.

On 9 November 2023 Abby Foote resigned as a member of the Board of Directors, with immediate effect.



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 consolidated financial statements of Sanford Limited (the ‘Company’) its subsidiaries, and its investments in joint arrangements and associates (the ‘Group’) on pages 54 to 109 present fairly, in all material respects the Group’s financial position as at 30 September 2023 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 issued by the New Zealand Accounting Standards Board and International Financial Reporting Standards issued by the International Accounting Standards Board.	We have audited the accompanying consolidated financial statements which comprise: - the consolidated statement of financial position as at 30 September 2023; - 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.
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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 \$1.8 million determined with reference to a benchmark of Group profit before tax. We chose the benchmark because, in our view, this is a 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
Valuation of Quota and Marine Farm Licenses Refer to Note 14 to the Financial Statements. 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 \$478.9m (2022: \$479.2m). The accounting standards require assets with an indefinite useful life are tested for impairment annually. Valuation of these assets is a key audit matter due to the uncertainty in the growth and discount rates used in the cash flow forecasts that support the carrying value. In addition to the above, the carrying amount of the Group’s net assets as at 30 September 2023 was \$685m, which is lesser than the market capitalisation of \$364m. This is an indicator of impairment and required additional analysis and interpretation. The majority of Marine Farm Licenses expire in 2024 and, despite the expiry date, are deemed to be indefinite life intangibles and are not amortised.	The procedures we performed to evaluate the impairment assessments included: • 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. In relation to judgment that the Marine Farm Licenses are indefinite life intangibles, 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.



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. Other information comprises the information included in the Group's Annual Report, but does not include the consolidated financial statements and our Combined Independent Auditor's and Limited Assurance Report thereon. Our Independent Auditor opinion on the consolidated 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 auditor's report, or any of the opinions we have formed.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors, on behalf of the Company, 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 issued by the New Zealand Accounting Standards Board;

- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is 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 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)

INDEPENDENT LIMITED ASSURANCE REPORT TO SANFORD LIMITED

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, in all material respects, the selected Non-Financial Information has not been prepared in accordance with the Global Reporting Initiative ("GRI") 2021 Sustainability Standards for the period 1 October 2022 to 30 September 2023.

INFORMATION SUBJECT TO ASSURANCE

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 2021 Sustainability Standards for the period 1 October 2022 to 30 September 2023.

The selected Non-Financial Information on which we have concluded comprises the below appendices within the Sanford Integrated Report 2023:

- Appendix A – Sanford Key Performance Indicators (page 149-152)
- Appendix D – Material Topics and Responses (page 157-159)
- Appendix F – GRI Content Index (page 163-170)

STANDARDS WE FOLLOWED

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* and Standard on Assurance Engagements SAE 3100 (Revised) *Assurance Engagements on Compliance*. 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 2021 Sustainability Standards; and,
- performed an overall sense check of the Report against our findings and understanding of Sanford.

HOW TO INTERPRET LIMITED ASSURANCE AND MATERIAL MISSTATEMENT AND NON-COMPLIANCE

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 2021 Sustainability 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 are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the selected Non-Financial Information.



COMBINED INDEPENDENT AUDITOR'S AND LIMITED ASSURANCE REPORT (Continued)

INHERENT LIMITATIONS

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

A limited assurance engagement for the period 1 October 2022 to 30 September 2023 does not provide assurance on whether compliance with the GRI 2021 Sustainability Standards will continue in the future.

RESTRICTION OF DISTRIBUTION AND USE

Our report is made solely for the Group. Our assurance work has been undertaken so that we might state to the Group those matters we are required to state to them in the assurance report and for no other purpose.

Our report should not be regarded as suitable to be used or relied on by any third parties for any purpose or in any context. Any other party 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.

Our report is released to the Group on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent.

To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees accept or assume any responsibility and deny all liability to any party other than the Group for our work, for this independent limited assurance report, and/or for the conclusions we have reached.

RESPONSIBILITIES OF MANAGEMENT FOR THE SELECTED NON-FINANCIAL INFORMATION

The management of the Group are responsible for the preparation and presentation of the selected Non-Financial Information in accordance with the GRI 2021 Sustainability Standards.

This responsibility includes such internal control as the Directors determine is necessary to enable the preparation and presentation of the selected Non-Financial Information that is free from material misstatement and non-compliance whether due to fraud or error.

OUR RESPONSIBILITY

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, in all material respects, been prepared in accordance with GRI 2021 Sustainability Standards for the period 1 October 2022 to 30 September 2023.

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 statutory audit services to the Group. 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 assurance providers of the Group for this engagement. 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 Laura Youdan.

For and on behalf of

KPMG
Auckland

13 November 2023



CLIMATE RELATED DISCLOSURE

SANFORD AND CLIMATE CHANGE

Climate change is shaping the world. It is influencing the oceans where the seafood we harvest grows, the markets we buy goods from and sell into, and the behaviours of our customers and consumers.

Over Sanford's 150+ year history, the business has adapted to the changing nature of our oceans and weather conditions. However, we now face a challenge of unpredictable and more wide-reaching accelerated change. We have a commercial need and a social obligation to respond to those changes.

New Zealand seafood products, and their low emissions footprint, are well placed to establish themselves as a climate-friendly source of nutrition for the global community. Realising that requires Sanford, as fishers, farmers, processors, and sellers of seafood to do its part in ensuring that we are contributing to a low carbon future as well as stable and resilient food production and economic systems.

This voluntary climate statement, covering FY23, has been prepared with guidance from the Aotearoa New Zealand Climate Standards (NZCS¹). These standards are published by the External Reporting Board and are aligned with the TCFD framework. Using these standards provides a consistent framework upon which entities review and disclose climate relevant information relating to their business. In preparing this disclosure, further work and improvements for Sanford's processes, systems and disclosures have been identified in the section titled "Future Work". Sanford's first mandatory reporting period under the NZCS is our next financial year, FY24.

1. INTRODUCTION

Sanford fishers and marine farmers contend with weather and climate events on a daily basis. Many of our operations require 365 days per year care, attention and attendance to ensure we make the most out of the incumbent growing conditions and to maintain

the assets that allow Sanford to safely and efficiently harvest and grow seafood for New Zealand and the world. In doing so, Sanford's teams must deal and cope with the changes in conditions that the weather and climate bring – Sanford's fishers and farmers have learnt over time to ensure that their primary operations are guided by nature, the natural environment and its changing conditions. Over recent times Sanford's teams have experienced the acceleration of the effects of climate change – more frequent and persistent surface water warming events that have led to algae blooms, more prevalent La Niña/El Niño events affecting growing conditions, more frequent rainfall-driven harvest closures for mussel farms, along with significant acute climatic events causing rainfall, flooding, and slips which close roads and key supply routes – as happened during 2022 in the Nelson-Tasman region, and in 2023 in the Coromandel and Eastern North Island. These events also washed forestry slash, debris and silt into the marine environment in the East Cape region which then settled to the seafloor, significantly disrupting and affecting local fishers' harvesting activities.

Whereas Sanford's teams experience, observe and adapt to weather and marine conditions and their changes on a daily basis, forecasting the longer term climatic induced potential changes quickly becomes increasingly complex within the bio-physical marine domain. Forecasting biological responses to physical forcings is challenged by the complexity of linked and nested systems; from climatic forces acting upon physical oceanic processes such as waves, surface water temperatures, coastal and ocean currents, and the upwelling of new nutrients to the nested chemical and biological systems that operate within that domain, such as the reproduction and growth processes for key fishery species or their food sources. The base scientific understanding of climatic related impacts across those nested systems is not equal. Looking into the future across those systems tests and challenges existing assumptions, knowledge, and expertise. Existing scientific knowledge does not provide all the certainty desired for across and between those nested bio-physical systems that contribute toward the seafood system.

The outcome means that when Sanford looks into future scenarios, as required under the climate related disclosure regime, we must do so accepting a level of uncertainty – a level which might be greater than that for many businesses in other sectors. Sanford finds value in undertaking climate scenario analysis and building the same into our business strategy. Sanford sees this as a vital and necessary step in ensuring that we are able to continue our 150+ year heritage of providing beautiful seafood to New Zealand and the world into the future.

1. www.xrb.govt.nz/standards/climate-related-disclosures/aotearoa-new-zealand-climate-standards/.



DISCLAIMER

Sanford has utilised its best efforts in preparing this climate statement with information effective to 30 September 2023 (FY23). We urge readers to consider the nature of changing environmental conditions and the scale and nature of uncertainties in the science of understanding changes to the climate and its consequential changes to marine environments, along with further consequential changes to biological and ecological processes occurring within that environment. Scales of uncertainty in scientific understanding typically increase with each of those steps and additional complexities introduced, accordingly we encourage a level of caution to be used when evaluating representations.

This report contains forward-looking statements including metrics, targets and risk realisation potentials. Those statements necessarily involve assumptions, forecasts and projections around the environment in which Sanford will operate in the future, each of which is subject to their own levels of uncertainty. While our team have used their expertise, industry knowledge and collective experience to arrive at the conclusions and disclosures within this climate statement, it must be recognised by the reader that those statements are influenced by the uncertainty of the underlying assumptions, science and the science communities understanding of consequential and cumulative climate factors influencing marine environments and marine biological process. The forward-looking climate related statements within this disclosure may therefore be less reliable than other statements within Sanford's other reporting. Nothing in this report should be inferred to be capital growth, earnings, or any form of financial or legal guidance or advice.

2. GOVERNANCE

Board

Sanford's Board of Directors is responsible for the oversight of risks and opportunities for Sanford, including those related to climate change. Responsibilities are set out in the Board Charter. The Board itself maintains responsibility for overseeing climate change progress, and is provided with information on important climate related matters at most meetings via management reports. During FY23, the following in-depth climate related discussions were held with the Board.

- June 2023: Overview of climate science and potential effects on our marine environment; review of Sanford's emissions footprint and reduction target; distribution of Institute of Directors Climate Governance survey.
- July 2023: Climate Related Disclosure (CRD) overview and requirements, outcomes of management climate risk and opportunity prioritisation workshop, outcomes of management's future climate scenario analysis workshop, review of climate risk prioritisation processes and outcomes; decision that Sanford's governance forum for climate related topics is to be the Board.

Skills and competencies of the governance group in relation to climate change

Sanford's Board skills matrix includes climate change within the 'sustainability' skills category. The latest Board skills matrix can be found within Sanford's Corporate Governance Statement. The Board itself reviews its performance, composition and structure on an annual basis and, with the support of the Nominations Committee, plans for changes in Board composition to ensure skills and experience suitability to achieve the Board's strategic and functional purpose.

Integration of climate related risks and opportunities into strategy

Climate events have consistently been the number one priority risk for Sanford since 2016 when we first disclosed publicly our top 10 enterprise level business risks. That consistency and visibility resulting from its prominence in the risk register, coupled with regular updates to the Board via management reports, and from divisional leads to the executives in relation to operational impacts, provides the opportunity for climate related issues to become embedded into strategy during periodic strategic reviews.



During FY23, the Board was presented with Sanford's long term emissions reduction target along with the accompanying energy transition pathway, cost estimates and assumptions, which had earlier been reviewed and recommended for adoption by the executive leadership team (ELT). On an annual basis, the Board reviews business targets and ambition for the forthcoming year along with progress against the target for the year prior, including for those targets relating to each of climate mitigation and climate adaptation. During FY23, executive management and the Board had visibility of a balanced scorecard for the business, updated monthly, which includes as a Key Performance Indicator, the Scope 1 and 2 carbon emissions intensity.

Management's role in assessing and managing climate related risks and opportunities

The Board delegates to the CEO responsibility to manage the business to deliver on strategy. The CEO (along with the executive management) thereby hold accountability for the inclusion and delivery of actions relating to climate change into risk management, business planning, business processes and capital allocation within the overall budgets and financial delegations set by the Board. The management team are responsible for preparing reporting and disclosure of climate related risks and opportunities, along with the identification of associated metrics and targets. During December 2022, management co-ordinated in-depth climate risk workshops with a wide cross-functional team from within Sanford, along with future climate scenario analysis to highlight and review risks, opportunities and to stress test our business model against those future climate potentials. Management have discretion, within the limits of approved budgets and delegated financial authority, to utilise external expertise to support those processes.

As part of ongoing operations, management track and monitor proxies for climate impact such as water temperatures and dissolved oxygen concentrations in Big Glory Bay, Greenshell™ mussel conditions and water quality parameters, rainfall runoff generated harvest closures for marine farms, and catch rates for wild harvest species. This monitoring occurs monthly or more frequently. Whereas monitoring and measurement of these parameters is currently performed as part of normal operations, they are yet to be collated into specific "climate impact" reporting metric(s). This is a programme of work we intend to complete in coming years.





OVERVIEW AND RELATIONSHIPS IN RELATION TO CLIMATE RELATED RISKS, OPPORTUNITIES AND DISCLOSURE

BOARD	SANFORD BOARD Sets strategic direction, reviews and approves strategic goals, operational plans and budgets to achieve those. Reviews risk assessment policies and controls and establishes the appropriate levels of risk appetite, inclusive of those related to climate change. Reviews, endorses and monitors progress against climate related risks, metrics, targets and disclosure. In addition to reporting from the AFRC, the Board receives updates at each meeting (~ 8 per year) on key sustainability issues and trends via management reports. Reviews remuneration policies and incentive schemes. AUDIT, FINANCE AND RISK COMMITTEE (AFRC) A committee of the Board established to assist the Board in fulfilling oversight responsibilities in relation to financial management and related reporting, including the review of overall systems for risk management across Sanford. NOMINATIONS COMMITTEE A committee of the Board established to assist the Board in fulfilling oversight responsibilities in relation to Board composition and structure, including in relation to sustainability and climate related expertise.		
	CHIEF EXECUTIVE AND EXECUTIVE MANAGEMENT TEAM Manages the business to deliver on strategy. Sets the risk management framework. Accountability for including actions and commitments relating to climate change into risk management, business planning, budgeting and business processes. Includes identifying and monitoring climate related risks and opportunities and reporting those to the AFRC and Board. Allocates capital toward climate related mitigation and responses within the overall budget set by the Board.		
	Promotes a positive risk awareness culture within the business. Monitors processes for risk reviews, and reports the same to the AFRC and Board as relevant.	Reviews monthly sustainability updates which include sections on climate change policy, regulation, trends, and operational impacts.	Organises, facilitates and leads climate scenario evaluation and climate related risk and opportunity workshops. Engages third-party experts to assist when appropriate such as audits, climate research and disclosure support.
EXECUTIVE	EXECUTIVE AND GENERAL MANAGERS Responsible for ensuring climate related impacts and risks within each business area are managed, monitored and escalated appropriately.		
	Implements and acts upon risk mitigation strategies approved by the Board, CEO and executive management team.	Monitors emerging and developing risks, including those relating to climate. Manages risk reporting and monitoring of residual risk levels. Climate related risks primarily overseen by the GM Sustainability with oversight risks reported and monitored by the Group Risk Manager.	Manages the collection of data to support tracking of metrics internally or with external assistance. Tracks climate relevant research, trends and regulation.
OPERATIONS	OPERATIONS All Sanford employees are empowered to be responsible for risk management. The Sanford Enterprise Risk Assessment Guide provides the structural guidance at the operational level around risk tolerance and notification levels using a scaled basis (very low or low rated events notified to supervisor/manager, medium rated to GMs and managers, high rated to executives and GMs, and extreme level events to CEO, executive and Board).		



3. STRATEGY

Our Business Strategy

Sanford's strategic goals and focus was subjected to a review and refresh process during 2022. Our values remain at the heart of what we do: Care, Passion and Integrity, all whilst Achieving Together. Our vision is to be New Zealand's seafood leader for quality, value and reputation. To deliver on our mission 'To sustainably grow shareholder value', the strategic priorities set during 2022 were: to grow Salmon, grow Mussels, sustain Deepwater, and turnaround Inshore. Sanford performs materiality assessments to identify and prioritise the most important topics resulting from our business activities with consideration of the viewpoints of our stakeholders². Those topics inform our strategy and form the basis for our integrated reporting. Climate considerations feature prominently within those topics, with our emissions footprint being a key topic within the healthy oceans and ecosystems outcome; our risk management processes and climate adaptation approach are material topics within the operational excellence outcome pillar. Our workplan and disclosures for each material topic can be found within this Annual Report (pages 40 to 41 and Appendix F).

Current climate impacts

Our activities are already experiencing the impacts from climate change in the following ways:

Current physical impacts

- Acute and extreme weather events impact our operations. Extreme events such as the flooding and rainfall events in the Nelson-Marlborough region during August 2022 led to temporary run-off water quality related harvest closures for some marine farming areas, damage to our marine farm infrastructure, along with the temporary closure of key road networks used to transport goods, materials, and staff to and from some of our sites in the area. Climate change driven events are also affecting wildcatch harvesting operations though more extreme weather events in the Southern Ocean resulting in fewer available fishing days for, in particular, our scampi fishing vessels in areas surrounding the Auckland Islands, whilst changes in the Antarctic ice shelf are increasing hazards as well as changing seasonality for our toothfish operations.

- Climatic driven changes in water temperature, chemistry and quality. A recent 'triple-dip' La Niña climatic pattern which persisted through 2020, 2021 and 2022 contributed toward marine physical process changes that act to reduce phytoplankton production and/or accelerate algae blooms in key aquaculture farming areas, thereby affecting mussel growth rates. Those same La Niña related marine physical processes contributed to significant marine heatwave conditions being present in many coastal water bodies around New Zealand over the same 2020-2022 time period, with corresponding effects upon phytoplankton density and population structure along with dissolved oxygen levels in upper surface water layers, which contributed to a slight increase in salmon mortalities being experienced during FY22 at our Big Glory Bay salmon farm. These events, along with climate related risk assessments, prompted further deployment of mitigation approaches during FY22 and FY23 at our Big Glory Bay salmon farm, such as deploying additional pens to reduce stocking densities, more intensive harmful algal monitoring, and greater deployment of aeration and oxygenation equipment to improve fish health, welfare and resilience to stress factors made worse through climate change.

Current transition impacts

- Stakeholder desire for, and increasing regulation in support of, greater clarity and understanding of climatic related impacts upon our operation has resulted in our teams spending more time reviewing, investigating and improving our adaptation tools in relation to managing through the impacts from climate change.
- Sanford is an indirect participant within the New Zealand Emissions Trading Scheme (ETS). Our fuel suppliers surrender NZ ETS units on our behalf for our fuel purchasing, directly impacting our cost base.
- Cost structures for some key inputs for our business units, in particular the cost of feed ingredients required for our farmed salmon, are susceptible to variability as a consequential result of climatic impacts – even if our specific core ingredient sources are not directly affected. For example, global fish meal pricing is influenced by the availability of anchovy from a key fishery in Peru, which in 2023 experienced a closure affecting global fish meal prices, a key ingredient for many feed formulations.

2. See Material topics and responses, Appendix D of Sanford Annual Report 2023.



Looking forward – scenario analysis

To assist our forecasting of climate related risks and opportunities over the short, medium and long-terms, as well as to test our business strategy and model, we undertook a climate scenario analysis exercise. This process involved a wide cross-functional group of senior leaders within Sanford and consisted of two workshops facilitated by external specialists. Being our first scenario analysis exercise it was treated as a stand-alone process. The workshops held comprised:

- Risk Prioritisation Workshop – 28 November 2022. To identify the highest ranked priority risks and opportunities.
- Climate Scenario Analysis Workshop – 12 December 2022. To take the six highest ranked priority risks and opportunities and test them under three future climate scenarios.

In accordance with the requirements of NZ CS1, three future climate scenarios were analysed, each of which represent an alternative potential future (limited warming within +2°C, warming > 4°C, and a divergent net-zero scenario where warming is limited to 1.5°C through the deployment of strict and disordered policy approaches). We made use of two scenario definitions created for the New Zealand seafood sector by the Aotearoa Circle along with an additional scenario sourced from the Network for Greening the Financial System. Selection of those scenarios was made in order to (a) ensure consistency of scenario approach across the New Zealand seafood sector, and (b) with the addition of the divergent net zero scenario as it represents quite a different potential future not captured within the Aotearoa Circle scenarios, one in which a strong and divergent policy approach is used to successfully deliver emissions reductions. Sanford was one of the partner organisations who contributed to the development of those scenarios by the Aotearoa Circle, both technically and financially. Sanford did not undertake its own specific modelling in the development of those scenarios.

The boundary for the scenario analysis was at the Sanford Group level, including all entities and subsidiaries. The assessment accounted for both direct operations along with those within our value chain, upstream and downstream such as suppliers, partners and customers. Time horizons relevant for the analysis were discussed by participants during the initial workshop in light of our business processes and strategy setting practices.

Time horizons utilised for the scenario analysis and associated climate risk and opportunity materiality were:

	TIME INTERVAL	YEARS	RELEVANT BUSINESS PROCESS
Short-term	1-5 years	2022-2027	Operational planning timeframes relevant for biological cycles such as seed to harvest planning (mussels, salmon).
Medium-term	6-10 years	2028-2032	Sanford strategic goals and targets typically set over these time frames, i.e. out to 2030. More certainty of climatic impact and policy settings over these time frames.
Long-term	10+ years	2032+	Longer term strategy planning. Lifespan relevant timeframe for significant assets such as property and vessels.



Climate Scenarios

CLIMATE SCENARIOS	KAHAWAI 2050 “ORDERLY TRANSITION”	DIVERGENT NETZERO “DISORDERLY TRANSITION”	MAKO 2050 “INTENSE AND SEVERE OUTCOMES”
Scenario definition source	Aotearoa Circle (seafood sector specific)	Network for Greening the Financial System	Aotearoa Circle (seafood sector specific)
	Kahawai, a relatively abundant coastal finfish which transition through several stages of life development, collaborating to avoid danger, and well known to fight hard when caught. This scenario describes a 2050 world that has succeeded in implementing the Paris Agreement (net zero by 2050)	Divergent NetZero scenario reaches net zero emissions around 2050 but with higher transition costs due to divergent policies being introduced across sectors leading to rapid phase out of oil use	Mako are a fast, aggressive, and unpredictable shortfin shark species. This scenario describes a 2050 world where change moves rapidly through the marine domain, a failure to curb emissions means that humanity and nature are facing the consequences of significant climate disruption
Scenario analysis end point	2050, NetZero	2050, NetZero	2050
Climate policy	Immediate, smooth, predictable	Immediate but divergent across sectors	Lagging, absent, and/or ineffective
2050 carbon price est. (USD2010/tCO ₂)	USD180	USD700	USD55
Transition risk severity – (technology and policy)	Moderate	High	Low
Physical risk severity	Low-medium	Medium-high	Extreme
Global warming	<2°C	1.5°C	>=4°C
Climate impacts (to 2050)	+0.7°C air temp	+0.7°C air temp	+1.0°C air temp



CLIMATE SCENARIOS	KAHAWAI 2050 “ORDERLY TRANSITION”	DIVERGENT NETZERO “DISORDERLY TRANSITION”	MAKO 2050 “INTENSE AND SEVERE OUTCOMES”
Global population (2050)	~8.5b		~11b
Marine bio-physical impacts (to 2050)	+0.8°C coastal sea surface temperature	+0.8°C coastal sea surface temperature	+1.5°C coastal sea surface temperature
	+0.23 m sea level rise	+0.20 m sea level rise	+0.28 m sea level rise
	8.0 pH Ocean acidification	8.0 pH Ocean acidification	7.94 pH Ocean acidification
	1% decline in dissolved oxygen		2% decline in dissolved oxygen
Fishery production	Net global reduction in primary production (-2%). Some fluctuation in species distributions which some impact on fisheries management	Not specified in scenario definition	Net global reduction in marine primary production (-5%). Greater uncertainty in fishery stock location, migration, and biological responses
NZ resource and fishery management	Regulation becomes more flexible or makes use of existing settings to allow for flexibility (variation in catch, addition of new species). Decisions with high near-term costs are taken to improve long-term sustainability and resilience		Reactive responses by fishery managers to changing circumstances. Initial public distrust and reduced reputation gives way to support for primary sectors and their role in national food security and self-sufficiency
Global production in seafood sector	124 MT Aquaculture 71 MT Fisheries		160 MT Aquaculture 80 MT Fisheries



Climate related risks and opportunities

During scenario analysis workshops, participants prioritised climate related risks and opportunities from an initial long list developed during the earlier workshop. To assess materiality of these risks and opportunities, the workshop utilised Sanford's Risk Assessment Guide (SRAG) to define those into High, Moderate, or Low materiality ratings across each time horizon and scenario. The results of this activity are shown in the table below.

KEY:

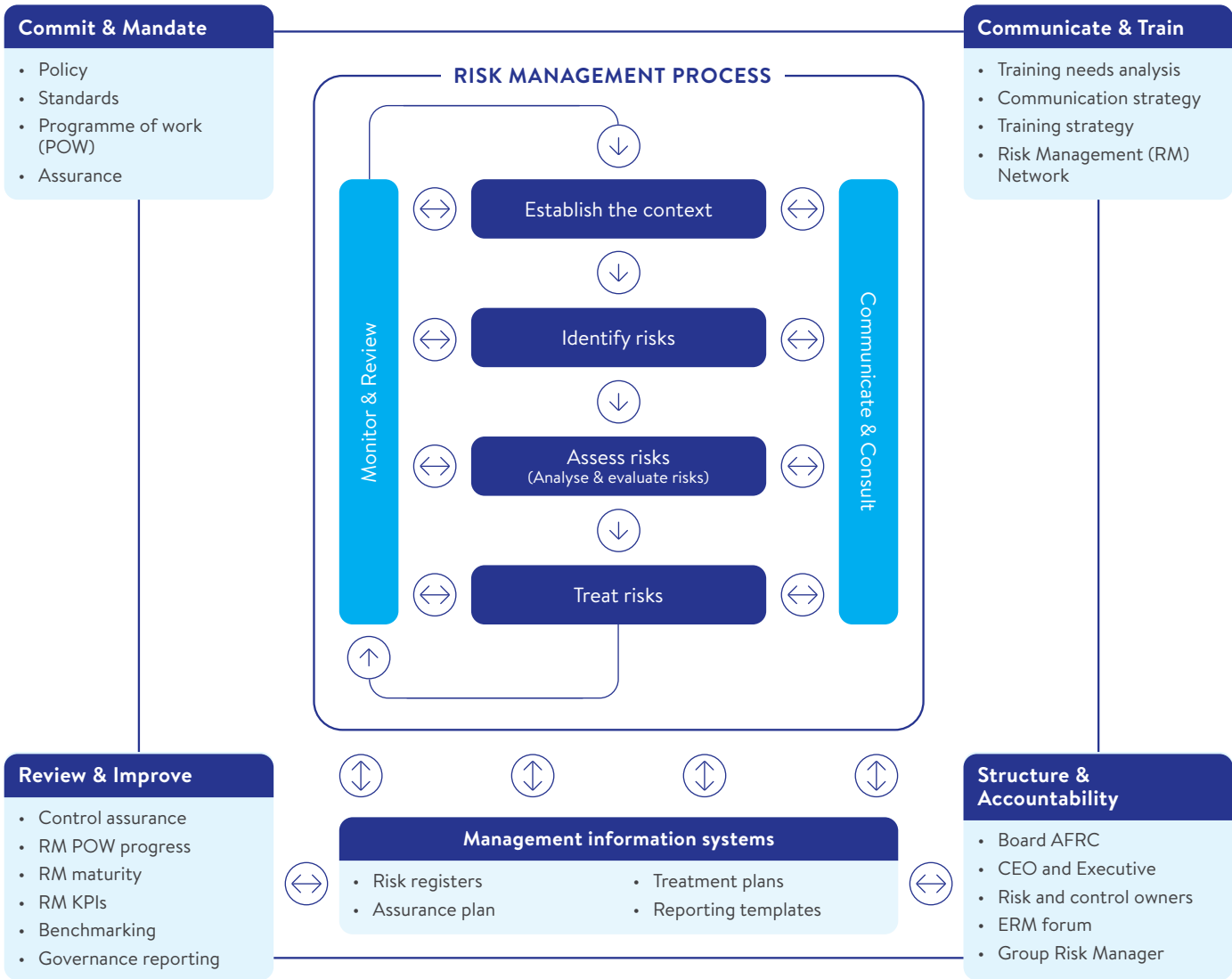
Rating	Action	Sanford Risk Assessment Guide Equivalence (2022)
HIGH	Highest priority for management efforts	Extreme
MODERATE	Should be closely monitored	High
LOW	Requires a level of monitoring	Low

PRIORITY RISK AND OPPORTUNITY		SCENARIO DESCRIPTION	KAHAWAI 2050			DIVERGENT			MAKO 2050			MANAGEMENT RESPONSE
		TIME HORIZON	SHORT	MED.	LONG	SHORT	MED.	LONG	SHORT	MED.	LONG	
Physical	Risk	More frequent and severe extreme weather events impacting Sanford's ability to conduct operations										- Strategic allocation of geographically diverse farm locations and quota holdings. - Strategic investment in R&D, and facilities for climate resilient seed stock for farms (e.g. SPATInz). - Direct monitoring of climate relevant water variables in key growing locations. - Allocation of capital toward climate mitigation initiatives such as aeration plant at Big Glory Bay. - Participation in sector wide adaptation pathway planning initiatives. - Planned (FY24-25) review of business processes for capital expenditure to provide structural response to reduce climate risks and impact.
	Risk and/or opportunity	Shift in the distribution or production capacity of wild fisheries due to chronic climate driven forces										
	Risk	Changes in water temperature, chemistry and quality impacting the welfare and/or productivity of farmed species	salmon mussels			salmon mussels			salmon mussels			
Transitional	Risk	Current and emerging climate-related regulation of the seafood sector										
	Risk	Increased operational costs due to decreased fuel availabilities and more expensive energy and aquaculture inputs										
	Risk and/or opportunity	Changing consumer preferences around seafood and subsequent impacts on the market										

4. RISK MANAGEMENT PROCESSES

Sanford's climate risk prioritisation and scenario analysis process was performed as a standalone exercise during late calendar year 2022. Risks were assessed and prioritised against the Sanford Risk Assessment Guide (SRAG) consequence and likelihoods.

Sanford's Enterprise Risk Management Policy and processes are reviewed over a 2 yearly frequency, the most recent of which occurred during FY23 and resulted in the creation of a Risk Management Policy and Enterprise Risk Management Framework. The policy approach and framework are consistent with the New Zealand Stock Exchange Corporate Governance Principles and aligned with the ISO 31000:2018 Risk Management - Guidelines. The Policy covers all value chain activities and requires that our risk management processes consider all internal and external stakeholders that have an impact upon Sanford operations. Risk prioritisation, inclusive of climate-related risks, are undertaken initially during executive level risk workshops and are then subsequently reviewed by the AFRC. A summary of the outcome of those risks, along with their prioritisation is contained within Appendix B of Sanford's 2023 Annual Report.





5. METRICS AND TARGETS

Greenhouse Gas Emissions:

SCOPE	CATEGORY	2023	2022	2021	2020
S1	Direct emissions (fuel, refrigerants) [tCO ₂ e]	60,103	57,076	62,130	65,069
S2	Indirect emissions from electricity, location based [tCO ₂ e]	1,493	1,466	2,349	2,423
S3	Indirect emissions from value chain, upstream and downstream [tCO ₂ e]	184,386	212,065	212,447	194,774

SANFORD GROUP INTENSITY METRICS*

Scope 1, 2 and 3 emissions per \$ revenue [tCO ₂ e/thousand\$]	0.44	0.51	0.57	0.56
Scope 1, 2, and 3 emissions per GWT harvest [tCO ₂ e / tonnes GWT]	2.18	2.47	2.48	2.14

WILDCATCH DIVISION INTENSITY METRICS*

Fishing operations: Scope 1 and 2 emissions per GWT harvested [tCO ₂ e/tonnes GWT]	1.38	1.49	1.27	1.281
Land based operations: Scope 1 and 2 emissions per GWT processed on land [tCO ₂ e/tonnes GWT]	0.07	0.07	0.10	0.10

MUSSELS DIVISION INTENSITY METRICS*

Farming operations: Scope 1 and 2 emissions per GWT harvested [tCO ₂ e/tonnes GWT]	0.12	0.10	0.11	0.10
Processing operations: Scope 1 and 2 emissions per GWT processed on land [tCO ₂ e/tonnes GWT]	0.14	0.12	0.13	0.14

SALMON DIVISION INTENSITY METRICS*

Farming operations: Scope 1 and 2 emissions per GWT harvested [tCO ₂ e/tonnes GWT]	0.50	0.39	0.41	0.41
Processing operations: Scope 1 and 2 emissions per GWT processed on land [tCO ₂ e/tonnes GWT]	0.10**	0.03	0.04	0.05

*For intensity calculations: Sanford Group revenue per financial statements, Sanford Group harvest represents total harvest from Sanford and 3rd parties harvesting under Sanford quota or contract – values per Annual Reporting. Wildcatch intensity (Scope 1 and 2) for fishing operations based upon GWT harvested by Sanford owned vessels only (1L quota returns), and for land based operations based upon GWT processed at Sanford owned wildcatch land based sites (incl. Sanford and 3rd party supplied). Mussels division intensity (Scope 1 and 2) for farming operations based upon GWT harvested by Sanford owned vessels only (from harvest declaration forms), and for processing operations based upon GWT processed at Sanford owned landbased mussel processing sites (incl. Sanford and 3rd party supplied). Our systems do not have the full resolution to itemise all Scope 3 emissions categories by business division, accordingly Scope 3 emissions are included in the Group intensity metrics only.

**Impacted by a one time loss of 160kg of R438a refrigerant at Bluff processing site.



Details and assumptions in GHG Inventory

Sanford measures its impact and emissions in accordance with Sanford's GHG Reporting Policy, which follows the Greenhouse Gas Protocol. Key details from that policy are shown in the table below:

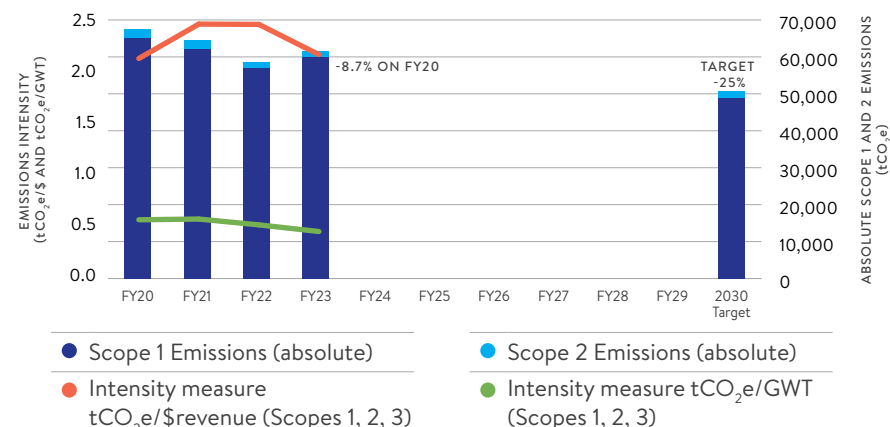
DETAIL	APPROACH, ASSUMPTION, BASIS
Annual measurement period	1 October to 30 September, following our financial year cycle
Base emissions measurement year	FY20: 1 October 2019 to 30 September 2020
Base year assurance	FY20 emissions assurance provided by Toitu following ISO 14064-1 assurance standard
Base year recalculation approach	In case of structural changes to our business, substantial changes by third parties to emissions factors, or discovery of significant errors or a number of cumulative errors that exceed a 5% materiality threshold shall trigger a recalculation of the FY20 base year to ensure like for like comparisons. Organic growth or decline does not trigger recalculation
Consolidation approach	Operational control basis, as defined by the GHG protocol
Organisational boundaries	All Sanford's New Zealand and Australian operations, including joint ventures and investments. Sanford's GHG inventory covers all direct (Scope 1 and 2) and material indirect (Scope 3) emissions categories
Exclusions	The following entities, that Sanford had an interest in during the period, are excluded from our emissions inventory: Two Islands Co NZ Limited (50% ownership), Barnes Oysters (14.29% ownership), Primestone Nominees (75% ownership)
Scope 3 emissions inclusion	Scope 3 emissions GHG Protocol categories are screened (last screening FY21) and subject to a 1% materiality threshold measured across all Scope 3 categories. This resulted in categories C1, C2, C3, C4, C5, C9, C11 and C12 being deemed material categories. C15 is included as it represents JV NIML operations and is likely to pass the 1% Scope 3 threshold in the future A cumulative exclusion threshold for Scope 3 is set at 5% (the cumulative exclusions do not exceed this value)
Emissions factors	Emissions factors used in Sanford's inventory are based on the latest factors deployed within the third party maintained Sphera software system's emission factor library which utilises those available from: • New Zealand Ministry for the Environment • DEFRA (Department for Environment, Food, and Rural Affairs, UK) • The Eora global supply chain database (www.worldmrio.com) And in the absence of those, relevant sector information is utilised • For key emissions intensive suppliers specific emissions factors direct from suppliers own data, analysis, and life cycle assessment studies are utilised
Gases included in inventory	All Kyoto Protocol greenhouse gasses, CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆
Recalculations implemented in FY23	FY21-22 Scope 2 emissions restated due to retrospective release of national grid emissions factors by MfE for 2021-2022 released in August 2023 FY20-22 Scope 3 category 11 emissions factor updated (based on cooking time for product) FY20-22 Scope 3 category 12 emissions updated due to change in food loss and waste factor applied (move from fresh seafood waste factor to frozen) Scope 3 category 1 component salmon feed: feed suppliers in 2023 updated their calculation basis for supplier specific emissions factors for feeds from FY23 onwards. If the FY23 factors were applied retrospectively, the reported Scope 3 cat 1 emissions would reduce by 37k tonnes, 41k tonnes and 36k tonnes for FY22, FY21 and FY20 respectively.



Targets

Sanford has a GHG reduction target of 25% reduction in absolute Scope 1 and 2 GHG emissions by 2030 from a 2020 baseline. This target was set to align with best practices³ following a review of opportunities and identification of an emissions reduction pathway for our business. Our energy reduction pathway and emissions reduction target have been reviewed by Toitū and confirmed to align with the ambition levels of a well below 2 degrees classification as defined by the Science Based Targets initiative (SBTi).

Our progress towards that target over recent years is indicated below:



Sanford experienced a reduction in absolute emissions over the FY21 and FY22 periods as harvest activity in both the wildcatch and mussels divisions also reduced. During FY23 harvest activity increased as did the year-on-year absolute Scope 1 and 2 emissions. FY23 absolute Scope 1 and 2 emissions represent a reduction of 8.7% on the FY20 base year. Emissions intensity relative to Greenweight harvest at the Group level reduced in FY23, primarily driven by increases in harvest volumes. Sanford has been successful at gaining value from the harvest, which has resulted in decreases in emissions intensity per \$ revenue over the period FY20-FY23. It is anticipated that there will be a level of emissions growth in coming years, as overall harvest volumes increase back to, and exceed those levels from FY20 as a result of growth strategies in Mussels and Salmon divisions.

Sanford's challenge is to ensure the deployment of efficiency projects, fuel changes and behavioural change projects internally to deliver further emissions reduction as the harvested GWT grows.

Key risks that have potential to affect Sanford's ability to effectively reduce emissions and achieve its target include:

- Decoupling business growth from emissions growth. The global population is growing and demanding quality nutrition. Seafood is well placed to support that growth in demand, particularly through growth in aquaculture segments, considering that seafood represents a very low emissions source of protein and nutrition. The more of that growing demand that can be met by low emissions food systems, the better for the global environment. Volume growth in seafood sectors therefore has a place to play in solving the challenge of efficiently and effectively feeding the world – Sanford accepts the responsibility not only to encourage dietary shifts towards lower emissions footprint foods, but to improve our own emissions efficiency in food production.
- Sanford's pathway requires that actions be taken, such as efficiency improvement projects like recent propeller and nozzle upgrades, auxiliary generator upgrades, and boiler enhancements on some of Sanford's largest deepwater vessels, as well as actions that require support from others. Key to achieving the target is the availability of price practicable sustainable marine fuel blends within New Zealand ports. Sanford has made early steps during FY23 on its collaboration journey to work with aligned sectors and fuel importers and logistics providers to understand and overcome the challenges associated with supply of those fuels into New Zealand.
- 'Hard to abate' emissions from our vessel fleet dominate Sanford's Scope 1 emissions profile. These are emissions sourced from high capital value, long-lifespan assets, where technology is lagging.

In the absence of an applicable SBTi sector pathway which covers the fisheries and aquaculture sectors, Sanford has determined that a 'less than 1.5 degrees' aligned target for 2030 is both impractical and implausible due to:

- The nature of more than 85% of our primary Scope 1 and 2 emissions (i.e. those classified as hard to abate characterised by high capital value and long life assets, where technological decarbonisation solutions are lagging), and
- The existing lack of policy support, logistics and infrastructure for sustainable marine fuel deployment at scale prior to 2030.

Sanford's emissions reduction pathway does not currently assume the use of offsets.

3. We considered the Science Based Targets initiative (SBTi) guidance for targets to represent best practices.



6. FURTHER WORK

Sanford's work related to climate scenario analysis is in its early days. Sanford performed the scenario analysis exercise, detailed climate risk interrogation processes and climate disclosure preparation activities for the first time during FY23. The challenges of our unique operating environments present difficulties in tailoring and quantifying analyses and outcomes to our specific operations. Sanford acknowledges there is further work to do in relation to environmental aspects and climate related environment-biology interactions. Specifically, in relation to climate related disclosures, Sanford has identified further work and improvements as follows:

- Assign measures to track risk and opportunity realisation (planned prior to the end of FY25).
- Disclose the financial implications of current climate related impacts along with deployed mitigation and adaptation costs.
- Integrate climate scenario analysis processes (frequencies, time horizons etc.) within overall risk management processes and business strategy reviews.
- Define stronger processes by which climate related risks and opportunities serve as input to capital deployment and funding decisions.
- Determine the percentage of activities vulnerable to transition and physical risks and opportunities, along with the amount of capital deployed toward those.
- Assess and assign financial implications of risks and opportunities along with the time horizons over which they may be realised (planned prior to the end of FY25).
- Further refine opportunities for Sanford in relation to climate change.

- All of Sanford's fuel purchasing is performed in accordance with the New Zealand Emissions Trading Scheme (ETS), typically treated as a 'pass through' cost. Sanford does not currently utilise an internal emissions pricing mechanism, nor is management remuneration linked to climate related risk and opportunities. We endeavour to embark on a programme to evaluate emissions pricing approaches during FY24 and FY25.
- Development of a specific climate transition plan for our business along with its integration into our business strategy.
- Review emissions factors utilised within our inventory to ensure alignment with a common global warming potential rate (e.g. GWP100) and uncertainties in the GHG emissions reporting.



OUR GOVERNANCE AND LEADERSHIP FOR VALUE CREATION

The Board of Directors (the Board) of Sanford Limited (Sanford, or the Company) 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.

Sanford has chosen to report against the recommendations of the updated NZX Corporate Governance Code dated 1 April 2023 (NZX Code) in respect of the year ended 30 September 2023. The extent to which Sanford has followed the recommendations of the NZX Code is detailed below.

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 13 November 2023 and was accurate as at that date.

Principle 1: Ethical Standards

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.

1.1 Code of Ethics

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. This is reviewed annually and was last reviewed in 2023. The Code of Ethical Behaviour is available on the Company's website at www.sanford.co.nz/investors/governance/policies/ and both Codes are published on Sanford's internal website and are available to all staff.

Sanford provides training on its Code of Ethical Behaviour and Code of Conduct to staff on joining Sanford and regularly thereafter. In 2023, training was provided to the majority of our staff with training for the remainder intended before year end.

Sanford monitors compliance with both Codes 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. The Protected Disclosures (Whistleblowing) 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 2022 to 30 September 2023.

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

1.2 Securities Trading Policy

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 Securities Trading 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 www.sanford.co.nz/investors/governance/policies/.

Principle 2: Board Composition And Performance

2.1 Board Charter

The Board has adopted a formal Board Charter, which distinguishes and discloses the respective roles and responsibilities of the Board and management, and the sound base the Board has developed for providing strategic guidance and management oversight. The Board Charter was reviewed in 2022 and is available on the Sanford website at www.sanford.co.nz/investors/governance/Board-and-Committees/.

The Board’s primary purpose is to build long-term value for shareholders and employees by improving corporate performance and accountability.

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.

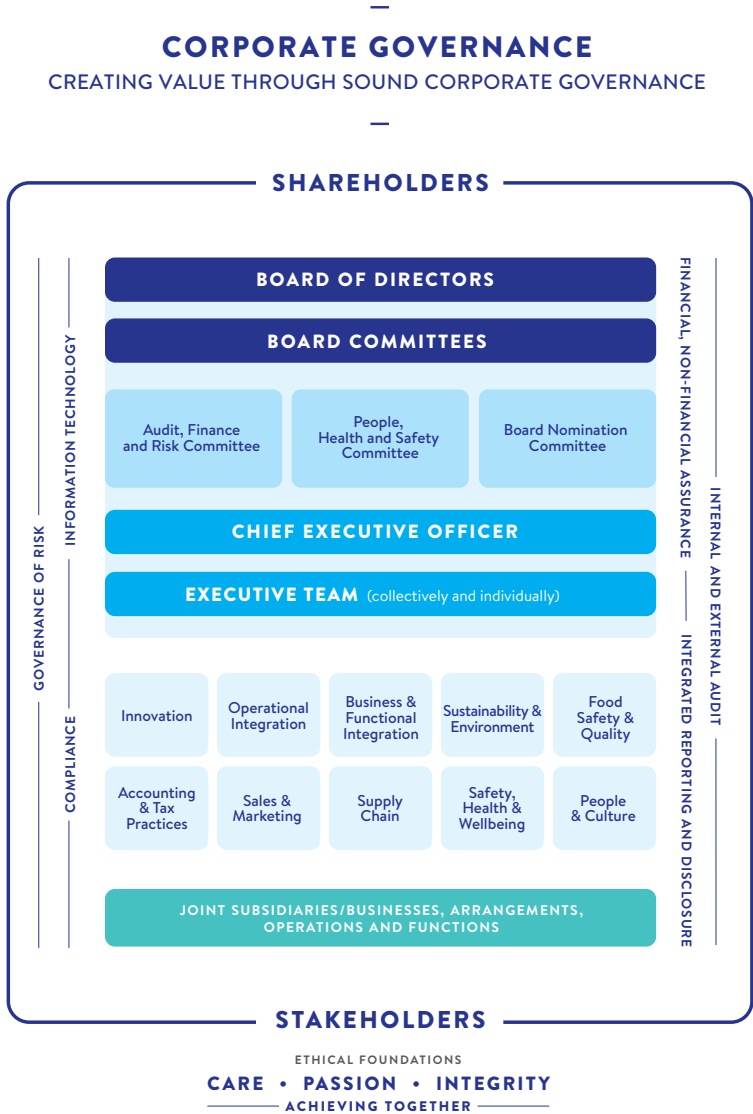
The Board provides effective leadership in the best interests of Sanford and is responsible for the strategic direction of the Company. The Board exercises this responsibility through a governance framework, which includes detailed reporting to the Board and its Committees, effective delegation, risk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

2.2 Nomination and appointment of Directors

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 www.sanford.co.nz/investors/governance/Board-and-Committees/.

The Nomination Committee has delegated responsibility from the Board to make recommendations on Board composition and nominations, subject to the Company’s Constitution.

David Mair was appointed as a Director on 7 November 2022 and elected at the 2022 Annual Meeting on 15 December 2022. Peter Cullinane and Peter Kean did not seek re-election at the 2022 Annual Meeting and accordingly retired as Directors as the conclusion of that meeting. Mark Cairns resigned as a Director on 28 February 2023. Post-period end, on 9 November 2023, Abby Foote resigned as a Director. On 13 November 2023, Sanford announced that Ms Fiona Mackenzie, being eligible for re-election at the upcoming Annual Meeting, has decided not to stand for re-election as an Independent Non-Executive Director. Fiona’s retirement will be effective at the conclusion of Sanford’s Annual Meeting on 18 December 2023.





2.3 Written agreement

The Nomination Committee Charter provides that each Director shall be appointed by a letter of appointment. Each Director has entered into a letter of appointment with Sanford which sets out the terms of their appointment.

2.4 Director information

The Board is committed to ensuring a range of experiences and perspectives among its Directors. As at 30 September 2023, the Board comprised five Directors, all of whom had significant and relevant experience, skills and expertise that are of value to Sanford.

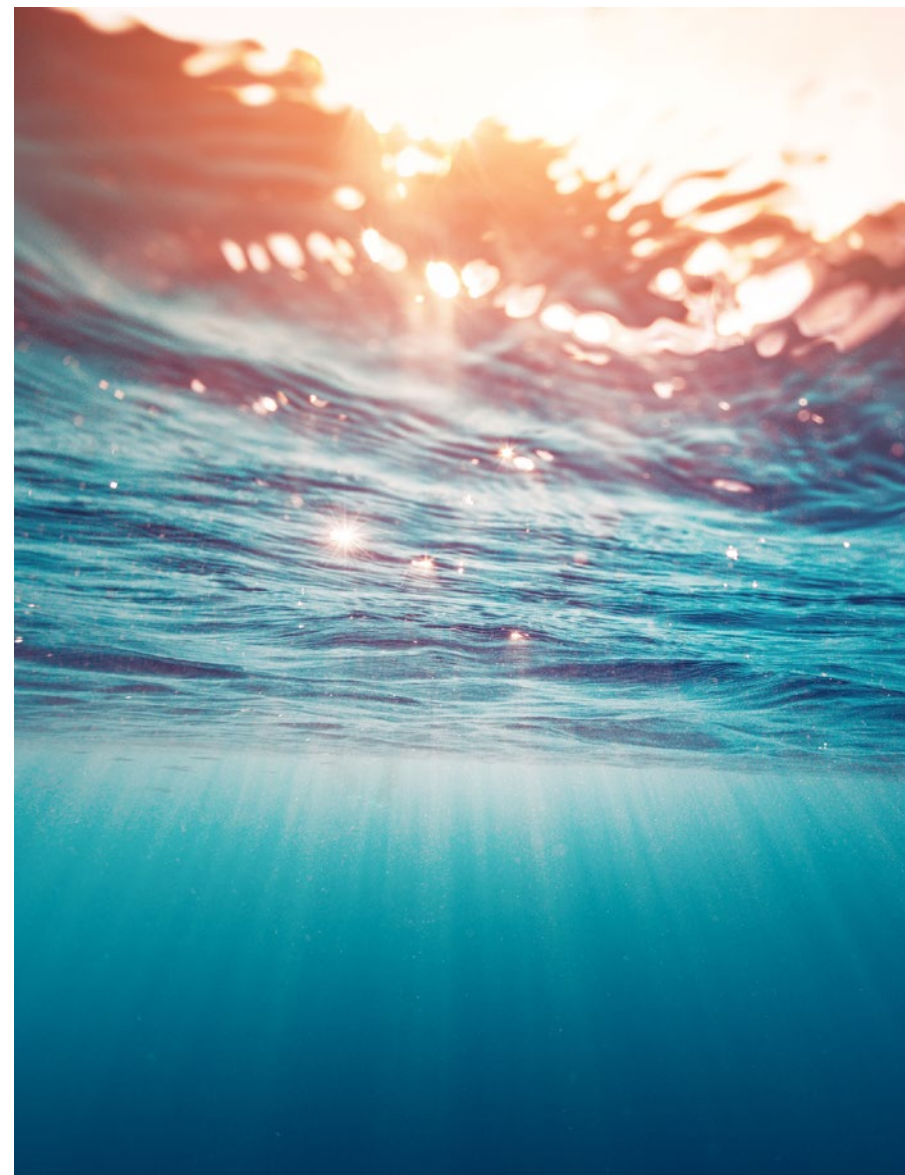
Profiles of Directors are included in the Annual Report and available on the Sanford website at www.sanford.co.nz/investors/governance/Board-of-Directors/.

Director attendance at Board and Board Committee meetings is set out under Principle 3 below. Details of Director independence are set out under 2.8 below.

The Board considers Director succession on a regular basis, considering such things as tenure, experience and Director workload.

The Board has developed a skills matrix and takes into account a number of factors including qualifications, experience and skills when making directorship recommendations to shareholders.

The table below highlights those skills and capabilities that the Board has identified to enable balanced governance. These capabilities are aligned with Sanford's strategy to create long-term value for our shareholders and stakeholders.





Sanford's business fundamentals aligned to Director capability and skill attribute

PILLAR	SKILL ATTRIBUTE	DESCRIPTIVE	RATING
PEOPLE	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.	● ●
	Health and Safety	Experience in the design and implementation of leading HSE practices and culture development at governance and/or/senior executive level.	● ● ● ○
	People and Culture	Experience leading cultural transformation. Understanding of C suite performance management and remuneration.	● ● ● ● ○
PLACE	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, inclusive of climate change factors, into business strategy and operations. Experience in monitoring/measuring ecosystems and sustainability performance.	● ● ○ ○
	Stakeholder engagement and connection	Stakeholder consultation, advocacy and empathy (especially tangata whenua perspective). Government connection and standing. Managing regulation including legal experience.	● ● ○ ○
PERFORMANCE	Supply chain and infrastructure	Depth of experience in shipping and logistics, supply networks, distribution, inventory management - extensive governance background or C suite experience in these fields.	● ● ○ ○
	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 similar sized organisations.	● ● ● ● ○
	Investment, markets and corporate finance	Broad corporate finance and markets expertise, national and international including significant M&A.	● ● ● ○

KEY: ● Strong capability ○ Moderate capability



Interests Register

Sanford maintains an Interests Register in which relevant interests and matters involving the Directors are recorded.

The following are particulars of general interests in the Company's Interests Register as at 30 September 2023 and of those added during that year.

DIRECTOR*	INTEREST
Robert McLeod	Chair, Quayside Holdings Limited. Chair, Quayside Securities Limited. Chair, Quayside Properties Limited. Chair, Ngati Porou Holding Company Limited. Director, Port of Tauranga Limited. Director, Point 76 Limited. Director, Point Seventy Limited. Director, Point Guard Limited. Director, MSJS NZ Limited. Director, AZSTA NZ Limited. Director, VCFA NZ Limited. Director, China Construction Bank (New Zealand) Limited. Director, Real Fresh Limited. Director, Singita Holdings Limited. Director, Singita Investments Limited.
Craig Ellison	Interim CEO, Sanford Limited, Chair, Wellington Zoo. Chair, Fenris Limited. Director, Lesvos Abalone Limited. Director, Raniera Fishing Pty Ltd. Chair, Halo Agtech Limited.
Abby Foote	Director, Christchurch City Holdings Limited and various subsidiary companies. Director, Freightways Group Limited. Director, KMD Brands Limited.
Fiona Mackenzie	Executive, ANZ Bank New Zealand Limited. Director, ANZ New Zealand Investments Limited. Director, Oneanswer Nominees Limited. Director, ANZ New Zealand Investments Holdings Limited. Director, ANZ New Zealand Investments Nominees Limited. Board member, Financial Services Council of New Zealand Inc.
David Mair ¹	Chief Executive and Director, Skellerup Holdings Limited. Director, Forté Funds Management Limited. Director, DJD Management Limited. Chair, ADNZ Management Limited.

1. Appointed 7 November 2022.

* Particulars of general interests added during the year ended 30 September 2023 by persons who ceased being Directors during that year are as follows:

Person	Particulars
P Cullinane	Executive of Oritain Global Limited
P Kean	Director of Southfuels and Northfuels Limited

There were no specific disclosures of interests in transactions entered into by the Company during the year ended 30 September 2023.

Indemnification 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 (such as the incurring of penalties and fines, which may be imposed for breaches of law), the indemnities 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.

Director share dealing

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

No share dealings were declared by Directors in the financial year ending 30 September 2023.

Director interests in shares

As at 30 September 2023, each Director has disclosed the following interest in Sanford shares:

DIRECTOR	NUMBER OF SHARES	NATURE OF RELEVANT INTEREST
C Ellison	1,000	Beneficial interest and registered holder
A Foote	12,000	Beneficial owner and registered holder
F Mackenzie	2,000	Beneficial interest
		Registered holder as trustee of the DM2 Investment Trust, in which David Mair has a beneficial interest
D Mair ¹	31,000	
R McLeod	28,500	Beneficial interest

1. Appointed 7 November 2022.

2.5 Diversity and inclusion

Sanford is committed to attracting, developing and retaining a diverse, talented group of individuals whose collective thoughts and contributions will help Sanford achieve success. We believe diversity and inclusion of background, experiences, thoughts and ways of working lead to greater creative and innovative solutions which ultimately lead to a superior outcome for our stakeholders socially, economically and environmentally.

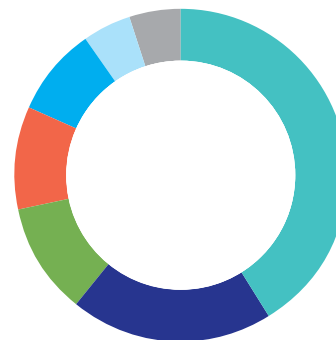
Sanford will not knowingly participate in business situations where Sanford could be complicit in human rights and labour standard abuses.

Our approach to diversity is outlined in our Diversity, Equity and Inclusion Policy, which is available on the Company website. The policy sets out behavioural and process expectations and standards to deliver practices which increase diversity and reduce bias. The Board has recently reviewed and updated the Diversity, Equity and Inclusion policy to include, among other things, an express requirement for the measurable objectives, and Sanford's progress towards achieving them, to be reviewed annually to ensure compliance. Notwithstanding that we already undertake regular reviews, our previous Diversity and Inclusion Policy did not follow Recommendation 2.5 of the NZX Code, because it did not include an express requirement to this effect.

Measurable objectives are set by the Board to track how Sanford is progressing towards its goals under the policy. The Board believes that initiatives undertaken by management during the year upheld the Company's commitment to diversity and inclusion. The Board considers that Sanford has made strong progress towards achieving its measurable objectives under the updated Diversity, Equity and Inclusion policy. Sanford has applied all terms of employment fairly and equitably and in accordance with its frameworks, and has more than 30% female representation on its Board. Work continues on progress toward achieving its other objectives, in particular the Board acknowledges that membership of the Executive Leadership Team did not achieve the objective of having at least 30% of members self-identifying as female.

Ethnic diversity

Sanford is proud to have a diverse workforce comprising many different ethnicities and backgrounds.



OUR NZ WORKFORCE IN ETHNIC GROUPS*	2023 (%)	2022 (%)
New Zealand European	41.4%	42.8%
Māori	19.6%	18.1%
Not stated	11.0%	11.5%
Asian	9.9%	10.0%
Pasifika	8.6%	9.3%
European	4.8%	4.1%
Other	4.8%	4.2%

* monthly averages

Gender diversity

The Officers of the Company (as defined by the NZX Listing Rules for the purposes of diversity reporting) are the CEO and specific direct reports of the CEO having key functional responsibilities.

AS AT 30 SEPTEMBER 2023	FY23 FEMALE	FY23 MALE	FY22 FEMALE	FY22 MALE
Directors	2	3	2	5
Officers	2	7 ¹	4	6

1. Four of these Officers held their roles on an "acting" basis.



2.6 Director training and education

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; and
- Undertaking scheduled visits to key Sanford sites and operations, to familiarise themselves with key operational activities and business practices.

All Directors have access to the executive team to discuss issues or obtain information on specific areas in relation to matters to be discussed at Board meetings, or other areas as they consider appropriate.

2.7 Board performance and review

The 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, 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.

2.8 Director independence

The Board is committed to ensuring that a majority of Directors are independent. Director independence is assessed in accordance with the NZX Listing Rules and with regard to the factors described in Table 2.4 of the NZX Code.

As at 30 September 2023, the Board has determined that four of the five Directors are independent, including the Chair, and the Chair of the Audit, Finance and Risk Committee. The independent Directors are Sir Robert McLeod, Abby Foote, Fiona Mackenzie and David Mair. They are non-executive Directors who do not have any interests, positions, associations or relationships which might interfere, or might be seen to interfere, with their ability to bring independent judgement to the issues before the Board.

Craig Ellison is not considered to be independent. Since August 2023, Mr Ellison has been the Acting CEO of Sanford and, until March 2023, he was associated with a substantial shareholder of Sanford.

Directors are required to notify the company of any interests they have that could impact an assessment of their independence or their ability to act in the best interests of the Company. Sanford has processes in place to manage any conflicts of interest with Directors.

2.9 Independent Chair

Sanford's Chair is required to be an independent Director. Sir Robert McLeod was appointed as Chair of the Board in 2019 and is an independent Director.

2.10 Separation of the role of Chair and CEO

The Board supports the separation of the roles of Chair and CEO. These roles are held by different people.



Principle 3: Board Committees

Committees assist, advise and make recommendations to the Board on matters falling within their areas of responsibility.

Each Committee is governed by a formal charter, setting out its objectives, roles and responsibilities, composition, structure, membership requirements and operation. The Board regularly reviews the charters of each Committee, the Committees' performance against those charters and the membership of each Committee. The Board believes that Committee charters, Committee membership and roles of Committee members comply with the recommendations in the NZX Code, other than as explained below in respect of Craig Ellison's brief continued membership of the Audit, Finance and Risk Committee following his appointment as Acting CEO during FY23.

Membership of the Committees as at 30 September 2023 is set out below:

COMMITTEE	ROLE	MEMBERS AS AT 30 SEPT 2023
Audit, Finance and Risk	Assists the Board in its oversight of the integrity of financial reporting, financial management and controls, external audit quality and independence and the risk management framework	Fiona Mackenzie (Chair) Craig Ellison ¹ Abby Foote Sir Rob McLeod
People, Health and Safety	Assists the Board to meet its responsibilities in relation to Sanford's health and safety policies, procedures and legislative compliance, and maintain a strong governance oversight of management of Sanford's team, remuneration and diversity policies	Abby Foote (Chair) Sir Rob McLeod David Mair
Nomination	Assists the Board in ensuring appropriate Board performance and composition and in appointing Directors	Sir Rob McLeod (Chair) Craig Ellison Abby Foote Fiona Mackenzie David Mair

1. Craig Ellison ceased to be an Audit, Finance and Risk Committee member effective 1 October 2023.

Members' attendance at Board and Committee meetings is reported annually, and the table of attendances is included below. Additional ad hoc meetings were also held. Each Committee other than the Nomination Committee, which meets at least annually, meets at least quarterly. Each Committee meets more often throughout the year, as required.

BOARD MEMBER	FULL BOARD MEETINGS	BOARD COMMITTEES		
		AUDIT FINANCE & RISK	PEOPLE, HEALTH & SAFETY	BOARD NOMINATION
M Cairns ¹	4/4	-	1/1	1/1
P Cullinane ²	3/3	-	1/1	1/1
C Ellison	7/8	6/7	-	1/1
A Foote	8/8	7/7	4/4	1/1
P Kean ³	3/3	-	1/1	1/1
F Mackenzie	8/8	7/7	-	1/1
D Mair ⁴	8/8	-	3/4	-
R McLeod	8/8	7/7	4/4	1/1

1. Retired 28 February 2023.

2. Retired 15 December 2022.

3. Retired 15 December 2022.

4. Appointed 7 November 2022.

Copies of the Board and Committee charters are available at: www.sanford.co.nz/investors/governance/Board-and-Committees/.

3.1 Audit, Finance and Risk Committee

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 Committee members have a range of qualifications and are all experienced in commercial and operational matters, as detailed in the Director profiles on Sanford's website.

A copy of the Audit, Finance and Risk Committee Charter is available on Sanford's website at www.sanford.co.nz/investors/governance/Board-and-Committees/.

As a consequence of Mr Ellison's appointment as Acting CEO on 1 August 2023, his status changed from non-executive Director to executive Director. Mr Ellison attended a meeting of the Audit, Finance and Risk Committee (of which he was then a member) occurring shortly after that appointment, which means that Recommendation 3.1 of the NZX Code (that membership of an issuer's audit committee should comprise solely of non-executive directors of the issuer) was not followed for that single meeting. However, the Board acknowledges that given Mr Ellison was then a current member of that Committee, and his appointment as Acting CEO had only just occurred, his attendance was important and appropriate to ensure the continued effective operating of the Committee for that meeting. Mr Ellison is no longer a member of the Audit, Finance and Risk Committee, meaning membership of that Committee now consists solely of non-executive Directors in line with Recommendation 3.1.

3.2 Management attendance at Audit, Finance and Risk Committee

Senior management representatives attend Committee meetings by invitation only.

3.3 People, Health and Safety Committee

The Committee assists the Board to provide leadership, governance and policy for people, health and safety (including food safety and quality) performance and standards; and legislative and regulatory compliance, across all operational activities of the business, including Fishing, Processing and Aquaculture. The Committee has oversight for all operational risks that could cause harm to people arising out of Sanford's operations or activities and regularly reviews the Company's risk management and compliance programmes with respect to people practices, employment, health, safety, food safety and quality regulations.

The Committee also performs the functions of a remuneration committee. It assists the Board to discharge its responsibilities in relation to the introduction, recruitment and appointment of the Company's Directors; and in the setting of the remuneration of the Company's Directors and senior executives including establishing appropriate

remuneration policies and practices. The Committee regularly reviews the Company's management structure and key talent and succession planning, and reviews the effectiveness of the Company's hiring practices with respect to Equal Employment Opportunities including gender diversity.

Senior management representatives attend the People, Health and Safety Committee meetings by invitation only.

A copy of the People, Health and Safety Committee Charter is available on Sanford's website at www.sanford.co.nz/investors/governance/Board-and-Committees/.

3.4 Nomination Committee

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. Currently all Board members are members of the Nomination Committee.

A copy of the Nomination Committee Charter is available on Sanford's website at www.sanford.co.nz/investors/governance/Board-and-Committees/.

3.5 Other Board Committees

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

3.6 Takeover protocols

A takeover response protocol, which has been approved by the Board, is in place for dealing with a takeover offer. In the case of a takeover offer, Sanford would follow its takeover protocols including forming an Independent Takeover Committee to oversee disclosure and response and to engage expert legal and financial advisors on procedure.



Principle 4: Reporting And Disclosure

4.1 Continuous Disclosure Policy

Sanford has a Continuous Disclosure Policy, and is committed to providing accurate, timely and consistent disclosures that comply 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 www.sanford.co.nz/investors/governance/policies/.

4.2 Access to governance documents

Key governance documents are available to investors and stakeholders on Sanford's website at www.sanford.co.nz/investors/governance/policies/. 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, Equity and Inclusion Policy, Sustainability Policy, Independence of External Auditors Policy and the Director and Executive Remuneration Policy.

4.3 Financial reporting

The Board is responsible for ensuring that the financial statements give a balanced, clear and objective view of the financial position of the Company and have been prepared using appropriate accounting policies, consistently applied, and supported by reasonable judgements and estimates. The Board is also responsible for ensuring all relevant financial reporting and accounting standards have been followed.

The Audit, Finance and Risk Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness, balance and timeliness of financial statements. It reviews Sanford's full and half year financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit. All matters required to be addressed, and for which the Committee has responsibility, were addressed during the reporting period.

For the financial year ended 30 September 2023, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

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 2023 are included in the Sanford 2023 Annual Report, an integrated report which reviews Sanford's financial, economic and environmental performance.

4.4 Non-financial reporting

Each year, non-financial information, including consideration of environmental, social sustainability and governance (ESG) factors and practices, 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 section 6).

This year's Annual Report is Sanford's tenth Integrated Annual Report, as defined by the International Integrated Reporting Council (IIRC). This Annual Report has been developed in accordance with both the IIRC Integrated Report <IR> Framework and the Global Reporting Initiative Sustainability Reporting Standards (GRI).

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.

Sanford has made a voluntary disclosure, prepared having regard to the Aotearoa New Zealand Climate Standards (NZCS) for FY23. This disclosure can be read on pages 116–129. Sanford's first mandatory climate related disclosures under the NZCS and Part 7A of the Financial Markets Conduct Act 2013 will be made in FY24.



Principle 5: Remuneration

Remuneration of Directors and senior executives is the key responsibility of the People, Health & Safety Committee. 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.

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

5.1 Directors' remuneration

Shareholders fix the total remuneration available for Directors. Approval is sought for any increase in the pool available to pay Directors' fees, and any recommendations to shareholders regarding Director remuneration are provided for approval in a transparent manner. If independent advice is sought by the Board, it will be disclosed to shareholders as part of the approval process.

The last increase in Director remuneration was approved by shareholders at the Annual Meeting in December 2018, for a total fee pool of \$790,000 per annum, this was subsequently increased in accordance with the NZX Listing Rules to \$894,400 in 2021 when the Board moved from 6 to 7 members.

Directors are entitled to be reimbursed for costs directly associated with carrying out their duties, including travel costs. Board policy is that no sum is paid to a Director upon retirement or cessation of office. Directors do not participate in the Company's short or long term incentives.

The following table provides a breakdown of remuneration for Board fees and Committee roles in FY23. No other payments were made to Directors.

Directors' remuneration 2023

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 AND RISK COMMITTEE	PEOPLE, HEALTH AND SAFETY COMMITTEE	TOTAL REMUNERATION
Sir Robert McLeod (Chair)	(Chair) 170,000	10,000	8,000	188,000
Mark Cairns ¹	37,500		3,333	40,833
Peter Cullinane ²	22,500		2,000	24,500
Craig Ellison	90,000	10,000		100,000
Abigail (Abby) Foote	90,000	10,000	(Chair) 16,000	116,000
Peter Kean ³	18,740		1,666	20,405
Fiona Mackenzie	90,000	(Chair) 20,000		110,000
David Mair ⁴	80,800		7,200	88,000
Total	599,540	50,000	38,199	687,739

1. Resigned 28 February 2023.
2. Resigned 15 December 2022.
3. Resigned 15 December 2022.
4. Appointed 7 November 2022.



5.2 Executive remuneration

Sanford's executive remuneration policies and practices are designed to attract, retain and motivate high calibre people and create a performance focused culture.

5.3 CEO remuneration

The Acting CEO, Craig Ellison began his role on 1 August 2023 and was paid \$146,154 in FY23 in respect of his Acting role to 30 September 2023. The Acting CEO is not eligible for remuneration under Sanford's short term incentive scheme (STI) or long term incentive scheme (LTI). The Acting CEO is also a member of the Board but does not receive a director's fee from 1 October whilst the Acting CEO.

The former CEO, Peter Reidie, left his role with Sanford on 1 August 2023. Mr Reidie received remuneration of \$2.15 million in FY23. The total remuneration paid to Mr Reidie for the period 1 October 2022 through to his resignation is shown in the table below. A STI payment was made to Mr Reidie in December 2022 in relation to the 2022 financial year.

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 for FY23 was set at 30% of the CEO's total fixed remuneration. The STI has two components, individual performance (30%) and financial performance (70%). Achievement of the financial targets results in a payment of 100% of the financial performance component. Payment outside these parameters is at the sole discretion of the Board.

The STI payment shown in the table below was paid to Mr Reidie in FY23 (in December 2022) but related to FY22.

The Acting CEO is not eligible to participate in the STI plan and as such no CEO STI is currently in effect.

Long Term Incentive (LTI)

In September 2021 the Company announced a new LTI plan as part of its retention and incentive arrangements for the former 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.

Income from Share Rights is recorded in the financial year that vesting occurs. No Share Rights were granted in FY23 and no Share Rights vested in FY23.

The former CEO, Peter Reidie, was granted 31,825 Share Rights with a commencement date of 6 April 2021 and a vesting date of 30 September 2023 (FY21 Grant), and 58,320 Share Rights with a commencement date of 1 October 2021 and a vesting date of 30 September 2024 (FY22 Grant).

If the CEO departs the Company's employment for any reason prior to vesting the Board may determine whether any of the CEO's Share Rights will lapse. Following Mr Reidie's resignation as CEO with effect on 1 August 2023, the Board is yet to finalise the entitlement Mr Reidie will receive in relation to his interests in the LTI plan.

The Acting CEO is not eligible to participate in the LTI plan. Accordingly, no grant of Share Rights has been made to the Acting CEO.

Annual total compensation ratio

The annual total compensation ratio represents the number of times greater the highest paid individual's remuneration is to the remuneration of an employee paid at the median of all Sanford employees (excluding the highest-paid individual). For the purposes of determining the median paid to all Sanford employees, all permanent full-time, and fixed-term employees are included, with part-time employees excluded. Employee median remuneration includes basic wage and salary payments, employer superannuation and Kiwisaver payments, short term incentives, overtime and leave buyouts.

Highest paid remuneration includes basic salary payments, employer superannuation and short term incentive payments.

At 30 September 2023, the CEO's remuneration¹ shown above was 13.58 times (FY22: 13.09 times) that of the median employee at \$82,017 per annum.

CEO REMUNERATION (1 OCTOBER 2022 - 31 JULY 2023)

	BASE SALARY \$	OTHER SHORT TERM BENEFITS \$	REMUNERATION \$	EMPLOYER SUPER \$	STI	LTI	TOTAL REMUNERATION \$
CEO	785,321	1,039,277	1,824,598	60,098	268,183	-	2,152,879

1. For the annual compensation ratio for 2023, the CEO's remuneration is for the period from 1 October 2022 to 31 July 2023 and excludes other short term benefits.



Employees' remuneration

The table below shows the number of employees and former employees, who are not also Directors, who receive remuneration and other benefits in excess of \$100,000 during the year ended 30 September 2023. The table does not include amounts paid after 30 September 2023 that relate to the year ended 30 September 2023.

REMUNERATION RANGE \$000	NUMBER OF EMPLOYEES	REMUNERATION RANGE \$000	NUMBER OF EMPLOYEES
100 – 110	61	270 – 280	2
110 – 120	34	280 – 290	2
120 – 130	30	300 – 310	1
130 – 140	31	310 – 320	3
140 – 150	23	320 – 330	1
150 – 160	17	340 – 350	1
160 – 170	15	350 – 360	4
170 – 180	4	360 – 370	1
180 – 190	5	420 – 430	1
190 – 200	8	440 – 450	2
200 – 210	2	490 – 500	1
210 – 220	3	610 – 620	1
220 – 230	3	690 – 700	1
230 – 240	2	780 – 790	1
240 – 250	2	2,150 – 2,160	1
260 – 270	2		

Principle 6: Risk Management

6.1 Risk management framework

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 follows an Enterprise Risk Management (**ERM**) Framework to cover the end-to-end risks affecting the organisation in the pursuit of its objectives. The ERM Framework is comprised of a number of policies, standards, guides, and control documents. These documents are appropriate to Sanford's business, and relate to strategic and operational risk management, legal and regulatory compliance, information technology and cyber security, environment and climate, health and safety, food quality and safety, and other key risks. The ERM Framework integrates risk management into Sanford's operations, formalises risk management as part of the company's internal control and corporate governance arrangements, and provides a consistent and structured way to manage risk across the organisation.

In addition to applying the ERM Framework, risk management is applied in a number of ways, including business area risk reviews, scenario analysis (climate change), financial risk mitigation and transfer tools (i.e. hedging and insurance) and engaging in industry regulatory and policy development through Seafood New Zealand.

Sanford applies a formal process biannually to review and update its material and key risks. The latest update took place in FY23 and further details about the key risks and key mitigations strategies in place are set out in Appendix B (pages 153 and 154).

The Audit, Finance and Risk Committee is responsible for oversight of risk management and receives a periodic report on key risks affecting the business and formally reviews and approves material changes to the Sanford's Enterprise Risk Management Framework. The ERM report includes the status ERM programme of work, information about emerging risks and any material issues that have occurred in the previous quarter and a deep dive into one key risk. The objective of this approach is to enhance stakeholder value through continuous improvement in the Company's management of risk.



The Directors approve Sanford's annual business plan and operating budget, which is prepared by management and closely monitored 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 and discuss any risk to achieve these goals.

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. These audits are aligned with Sanford's key risks.

6.2 Health and safety

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.

Sanford has identified its critical Health and Safety Risks which are individually managed by a Critical Risk Team. By understanding and discussing Sanford's critical and high probability Health and Safety 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 these risks, so far as reasonably practicable.

Health and safety indicators that comply with GRI standards, such as the lost time injury frequency rate (LTIFR), are disclosed at page 150 in this Annual Report, and Sanford Key Performance Indicators table, Appendix A (pages 149–152).

Principle 7: Auditors

7.1 External 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 use of estimates and judgements are disclosed in Note 2 of the financial statements).

KPMG were Sanford's external auditors for the year ending 30 September 2023. KPMG's lead audit partner was rotated effective 30 September 2023 with the next rotation due in the year ending 2028.

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. No issues relating to the external auditors' independence were identified to the year ending 30 September 2023. KPMG has provided the Board with written confirmation that, in their view, they were able to operate independently during the year.

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

7.2 Attendance at Annual Meeting

Sanford's external auditors are expected to attend Sanford's Annual Meeting each year, and shareholders can ask questions of them, should they wish. KPMG attended Sanford's FY23 Annual Meeting held on 15 December 2022.

7.3 Internal audit function

Sanford does not have an in-house internal audit function. Ernst and Young (EY) were commissioned for the year ending 30 September 2023, to conduct the internal audit function on behalf of Sanford.



Principle 8: Shareholder Rights And Relations

8.1 Investor website

Easy access to investor information is available through the Investor Centre on the Company's website at www.sanford.co.nz/investors.

8.2 Communicating with shareholders

Sanford is committed to open and regular engagement with shareholders and has a comprehensive investor relations programme to keep shareholders informed about the business and performance.

Sanford provides shareholders with information through our shareholder reports and results announcements, our Annual Meeting and announcements of material or other relevant information. 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.

Sanford seeks to enhance its financial accounts through integrated reporting, ensuring greater transparency to stakeholders on our 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.

Shareholders are encouraged to communicate with the Company and its share registry electronically.

We endeavour to make it easy for shareholders to participate in Annual Meetings, which are held in a main centre, streamed live online and recorded and posted on the Company website. Shareholders can ask questions of and express their views to the Board, management and the external auditors at Annual Meetings.

In addition to shareholders, Sanford has a wide range of stakeholders and maintains open channels of communication for all audiences, including the investing community, its staff, suppliers and customers.

8.3 Voting on major decisions

Sanford has processes to ensure it follows the mandatory NZX Listing Rule requirements relating to a change in the nature of the Company's business, including major transactions under the Companies Act 1993.

8.4 Equity offers

Sanford has not sought additional equity capital for the year ending 30 September 2023.

8.5 Notice of meeting

Sanford aims to provide at least 20 working days of the notice of the Annual Meeting, which is posted on Sanford's website, announced on the NZX and sent to shareholders prior to the meeting each year. This goal was achieved in 2022.

Sanford's 2023 Annual Meeting will be held at 2.00pm on Monday 18 December 2023 at Eden Park, Reimers Avenue, Mt Eden, Auckland in the World Cup Lounge West, South Stand and virtually.



STATUTORY INFORMATION

SHAREHOLDING ANALYSIS

AS AT 9 OCTOBER 2023

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 to 999	674	24.94	296,836	0.32
1,000 to 4,999	1,294	47.87	2,763,944	2.95
5,000 to 9,999	336	12.43	2,159,021	2.31
10,000 to 49,999	309	11.43	5,802,458	6.2
50,000 to 99,999	36	1.33	2,557,413	2.73
100,000 and above	54	2	80,047,063	85.5
	2,703	100	93,626,735	100

TWENTY LARGEST SHAREHOLDERS

AS AT 9 OCTOBER 2023

REGISTERED NAME	NUMBER OF SHARES	%
Ngai Tahu Investments Limited	18,607,721	19.87
ASB Nominees Limited	9,000,000	9.61
Masfen Securities Limited	7,066,730	7.55
Maruha Nichiro Corporation	4,534,231	4.84
Forsyth Barr Custodians Limited	3,756,905	4.01
Tasman Equity Holdings Limited	3,593,574	3.84
BNP Paribas Nominees (NZ) Limited - NZCSD	2,887,318	3.08
Citibank Nominees (New Zealand) Limited - NZCSD	2,845,679	3.04
Sterling Nominees Limited	2,179,041	2.33
Rural Equities Limited	2,000,000	2.14
ANZ Wholesale Australasian Share Fund - NZCSD	1,959,901	2.09
Accident Compensation Corporation - NZCSD	1,786,220	1.91
New Zealand Depository Nominee Limited	1,697,274	1.81
HSBC Nominees (New Zealand) Limited - NZCSD	1,565,571	1.67
JBWere (NZ) Nominees Limited	1,555,239	1.66
Seajay Securities Limited	1,450,000	1.55
Custodial Services Limited	1,438,980	1.54
Arden Capital Limited	1,197,856	1.28
MMZ Trustee Company Limited	967,449	1.03
Tea Custodians Limited Client Property Trust Account - NZCSD	956,846	1.02



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 2023 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
Ngai Tahu Holdings Corporation Limited and Ngai Tahu Investments Limited*	18,607,721	19.87	1-Sep-21
Tasman Equity Holdings Limited, Arden Capital Limited and Past Limited Partnership	13,791,430	14.73	16-Dec-22
Masfen Securities Limited	7,066,730	7.55	14-Mar-22

*Ngai Tahu Holdings Corporation Limited has disclosed that it has a relevant interest in the shares held by Ngai Tahu Investments Limited.

The total number of quoted voting products of Sanford (being its ordinary shares) on issue as at 30 September 2023 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 provisions in the Company's Constitution

To enable the Board to better manage the risk of the Company becoming an 'overseas person' in the future (which would, among other things, impact the Company's ability to acquire an interest in fishing quota (including ACE) in the ordinary course of its business), the Company's Constitution was amended in 2016 to include provisions which enable the Board to:

- Require certain documentation and/or information in relation to a proposed transferor or transferee of the Company's shares and to restrict the transfer of the Company's shares to 'overseas persons' (Transfer Powers).
- Suspend the voting rights of any of the Company's shares the Board determines are 'affected shares' (being, in summary, shares which the Board determines are held by 'overseas persons' and which have caused the Company to be in breach of the 'overseas ownership threshold' – a threshold which is 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') (Suspension Powers).
- Require (or effect) a sale of any 'affected shares' to a 'non-overseas person'.

A more detailed outline and explanation of the effects of the above powers can be found on the Company's website at 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.

NZX Regulation (a body now referred to as NZ RegCo) granted the Company a waiver from NZX Listing Rule 8.1.5 to enable the Company to have the Suspension Powers in its Constitution (Waiver). As a condition of the Waiver, Sanford is listed on the NZX Main Board with a Non-Standard designation. The full text of the Waiver can be found here www.nzx.com/companies/SAN/documents.

In addition, NZX Regulation granted the Company approval in 2016 in order for the Company to include the Transfer Powers in its Constitution. The full text of that approval can be found here www.nzx.com/announcements/293474.



OIO Exemption – overseas ownership

In 2018, the Company obtained an exemption from the requirement under the Overseas Investment Act 2005 (OIA) to obtain consent prior to acquiring ‘fishing quota’ in certain limited circumstances, which expired in August 2023 (Original Exemption).

At the time the Original Exemption was obtained, the OIA provided that a body corporate such as the Company would be an ‘overseas person’ where (in summary) it has a level of overseas ownership or control of 25% or more. However, the test in the OIA for when the Company (being a New Zealand company that is listed on the NZX Main Board) will be an ‘overseas person’ has subsequently been amended. The changes to that test effectively increase the extent of overseas ownership required for the Company to be considered an ‘overseas person’, making it less likely that the Company could become an ‘overseas person’ within a short period of time without its prior knowledge.

Given the Company’s current level of overseas ownership detailed below and the amendments to the OIA described above, the Company considers that the risk of it becoming an ‘overseas person’ in circumstances where the Company is not aware that such a change has occurred (or may be about to occur) to be very low. Accordingly, the Company is currently engaging with the Overseas Investment Office (OIO) as to whether it is appropriate for the Company to be granted a new exemption from the OIA on similar terms to the Existing Exemption to address any residual risk associated with the Company becoming an ‘overseas person’ without its knowledge and subsequently obtaining ‘fishing quota’. If a new exemption is not ultimately pursued, the Company intends to continue to monitor its level of overseas ownership to minimise the prospect of it becoming an ‘overseas person’ within a short period of time without its prior knowledge. Such monitoring would complement the provisions in its constitution which enable the Board to require (or effect) a sale of the ‘affected shares’ to a ‘non-overseas person’ (as discussed above).

For the avoidance of doubt, any exemption from the OIA would not exempt any ‘overseas person’ from any requirement to obtain consent under the OIA 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 12.7% based on NASDAQ’s most recent reporting, as at 31 August 2023 (12.5% as at 31 August 2022). 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 OIA.



APPENDICES

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APPENDIX A – SANFORD KEY PERFORMANCE INDICATORS

YEAR ENDING 30 SEPTEMBER 2023

GRI STANDARD REF	KPI METRIC	UNITS	2023	2022	2021	2020
PEOPLE						
2-7	Total Workforce at 30 Sept (All NZ employees and sharefishers) ¹	#	1,485	1,421	1,409	1,387
2-8	Independent Sharefishers at 30 Sept ¹	#	435	422	421	444
2-30	Employees Covered by Collective Agreements/Union Membership ¹	%	15	18	20	20
401-1	Involuntary Turnover of Permanent Employees ¹	%	4	5	5	11
401-1	Voluntary Turnover of Permanent Employees ¹	%	18	22	19	13
401-1	Involuntary Turnover of New Permanent Employees in current financial year ¹	%	4	6	Not reported	
401-1	Voluntary Turnover of New Permanent Employees in current financial year ¹	%	20	24	Not reported	
EMPLOYEE TRAINING ¹						
404-1	Training Credits Achieved by Females ²	#	740	242	252	431
404-1	Training Credits Achieved by Males ²	#	1,395	1,009	1,122	1,567
404-1	Internal Staff Training and Upskilling ³	hours	1,216	1,363	1,469	554
404-1	Staff Training (total, internal & external) ²	hours	24,114	13,872	Not reported	
404-3	Percentage of employees receiving performance & development review ⁴	%	84	Not reported		
WOMEN IN THE WORKFORCE ¹						
405-1	Directors at 30 Sept	%	40	29	29	33
405-1	Executive at 30 Sept ⁵	%	22	29	40	50
405-1	Senior Leadership Team at 30 Sept ⁵	%	29	32	33	35
405-2	Average base Remuneration Women: Men at 30 Sept ⁶	ratio	0.86:1	0.87:1	0.87:1	Not reported
EMPLOYEE BENEFITS ¹						
401-2	Health Insurance Plan	members	96	118	134	151
201-3 & 401-2	Employees in Super Scheme Only	members	58	66	75	89
201-3 & 401-2	Employees in Kiwi Saver Only	members	753	671	634	651
201-3 & 401-2	Employees in Both Schemes	members	90	107	126	137



GRI STANDARD REF	KPI METRIC	UNITS	2023	2022	2021	2020
HEALTH AND SAFETY						
403-9	Number of Near Misses Reported ⁷	#	1,296	1,076	833	559
403-9	Number of Reported Injuries ⁷	#	507	653	823	766
N/A	Number of Notifiable Health and Safety Events ^{7,8}	#	12	15	10	10
403-9	Number of Lost Time Injuries ⁹	#	50	81	62	51
403-9	Lost Time Injury Frequency Rate (LTIFR) ⁹	#/mil.hrs	29.02	48.05	34.36	24.12
403-9	Total Recordable Injury Frequency Rate (TRIFR) ⁷	#/mil.hrs	17.40	24.53	32.74	35.69
403-10	Total Number of Hours Worked ⁷	mil. hours	3,390	3,386	3,605	3,361
403-9	Total Number of Days Off Work ⁹	#	2,069	2,484	1,430	774
2-27	Safety-related Prosecutions ⁹	#	0	0	1	0
PLACE						
304-2	Fishing - Total Number of Seabirds Caught Dead ¹⁰	#	181	123	191	220
304-2	Fishing - Total Number of Marine Mammals Caught Dead ¹⁰	#	16	25	44	33
304-2	Fishing - Coral bycatch (Returned To Sea) ¹⁰	tonnes	1.56	3.67	0.76	0.47
13.3.6	Salmon Aquaculture - Fish In: Fish Out Ratio (BAP Std. Formulation) ¹¹	ratio	0.75	0.72	0.87	0.87
13.11.1	Salmon Aquaculture - Antibiotic Use (Active Pharmaceutical Ingredients [API]) ¹¹	grammes API/GW tonne	0	0	0	0
304-2, 13.3.1	Salmon Aquaculture - Finfish Escapes (Net, Post Recapture Efforts) ¹¹	#	0	0	0	0
13.11.3	Salmon Aquaculture - Mortality Rate (Total Mortality/Count of Fish at End Sept, Adj. For Harvest/Culling) ¹¹	%	4.8	8.2	3.4	3.1
PROTECTING AND ENHANCING THE ENVIRONMENT						
302-1	Total Liquid Fossil Fuel Consumed ¹²	litres	21,189,465	20,729,327	22,042,812	22,848,997
302-1	Total Energy Consumption	MJ	892,962,411	892,965,085	944,942,138	992,540,741
302-1	Renewable Energy Consumption ¹³	MJ	66,829,147	68,217,268	73,764,362	76,472,940
302-1	Renewable Energy Use (as % of Total Energy Consumption) ¹³	%	7.48%	7.64%	7.78%	7.84%
302-3	Land Based Processing site (LBPs) Energy Intensity (all LBPs, all divisions, GWkg processed at LBPs)	MJ/GWkg	2.78	2.39	2.33	2.48



GRI STANDARD REF	KPI METRIC	UNITS	2023	2022	2021	2020
303-5	Water Use Intensity (LBPs, all divisions, potable, ground and sea water, GWkg processed at LBPs)	L/GWkg	16.43	13.4	13.72	15.24
N/A	Total Greenhouse Gas Emissions (CO ₂ -e) ¹⁴	tonnes	245,983	270,607	276,926	262,266
305-1	Direct Emissions (CO ₂ -e) – Scope 1 ¹⁴	tonnes	60,103	57,076	62,130	65,069
305-2	Purchased Electricity (CO ₂ -e) – Scope 2 ¹⁴	tonnes	1,493	1,466	2,349	2,423
305-3	Indirect Emissions (CO ₂ -e) – Scope 3 ¹⁴	tonnes	184,386	212,065	212,447	194,774
305-4	GHG Emissions Intensity – S1/S2/3 total by sales	tonnes/\$m	0.44	0.51	0.57	0.56
306-5	Waste Directed to Landfill ¹	tonnes	3,667	3,536	6,357	9,627
306-4	Waste Diverted from Landfill ¹	tonnes	6,924	10,629	8,534	6,446
306-4	Waste Diversion Rate Across Operations ¹	%	65	75	57	40
HIGHLY VALUED COMMUNITY PARTNER						
201-1 & 413-1	Total Community and Charitable Investments - Sponsorships and Donations ¹⁵	\$000s	362	302	354	389
413-1	Meal Equivalents Donated to Charities and Communities ¹⁶	#	178,901	294,576	132,535	76,173
PERFORMANCE						
2-6	NZ Quota Owned Based on ACE Equivalent	%	19.9	19.8	19.8	19.7
2-6	Total Wildcatch Landed (GWT) ^{17,18}	tonnes	80,804	78,462	78,700	84,373
2-6	Greenweight Wild Caught Landed - Deepwater Fleet ^{17,18}	tonnes	71,344	68,118	68,341	73,335
2-6	Greenweight Wild Caught Landed - Inshore Fleet ^{17,18}	tonnes	9,459	10,344	10,359	11,037
2-6	Greenweight King Salmon (<i>Oncorhynchus tshawytscha</i>) Harvested ^{18,19}	tonnes	4,974	5,001	4,935	4,292
2-6	Greenweight Mussels (<i>Perna canaliculus</i>) Harvested ¹⁸	tonnes	26,768	25,949	28,209	33,918
2-6	Fishmeal and Fish Oil Produced (product weight)	tonnes	5,528	4,780	5,536	5,5912
416-1	Percentage of product categories covered by Sanford Food Safety and Quality Program ²⁰	%	100	100	100	100
416-2	Number of Food Safety Recalls ²¹	#	0	0	1	0
416-2	Total Number of Food Quality Complaints Received ²¹	#	114	121	209	154
416-2	Total % of Food Quality Complaints Received That are Validated ²¹	%	62	77	57	65
416-2	Total Validated Food Quality Complaints per Million kg Sold ²¹	#/mil.kg sold	1.14	1.34	1.67	1.43
13-10	Production volume with internationally recognised food safety standard ²²	%	99.8	Not reported		



GRI STANDARD REF	KPI METRIC	UNITS	2023	2022	2021	2020
ECONOMIC PERFORMANCE						
201-1	Revenue	\$m	553.4	531.9	489.6	468.8
201-1	Profit After Tax	\$m	10.0	55.8	16.2	19.4
2-6	Total Assets	\$m	1,072	977.7	940.4	926.3
2-6	Total Equity	\$m	684.9	664.9	634.1	607.6
201-1	Return on Average Equity	%	1.5	8.6	2.6	3.2
201-1	Dividend per Share	cents	12	10	0.0	5.0
201-1	Earnings per Share	cents	10.7	59.8	17.4	20.8
201-1	Wages and Salaries ²³	\$m	136.2	128	125	125
201-1	Payments to New Zealand Income Tax	\$m	9.2	1.6	1.2	10.1
203-2	Payments to Domestic Suppliers	\$m	457.8	488.3	397.7	359.8
415-1	Monetary value of Political contributions ²⁴	\$m	0	Not reported		

1. Scope boundary is all Sanford direct operations within New Zealand.
2. Technical training provided by Primary ITO. Report training credits as a proxy for hours – one credit equates to approximately 10 hours of learning.
3. Dedicated internal training, excludes inductions.
4. Includes permanent salaried employees and excludes any new hires 6 months prior to the review period.
5. From FY20 on, scope definition transitioned from annual quarterly average percentage to percentage as at 30 Sept.
6. 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, Equity and Inclusion 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.

7. Operational control basis for scope boundary, includes Sanford, San Won, and Sanford sharefishers, excludes NIML, Sanford Australia and contractors. Hours worked are based on actual hours worked on land, or total time spent on board vessels for multi-day voyages.
8. Includes near misses, injuries, illnesses, and incidents as defined under the Maritime Transport Act 1994 and Health and Safety at Work Act 2015.
9. Scope boundary includes Sanford and San Won excludes Sanford Australia, sharefishers, NIML and contractors.
10. 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.
11. 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.
12. Liquid fossil fuel restated for FY20-FY22 (excludes NIML, includes LPG use at ENZAQ/Bioactives).

13. Renewable energy defined as those that are replenished at rates higher than they are consumed. For Sanford this category includes woodchip and 87% of New Zealand's grid electrical supply (<https://www.mbie.govt.nz/about/news/energy-in-new-zealand-2023-shows-renewable-electricity-generation-increased-to-87-percent/>).
14. Refer to Climate Related Disclosure's definitions and assumptions in GHG inventory page 127.
15. Includes sponsorships and donations, excludes stock costs of donated seafood.
16. Meal equivalent basis: 100g of fillet, 200g of whole fish, 200g of whole/half shell mussel, 300g for heads/frames.
17. Total wildcatch reflects total catch landed including Sanford, 3rd party fleets landing to Sanford facilities, deepwater, inshore, and fishing partners.
18. GW – Greenweight, weight of seafood before processing, measured in tonnes.
19. Salmon GW calculated from factory incoming whole fish weight corrected for blood losses experienced between farm and factory.

20. Sanford's Food Safety Policy and Management System applies to ALL activities and products caught processes and sold by Sanford.
21. Includes all Sanford products sold.
22. Standards which are recognised for export/import across a national border considered as 'internationally recognised'. Applicable standards used by Sanford are: Global Food Safety Initiative (GFSI) FSSC22000 & BRCS, NZ Ministry for Primary Industries (MPI) Risk Management Program (RMP), NZ MPI Hazard Analysis and Critical Control Point (HACCP).
23. Scope boundary includes all subsidiaries at 100% (companies we own more than 50% shareholding in), 50% of NIML, excludes associates (San Won) which are not 100% consolidated into our Group accounts.
24. Determined via review of financial payment records and query to senior executives.



APPENDIX B – KEY BUSINESS RISKS AND MITIGATION

Sanford identifies, assesses, mitigates and manages risk in line with the Enterprise Risk Management Policy and Framework, aligned with ISO 31000 Risk management – Guidelines and Principle 6 of the NZX Corporate Governance Code. Key business risks are reported to the Board via the appropriate sub-Committee on a quarterly basis, together with relevant information about emerging risks and the potential impact on operations.

The table below highlights the current top 10 business risks and key mitigation strategies in response to the risks.

RISK PRIORITY	ORGANISATIONAL RISK	RISK STATEMENT	KEY MITIGATION STRATEGIES
1	Climate Change	Failure to adjust business models and capital allocation plans to address climate related risks and opportunities	• Innovation pipeline • Mussels - Diversity of farm locations, monitoring of water quality • Wildcatch – Diversity of quota holding (geography and species mix) • Salmon – Active mitigation. Separating grow out farms into two banks, monitoring of water quality, deploying oxygenation equipment, monitoring algal cells • Adaptation planning initiatives - Seafood Sector via Aotearoa Circle
2	Environment	Sanford's activities, or those of its employees, have an unacceptable adverse effect on the environment	• Deployment of Environmental Management System (ISO14001), annual external assurance of standard compliance • Embed environmental protection culture via on-boarding, training, standardised procedures and reporting • Active mitigation strategies at specific sites
3	Health and Safety	Failure to provide a safe working environment for employees and other stakeholders that does not expose them to serious injury, illness or fatality	• H&S strategic framework and plan in place and approved by the Board • Assurance Plan • Software solutions enabling better event and risk management, audit and inspections • PHSC Board committee, H&S committees, GM H&S, H&S audits, performance reporting, annual reviews of policy and procedures • Asset Management Plan
4	Cyber Security	Networks, industrial controls, and other IT systems are inordinately exposed to cyber-attack	• Cyber security strategy • Cyber security policies and procedures • IT Risk Management Framework • External cyber security consultancy and services (penetration testing, SOC) • Cyber awareness training and testing • Technical defences and controls deployed through a defence-in-depth strategy
5	Food Quality and Safety	Compromised food safety (Sanford directly or via Sanford being part of wider supply chain) resulting in serious harm	• Policy and procedures for all food production to sustain the safety and quality of Sanford projects • Quality and safety reviews to provide assurance • FSSC2200 Food Safety System certified across land-based sites



RISK PRIORITY	ORGANISATIONAL RISK	RISK STATEMENT	KEY MITIGATION STRATEGIES
6	Shareholder Value	Failure to deliver financial targets, ensure prudent capital allocation, uphold strategic alignment and effectively manage associated risks	• Corporate governance • Board reporting • Measure and report progress against strategic metrics • Insurance • Enterprise Risk Management
7	Natural Hazards	Natural hazards that impact on people, stock, assets, the environment or business activities and threaten continuity of operations*	• Business Continuity & Emergency Preparedness Policy • Monitoring and mitigation of climate change impacts on water and weather • Diversification of geography for marine farms, diversified quota holdings (geography and species mix) • Site Emergency Management Plans • Insurance
8	Reputation, Social Licence	Non-acceptance of Sanford or the industry's standard business practices, operating procedures and actions by employees, stakeholders and the public	• Compliance with all applicable laws and regulations • Proactive monitoring of NGOs and Government policy • Proactive participation in applicable Government and industry forums • Regular liaison with external bodies and effective communication about regulatory issues • Proactive government lobbying
9	Asset Management	Fleet or processing operations compromised by deficiency in maintenance, management and upgrades	• Effective asset management and planned maintenance • Employment of qualified and experienced engineers and contractors • Project Management carried out by suitably qualified personnel • Understanding of current and future legislation and compliance rule sets • Capital investment in the business based on strategic asset management plans
10	Regulatory and Compliance	Non-compliance with statutory and regulatory requirements relating to company management and operations	• Compliance with all applicable laws and regulations • Rigour over investments in R&D and Innovation • Active monitoring of resource consent, access to fishing areas and harvest against quota levels • Proactive monitoring of emerging changes to legal and regulatory requirements • Databases on all vessels • Continuous update of information and communication of changes to stakeholders

* Natural Hazard – defined as geological (earthquake), hydrological (floods), meteorological (weather), climatological (El Niño) or biological (disease, includes pandemic).



APPENDIX C – PROGRESS AGAINST FY23 TARGETS

	2023 TARGETS	FY23 PROGRESS
SALMON	• FY23+ business priority; Grow Salmon profitability	●
	• Initiate the build of a land based Recirculating Aquaculture System (RAS) salmon hatchery - <i>Consents granted, business case under review</i>	●
	• Deliver 7% year on year revenue growth in Salmon division	●
MUSSELS	• FY23+ business priority: Grow Mussel profitability	●
	• Initiate construction of expansion at SPATnz mussel hatchery	●
	• Upgrade wastewater treatment processes at Havelock processing site	●
WILDCATCH	• FY23+ business priorities: Sustain performance in deepwater; turnaround inshore	●
	• 100% compliance to catch reporting and fisheries regulation; actively engage in fisheries management promoting sustainable utilisation	●
	• Deploy Precision Seafood Harvesting (PSH) units on Sanford's inshore West Coast North Island vessels - <i>Project deferred due to North Island inshore ACE and asset sale decision</i>	●
	• Deliver upgrades for Sanford West Coast North Island inshore vessels protected species avoidance – Maui63 data links and underwater release	●
	• Upgrade wastewater treatment processes at Timaru processing site	●
	• Initiate shipyard build process for scampi vessel build program	●
	• Donate >10,000 kg of fish heads and frames to community groups	●
PEOPLE	• Deliver health and safety management information system module upgrades	●
	• Critical risks: embed processes for quarterly risk reviews	●
	• Senior Leadership Team completing >500 safety walks/interactions – <i>Did not reach target in FY23. System upgrades during the year will facilitate improved recording of safety walk interactions</i>	●
	• Deliver a 3% improvement in workforce engagement score and retention	●
	• Continue community assistance programs (10c/salmon fund, Graeme Dingle Foundation, local events at all main sites)	●
	• Support local foodbanks where inventory allows	●
	• Support local and regional economies, >70% of non-capital expenditure to domestic suppliers	●

KEY: ● = Achieved ● = Partially achieved, not fully delivered ● = Not achieved



	2023 TARGETS	FY23 PROGRESS
PLACE	• Zero environmental abatement notices	●
	• Deliver water and energy intensity use levels ≤ FY20-22 averages - <i>Energy and water intensity increased due to processing volume decrease</i>	●
	• Implement resource efficiency (water, energy, emissions) hurdles into new business asset decisions - <i>Review of these approaches now planned for FY24</i>	●
	• Reduce waste to landfill to >40% below 2020 levels	●
	• Review single use plastics used in our operations, identifying reduction opportunities	●
	• Reduce our carbon emissions through vessel efficiency improvements, vessel replacement program and business planning	●
PERFORMANCE	• Year on year improvements in revenue, profitability and EBIT (<i>on an adjusted EBIT basis</i>)	●
	• Complete the Sancore Anchor project rollout	●
	• Initiate shipyard build process for scampi vessel build program	●
	• Ensure that 100% of key risks have appropriate mitigation strategies and acceptable residual risk levels; mature our cyber risk defences	●
	• Zero food safety recalls, maintain Food Safety certifications	●
	• Deliver customer complaints at the very low level of ≤ 1.34 complaints per million GW kg sold (FY22: 1.34)	●
	• Deliver revenue growth of 11% in diversified markets	●
	• Grow 'foundation customer' margin by 3%, and 'growth customer' revenue base to \$160m (or 30%) of total revenue	●
	• Grow marine extracts revenue by >50%; support new processing technology and projects to improve fish utilisation - <i>Commissioning challenges at Sanford Bioactives facility delayed achievement of desired performance levels</i>	●
	• Achieve a 5% year on year improvement in supply chain "Dispatched and Shipped on Schedule" score (per-shipment measurement basis) - <i>Improved freight performance, though falling short of the 5% target</i>	●
	• 100% compliance with NZX governance requirements	●
	• Progress the New Zealand Seafood Sector Climate Adaptation Strategy; complete our climate change risk assessments and disclosure	●
	• Respond to media enquiries; promote transparency in the industry; regularly communicate with our investors and stakeholders; deliver timely and reliable internal communications	●



APPENDIX D – MATERIAL TOPICS AND RESPONSES

SCOPE, SCALE, IRREMEDIABILITY ASSESSMENT (2023 RE-ANALYSIS)

With assistance from Proxima (NZ), Sanford re-visited its material topic prioritisation from 2022, analysing the previous assessment based on our business’ impact severity upon the topic and utilising three key criteria outlined by the GRI 2021 Standard. Those actual and potential, positive and negative impacts are evaluated in terms of three key criteria:

CRITERIA AND DEFINITION		
		
SCOPE	SCALE	IRREMEDIABILITY
The magnitude of damage or benefit resulting from the impact or issue.	The extent of the impact, considering the stakeholders affected by the issue.	The permanence of the impact, the potential for undoing or mitigating the impact over time in terms of feasibility and effort.

ASSIMILATION OF 2022 AND 2023 TOPIC RANKINGS

Recognising the contributions and values of our stakeholder groups, we combined the relative importance and rankings of topics using three approaches:

- 2022 stakeholder ranking of material topic effect on ‘business’
- 2022 stakeholder ranking of material topic effect on ‘economy, people, and environment’
- 2023 ranking (via Proxima) of our business’ impact on each topic in terms of scope, scale, and irremediability

The end result is an ordered list of priority topics which usefully combines those various approaches. As a result of the new evaluation standard, the rankings of some topics have changed year-on-year.

Taking on feedback received over the past 12 months, we’ve also taken a more targeted and focussed approach to material topic definition using the outcome of the prioritisation process. We are focusing our attention on the 11 most important topics – and it is on those that we focus our disclosure, targets, and measurement metrics. This is not to say those other ‘non-core’ topics are not important, and indeed we do retain a level of disclosure against many of those topics (Appendix A), but rather the change is reflective of our stakeholders’ views and the scope, scale and permanence of our impacts.

PRIORITY TOPICS

The following table lists the most important topics, in order.



TIER	FY23 MATERIAL TOPIC	SCOPE	KEY POLICIES	RESPONSE
HIGHEST PRIORITY TOPICS	Health, safety and wellbeing of our people	The health and safety of our employees, sharefishers, contractors and visitors to our sites and on our vessels. The wellbeing of our employees and sharefishers.	Health, Safety and Wellbeing Policy Health and safety management system deployment Wellbeing initiatives, assistance programs People, Health and Safety Committee Charter	Our Business Fundamentals: Our Team p26-29; Our Future Focus p40-41; Sustainable Development Goals p44-45; Appendices A, B, C
	Sustainable management of fish stocks	The direct impact of our direct operations and those we control upon fish stocks and fishery biomass, inclusive of our position as fisheries quota owner to support the science based sustainable management and utilisation of fishery resources.	Fisheries Compliance Policy Sanford policy against shark finning Operational practices implementation	Wildcatch Top 10 Species by Harvest p19; Our Future Focus p40-41; Sustainable Development Goals p44-45; Appendices A, B, C
	Environmental protection and ocean health – water quality, sensitive habitats and threatened species	The positive and negative effects of our operations at land and sea upon coastal and marine environments in terms of water quality, habitats, and threatened and protected species.	Sustainability Policy ISO14001 Environmental Management System	Our Business Fundamentals: Safeguarding Our Environment p30-33; Our Future Focus p40-41; Sustainable Development Goals p44-45; Appendices A, B, C
	Maximising \$/kg of our harvest (profitability and productivity)	The economic productivity of our business, enhancing our ability to provide returns to shareholder investors, contribute toward local and regional economies and job creation, including our impact upon the national New Zealand economy.	Overall business strategy Board charter; Audit, Finance and Risk Committee Charter	Our Commercial Focus p13-20; Our Future Focus p40-41; Our Business Fundamentals: Operational Excellence p37-38; Our Business Fundamentals: Shareholder Value; Appendices B, C
	Food safety and quality	All food products we sell, including fresh and frozen seafoods, foodservice, wholesale, consumer and ingredients.	Food Safety and Quality Policy Food Safety System Certification (FSSC22000) Regulatory and internal audit systems	Our Business Fundamentals: Our Customer Partnerships p22-25; Our Future Focus p40-41; Appendices B, C
PRIORITY TOPICS	Responsible leadership – ethical conduct, transparency, governance	Our leadership values, consideration of all stakeholders in decision making, approach to business conduct, openness and ethics – within our business processes and dealings with others including our people, suppliers, customers, regulators, community groups and others.	Company Constitution, Board Charter Code of Conduct Code of Ethical Behaviour Continuous Disclosure Policy Protected Disclosures (Whistleblower) Policy	Chairman and CEO's Report p10-12; Governance Report p130-147
	Reducing carbon footprint and emissions	Our direct emissions footprint from those activities over which we have operational control, as well as our indirect emissions footprint both upstream and downstream within our value chain – and the potential impact of those collective emissions upon climate change.	Sustainability Policy GHG Inventory Policy Emissions reduction target	Our Business Fundamentals: Safeguarding our Environment p30-33; Our Future Focus p40-41; Sustainable Development Goals p44-45; Climate Related Disclosure p116-129; Appendices A, B, C.



TIER	FY23 MATERIAL TOPIC	SCOPE	KEY POLICIES	RESPONSE
PRIORITY TOPICS	Talent attraction, development, and retention	All Sanford permanent and temporary employees and share fishers.	Learning and Development Policy Remuneration Policy	Our Business Fundamentals: Our Team p26-29; Our Future Focus p40-41; Sustainable Development Goals p44-45; Appendices A, C
	Community and iwi relationships, collaboration and support	Our relationships and collaborative approach with communities and iwi living close to our operational sites or activities; the effects of our activities upon those communities including fishing, growing, processing, job creation and support initiatives.	Donations and Sponsorships Policy	Our Business Fundamentals: Positive Engagement with Our Communities p34-36; Our Future Focus p40-41; Appendices A, B, C, E
	Adapting business practices to a changing climate	Our businesses response to the changes brought about as a result of climate change – across the physical environment, the fishery, marine water and habitat quality, policy, markets, customers and consumers.	Sustainability Policy Overall business strategy	Our Business Fundamentals: Operational Excellence p37-38; Our Future Focus p40-41; Sustainable Development Goals p44-45; Climate Related Disclosure p116-129; Appendices B, C, E
	Risk management – regulatory, compliance, cyber security, biosecurity, reputation	How we manage, mitigate, eliminate, control and accept risks across the value chain of our business – from our inwards materials, our farming, harvesting, processing, and storage operations to the customers, markets and end consumers who consume those products.	Risk management approach Audit, Finance and Risk Committee Charter	Chairman and CEO's Report p10-12; Our Commercial Focus p13-20; Our Business Fundamentals: Operational Excellence p37-38; Governance Report p130-147; Appendix B.

*Following the prioritisation process, the following changes in material topics from 2022 to 2023 have been applied, with a reduction in overall material topics from 19 topics to 11 topics. Those which are now still considered important, but which have not achieved the materiality threshold as those in the table above include:

- Effective innovation – products markets and technology
- Efficient management of resources – energy and water
- Effective waste management – general, plastic and food waste
- Effective communications, and
- Supply chain management
- Traceability and place of origin
- Positive and meaningful work experiences
- Brand development and responsible marketing.

Protecting the human rights of individuals impacted by our business actions did not cross the materiality threshold for inclusion within this report. We recognise our responsibility to care for the human rights of people directly and indirectly impacted by our activities. Our approach to human rights is embedded within a range of policies and codes including our Code of Conduct and Code of Ethical Behaviour, which govern across all our activities and operations.



APPENDIX E – 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 Council 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
Emerging Risk Identification System for Primary Industry in Food Safety (ERIS) www.nzfssrc.org.nz/resources/eris	Operated by the NZFSSRC, ERIS focuses on scientific research to avoid or reduce the impact of future risks. While ERIS has a research focus, it is hoped that the information on potential future risks will allow industry and government to consider whether current risk management practices are adequate for these emerging threats. Sanford is involved in ERIS at a Food Safety capacity.	Industry 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
General Managers Safety Forum www.forum.org.nz	Forum for operational general managers and other senior executives to develop their leadership of health and safety.	Member
Inshore Council 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
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 Ocean.	Founding member



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
Marlborough Shellfish Quality Programme (MSQP) www.marinefarming.co.nz/m-s-q-p/	MSQP is responsible for delivering a food safety testing programme to the bivalve shellfish growing areas in the top of the South Island in which Sanford farms mussels. This area delivers most of the bivalve shellfish production and export capacity of New Zealand.	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
New Zealand Food Safety Science & Research Centre (NZFSSRC) www.nzfssrc.org.nz	The purpose of the NZFSSRC is to discover, develop and make tools and knowledge available to ensure that food produced in New Zealand is safe for all consumers – working alongside industry members to do so.	Industry member
New Zealand Institute of Safety Management www.nzism.org	NZISM is New Zealand's leading professional association for health and safety practitioners. It is a 2,700-strong community, operating nationwide through a network of 14 branches, whose members represent the entire spectrum of New Zealand business.	Sponsors members within Sanford Health and Safety team
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



STAKEHOLDER GROUPS AND THEIR ROLES

OUR STAKEHOLDERS	ROLE
 Our People	Our 1,485 strong workforce, including 435 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 2023, 2,692 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.

OUR STAKEHOLDERS	ROLE
 Suppliers	Share valued expertise, support and deliver products and services that strengthen our business and facilitate development and growth.
 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 represents 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 F – GRI CONTENT INDEX

This Report has been developed in accordance with the International Integrated Reporting Council (IIRC) Integrated Report <IR> Framework. Sanford has reported in accordance with the GRI Standards for the period 1 October 2022 to 30 September 2023. Further references to GRI indicators are provided in Appendix A (Key Performance Indicators).

GRI UNIVERSAL STANDARDS 2021

GRI2: GENERAL DISCLOSURES

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
2-1	Organisational details	Name: Sanford Limited Ownership: NZX listed New Zealand limited liability company Head Office Location: 22 Jellicoe Street, Auckland, New Zealand Location of Operations: Significant region of operations is throughout New Zealand (refer to About Sanford page 6); limited presence in Australia; sales globally
2-2	Organisation and entities	Note 21 Financial Statements – Group Entities, pages 106-107 Sustainability reporting includes for those same Group Entities and adopts an operational control consolidation approach for subsidiaries and JVs, unless otherwise stated
2-3	Reporting period, frequency, contact	1 October 2022 to 30 September 2023; Reports issued annually, during mid-November following the close of the preceding period; Contact info@sanford.co.nz for queries, or to provide feedback
2-4	Restatements	Note 14, Financial statements, pages 76-81; Key Performance Indicators, Appendix A
2-5	External assurance	Combined (financial and non-financial), pages 110-115
2-6	Activities, value chain and other business relationships	Aquaculture, fishing, seafood processing, marine extracts, retail; Refer to: Chairman and CEO's Report, pages 10-12; About Sanford page 6; How We Create Value page 7; Financial Statements, pages 53-115; Key Performance Indicators, Appendix A
2-7	Employees	Our Business Fundamentals: Our Team pages 26-29; Key Performance Indicators, Appendix A; Data covers Sanford's New Zealand workforce, as New Zealand is Sanford's area of significant operations
2-8	Workers who are not employees	Sharefishers who staff our fishing vessels are independent contractors, following the long tradition within the fishing industry that their contract models are established such that the fishers themselves share in the rewards associated with a high-quality catch. Sharefishers are Sanford's most material workers who are not employees as their contracting model is a long term presence in Sanford's business, and our disclosures under 2-8 reflect their numbers and type of work only. Not included in the counts are contract labour hire services as Sanford systems do not currently retain detailed personal data for these temporary workers. Our Business Fundamentals: Our Team pages 26-29; Key Performance Indicators, Independent Sharefishers, Appendix A
2-9	Governance structure and composition	Our Board, pages 46-47; Our Executive Team, page 48; Governance Report, pages 130-147



GRI UNIVERSAL STANDARDS 2021

GRI2: GENERAL DISCLOSURES

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
2-10	Nomination and selection of the Board	Nomination and selection of Board of Directors: Refer to Company Constitution and Board Charter available on the Sanford website under the Investors tab Criteria for nominating and selecting: Governance Report, Principle 2 pages 131-136
2-11	Chair of the Board	Governance Report, Principle 2 pages 131-136
2-12	Board oversight	Senior executives develop and propose changes or updates to the business' purpose, values, strategies, policies and goals which are subject to adoption by the Board, in accordance with Sanford's Board Charter and Delegated Authorities Policy. The Board maintains oversight of processes via reviews and approvals of policy settings, and reviews of effectiveness of monitoring systems, investigations of non-compliances, receiving regular updates from management and legal counsel, reviews of management attestations, and obtaining third party assurance over selected items. Refer to Sanford Board Charter and Audit, Finance and Risk Committee Charter available from Sanford website under the Investors tab
2-13	Delegation	Delegation of management responsibilities is managed in accordance with Sanford's Board Charter (available on Sanford website under Investors Tab) along with Sanford's Delegated Authorities Policy. The Board has delegated the authority to manage the business and affairs of the company (along with its Impacts) to the CEO. The Board maintains responsibility for the setting of strategic direction, approval of budgets, establishing risk appetite, assigning delegations to CEO, audit assignments, along with specified policy approvals. Senior executives provide updates to the Board (and/or its sub-committees) on economic, environmental, and people impacts at regular meetings via management reports and updates (≥8 meetings per year)
2-14	Role of the board in reporting	The Board maintains responsibility for reviewing and approving the information reported in Sanford's Annual Report, including the organisation's material topics. The Board ensures integrity of information in financial and non-financial reporting through the use of external assurance providers which result in a combined Independent Auditors and Limited Assurance Report being issued and included within the Annual Report
2-15	Conflicts of interest	Conflict of Interest processes and disclosures are outlined within the Board Charter along with the Nominations Committee Charter (both available from Sanford's website under Investors tab). Cross-board memberships disclosed within the Governance Report, Principle 2.4 pages 132-134. Substantial shareholdings "Twenty Largest Shareholders" page 145
2-16	Communication of critical concerns	Protected Disclosures (Whistleblower) Policy available from Sanford website; Governance Report, Principle 1: Code of Ethical Behaviour page 130 Nil critical concerns advised by listed contacts via those mechanisms during the period. Threshold to determine criticality is an event or concern which is a level equivalent to, impact/consequence risk ratings of 'high' or 'extreme' in Sanford's Risk Criteria Guide V1.00
2-17, 2-18	Knowledge and performance of the board	Governance Report, Principle 2: Board Composition and Performance pages 131-136



GRI UNIVERSAL STANDARDS 2021

GRI2: GENERAL DISCLOSURES

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
2-19	Remuneration policies	Director and Executive Remuneration Policy (available from Sanford website under Investors tab); Governance Report, Principle 5 Remuneration pages 140-142
2-20	Process to determine remuneration	Director and Executive Remuneration Policy (available from Sanford website under Investors tab). If remuneration proposals or policies have been subject to a shareholder vote (see above policy reference to NZX listing rule 2.11.3) the results of voting are published on the Sanford website under the Investors/Announcements tab
2-21	Annual total compensation ratio	Governance Report, Principle 5: Remuneration pages 140-142
2-22	Chairman, CEO statement	Chairman and CEO's Report, pages 10-12
2-23	Policy commitments	Governance Report, Principle 1 page 130; Code of Ethical Behaviour and Protected Disclosures (Whistleblower) Policy (both available from Sanford website under Investors Tab). Sanford also maintains a Code of Conduct which is available to employees. These policy commitments approved by the Board, or their delegated sub-committee, and apply a precautionary principle. The commitments include business conduct and ethical behaviours in all its forms and thereby do not explicitly address due diligence nor human rights. Applicable activities include Sanford entities, subsidiaries and joint arrangements over which Sanford have operational control
2-24	Embedding policy commitments	Governance Report pages 130-147; Our Business Fundamentals: Our Team pages 26-29
2-25	Processes to remediate	Chairman and CEO's Report pages 10-12; Governance Report, pages 130-147; What Matters page 43; Material Topics and Responses, Appendix D ; Sustainable Development Goals pages 44-45; Sustainability Policy, available from Sanford website; Protected Disclosures (Whistleblower) Policy (available from Sanford website under Investors tab). Process documentation to satisfy disclosures (2-25 d,e) not yet developed
2-26	Mechanisms to raise concerns	Protected Disclosures Policy (Whistleblowing), available from Sanford's website under Investors tab
2-27	Compliance	Governance Report pages 130-147. Nil significant instances of fines/sanctions during the period. Significance criteria: a severe non-compliance which has resulted in a fine or judgement by a regulatory or judicial body for which the organisation is responsible
2-28	Membership associations	Industry Memberships and Stakeholders, Appendix E
2-29	Stakeholder engagement	What Matters page 43; Material Topics and Responses, Appendix D; Industry Memberships and Stakeholders, Appendix E
2-30	Collective bargaining agreements	Key Performance Indicators, Appendix A; Employees not covered by collective agreements have agreements which are either based on those collective agreements or individually negotiated agreements
3-1; 3-2	Material issues, processes, and changes	What Matters page 43; Material Topics and Responses, Appendix D

**MATERIAL TOPIC: HEALTH SAFETY AND WELLBEING**

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
3-3	Topic management	Material Topics and Responses, Appendix D; Governance Report: Principle 6 Risk Management pages 116-118; Progress Against FY23 Targets, Appendix C; Our Future Focus pages 40-41; Key Business Risks and Mitigation, Appendix B
403-1	Health and safety management system	Sanford operates an ISO 14001 aligned Health and Safety management system implemented to ensure continuous improvements across Sanford's health and safety related management of its workplaces and to satisfy health and safety related regulation and requirements. Governance Report, Health and Safety page 138, Health, Safety, and Wellbeing Policy available from Sanford website under Investors tab
403-2	Hazard identification, risk assessments	Sanford has implemented an Occupational Health and Safety Management System according to the Health and Safety at Work Act, Maritime Operator Safety System (MOSS) and the ACC Accredited Employer Program. The system covers all operational and support sites and functions. Processes have been established to identify work related hazards and assess risks on a routine and non-routine basis, applying the hierarchy of controls to eliminate or minimise risks. Health and Safety related events are reported within the business using dedicated software tools, on which training is provided to Sanford workforce. Events are risk assessed based on actual and potential consequence and investigated by a Health and Safety Advisor. Governance Report, pages 130-147; Health, Safety and Wellbeing story, page 27; Health, Safety and Wellbeing Policy available from Sanford website under Investors tab
403-3	Occupational health services	Sanford is an accredited organisation within the Accident Compensation Corporation's (ACC) Accredited Employers Programme (AEP) which includes a thorough review of Sanford's Health and Safety management system, occupational health services and injury management processes. Third party auditing occurs annually. The standards applied focus on creating safer workplaces, continuous improvements and integration of good practices. Occupational health service third party providers (consultant physicians, nurses, physiotherapists) are made available, free of charge for workplace related injuries, to our workers to assist the management of treatments, recovery, and transitional duties
403-9	Injury statistics	Our Business Fundamentals: Our Team pages 26-29; Key Performance Indicators, Appendix A; No fatalities or high consequence injuries over the period. High consequence injury definition being a WorkSafe notifiable workplace event from which the worker cannot, does not, or is not expected to recover from within six months


MATERIAL TOPIC: SUSTAINABLE MANAGEMENT OF FISH STOCKS

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
3-3	Topic management	Material Topics and Responses, Appendix D; Progress Against FY23 Targets, Appendix C; Our Future Focus page 40-41; Key Business Risks and Mitigation, Appendix B
304-1	Protected areas	Proximity threshold for reporting: 1000 m from operational site owned or leased adjacent to an area protected by national legislation. Sanford has marine farming activities within Big Glory Bay, Stewart Island. The land area surrounding Big Glory Bay to the Northwest is designated as Rakiura National Park (terrestrial), whilst that to the Southeast is zoned as a public conservation land (Glory Cove Scenic Reserve; terrestrial). Sanford's marine based facilities do not overlap with those land areas. Sanford's total area of owned marine farm licenses within the entire Big Glory Bay is 100.5 ha
304-2	Impact on biodiversity	Our Business Fundamentals: Safeguarding our Environment pages 30-33; Key Performance Indicators, Appendix A
13.6, 13.7	Species, volumes, production	Species and Volumes: Key Performance Indicators, Appendix A, Wildcatch Top10 Species by Harvest page 19; Juvenile seedstock from wild population: Greenshell™ Mussel spat managed under the QMS; Fishing products in feed: FIFO ratio, Appendix A; Fishing methods: Our fleet page 174-175

MATERIAL TOPIC: ENVIRONMENTAL PROTECTION AND OCEAN HEALTH – WATER QUALITY, SENSITIVE HABITATS, AND THREATENED SPECIES

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
3-3	Topic management	Material Topics and Responses, Appendix D; Progress Against FY23 Targets, Appendix C; Our Future Focus pages 40-41; Key Business Risks and Mitigation, Appendix B
303-2	Water discharge management	Water effluent standards set by local and regional councils (stormwater, tradewastes, discharges to environment) via district plans, tradewaste permitting processes, and resource consenting processes. Where appropriate those processes consider the nature of the effluent being discharged as well as the profile of the receiving waterbody. Sanford applies its Environmental Management System to manage and monitor the quality and volume of those discharges. Progress Against FY23 Targets, Appendix C
304-1,2,3	Disclosed under topic “Sustainable Management of Fish Stocks”	

**MATERIAL TOPIC: PROFITABILITY AND PRODUCTIVITY; MAXIMISING \$/KG OF OUR HARVEST**

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
3-3	Topic management	Material Topics and Responses, Appendix D; Progress Against FY23 Targets, Appendix C; Our Future Focus pages 40-41; Key Business Risks and Mitigation, Appendix B
201-1	Economic value	Key Performance Indicators, Appendix A; Financial Statements, pages 53-115
201-2	Climate risk and opportunity (Economics)	Climate Related Disclosure pages 116-129; Material Topics and Responses, Appendix D; Key Business Risks and Mitigation, Appendix B
201-3	Employee benefit/retirement plans	Key Performance Indicators (Appendix A); Financial Statements, pages 53-115

MATERIAL TOPIC: FOOD SAFETY AND QUALITY

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
3-3	Topic management	Material Topics and Responses, Appendix D; Progress Against FY23 Targets, Appendix C; Our Future Focus pages 40-41; Key Business Risks and Mitigation, Appendix B; Our Business Fundamentals: Our Customer Partnerships pages 22-25
416-1	Food safety and quality program coverage	Key Performance Indicators, Appendix A; Sanford's Food Safety Policy and Management System applies to ALL activities and products caught processes and sold by Sanford
416-2 & 13.10.5	Food safety non-compliances	Number of food safety recalls and customer complaints - Key Performance Indicators, Appendix A; Food Safety and Quality / Quality Complaints page 25
13.10.4	Audits and certifications	Percentage of production volume from sites certified to Internationally recognised food safety standards: Key Performance Indicators, Appendix A. Standards which are recognised for export/import across a national border considered as 'internationally recognised'. Applicable standards used by Sanford are: Global Food Safety Initiative (GFSI) FSSC22000 & BRCS, NZ Ministry for Primary Industries (MPI) Risk Management Program (RMP), NZ MPI Hazard Analysis and Critical Control Point (HACCP)

MATERIAL TOPIC: RESPONSIBLE LEADERSHIP – ETHICAL CONDUCT, TRANSPARENCY, GOVERNANCE

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
Refer to General Disclosures for GRI 2-9, 2-23, 2-26		
3-3	Topic management	Material Topics and Responses, Appendix D; Progress Against FY23 Targets, Appendix C; Our Future Focus pages 40-41; Governance Report pages 130-147
415-1	Public policy – political contributions	Nil monetary (or equivalent) contributions to political parties, as determined via review of financial payment records and query to senior executives


MATERIAL TOPIC: REDUCING CARBON FOOTPRINT AND EMISSIONS

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
3-3	Topic management	Material Topics and Responses, Appendix D; Progress Against FY23 Targets, Appendix C; Our Future Focus pages 40-41; Climate Related Disclosure pages 116-129
305-1,2,3	Scope 1,2,3 emissions	Key Performance Indicators, Appendix A; Climate Related Disclosure pages 116-129
305-4	GHG emissions intensity	Climate Related Disclosure pages 116-129
305-5	Reduction of GHG emissions	Climate Related Disclosure pages 116-129

MATERIAL TOPIC: TALENT ATTRACTION, DEVELOPMENT AND RETENTION

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
3-3	Topic management	Material Topics and Responses, Appendix D; Progress Against FY23 Targets, Appendix C; Our Future Focus pages 40-41; Our Business Fundamentals: Our Team pages 26-29
401-1	New hires and turnover	People by the Numbers pages 28-29; Key Performance Indicators, Appendix A. Data boundary consistent with GRI ref: 2-7 for region of operations
401-2	Employee benefits	Employee Benefits, Key Performance Indicators, Appendix A. Data boundary consistent with GRI ref: 2-7 for region of operations and is for employees only, exclusive of sharefishers
404-1	Employee training	Staff training, page 29; NZQA Credits, page 29. Data boundary consistent with GRI ref: 2-7 for region of operations, and inclusive of employees and Sanford sharefishers

**ERIAL TOPIC: COMMUNITY AND IWI RELATIONSHIPS, COLLABORATION, AND SUPPORT**

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
3-3	Topic management	Material Topics and Responses, Appendix D; Progress Against FY23 Targets, Appendix C; Our Future Focus pages 40-41; Our Business Fundamentals: Positive Engagement with Our Communities, pages 34-36
413-1	Community engagement	Our Business Fundamentals: Positive Engagement with Our Communities, pages 34-36; Our Future Focus pages 40-41
203-2	Indirect economic impacts	Sanford's spend on domestic suppliers is a significant indirect economic impact resulting from business operations. Much of that spend is focussed within the regional areas of New Zealand where our operations take place and where vessels are serviced. That spend on domestic suppliers is an indirect economic effect that assists regional economies within New Zealand. For further reference see recent Berl report "Commercial Fishing; Economic Contribution to New Zealand In 2020 here: https://tinyurl.com/wpbbd27n : Key Performance Indicators, Appendix A - Payments to Domestic Suppliers

MATERIAL TOPIC: ADAPTING BUSINESS PRACTICES TO A CHANGING CLIMATE

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
3-3	Topic management	Material Topics and Responses, Appendix D; Progress Against FY23 Targets, Appendix C; Our Future Focus pages 40-41; Climate Related Disclosure page 116-129
201-2	Climate risk and opportunity	Climate Related Disclosure page 116-129

MATERIAL TOPIC: RISK MANAGEMENT – REGULATORY, COMPLIANCE, CYBERSECURITY, BIOSECURITY, REPUTATION

GRI REF	DESCRIPTION	DISCLOSURE / DISCLOSURE REFERENCE
3-3	Topic management	Material Topics and Responses, Appendix D; Progress Against FY23 Targets, Appendix C; Our Future Focus pages 40-41; Key Business Risks and Mitigation, Appendix B; Governance Report pages 130-147
N/A	Key risks and mitigation	Key Business Risks and Mitigation, Appendix B



APPENDIX G – KEY TECHNICAL ABBREVIATIONS

ABBREVIATION	DESCRIPTION
ACE	Annual Catch Entitlement
BAP	Best Aquaculture Practices
CCAMLR	Convention for the Conservation of Antarctic Marine Living Resources
COLTO	Coalition of Legal Toothfish Operators
CRD	Climate Related Disclosures
DEFRA	Department for Environment, Food and Rural Affairs (UK Government)
DWC	Deepwater Council
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EMS	Environmental Management System
ERM	Enterprise Risk Management
FIFO	Fish In Fish Out
FMA	Fisheries Management Area
FNZ	Fisheries New Zealand
FSQ	Food Safety and Quality
FSSC	Food Safety System Certification 22000
GHG	Greenhouse gases
GRI	Global Reporting Initiative
GWKg	Greenweight Kilogram
GWT	Greenweight Tonne
H1	First half of the financial year
IUU	Illegal, Unregulated and Unreported (fishing)

ABBREVIATION	DESCRIPTION
LTIFR	Lost Time Injury Frequency Rate
LTIs	Lost Time Injuries
MOSS	Maritime Operator Safety System
MPAs	Marine Protected Areas
MPI	Ministry for Primary Industries
MSC	Marine Stewardship Council
MTOP	Maritime Transport Operator Plan
NEBIT	Normalised Earnings Before Interest and Tax
NPAT	Net Profit After Tax
NSSP	National Shellfish Sanitation Programme
P&L	Profit and Loss
PBV	Performance Based Verification
PITO	Primary Industry Training Organisation
PSH	Precision Seafood Harvesting
QMS	Quota Management System
RAS	Recirculating Aquaculture System
ROCE	Return on Capital Employed
TAC	Total Allowable Catch
TACC	Total Allowable Commercial Catch
TCFD	Taskforce on Climate-related Financial Disclosures
TRIFR	Total Recordable Injury Frequency Rate
XRB	External Reporting Board (New Zealand)



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.

Sanford Annual Report 2022 “Perseverance”, **Gold Award in the Australasian Reporting Awards (ARA) General Award Category, Winner for Sustainability Report of the Year, Winner for Resources and Production Sector report of the year, Finalist for the Communications Award and Finalist in Overall Report of the Year**, at the Australasian Reporting Awards, 2023.

Gold Medal in the “Seafood New Zealand Water” Category, and the Special Award for FMCG New Product Champion for Big Glory Bay at the Outstanding New Zealand Food Producer Awards, 2023.

Food and Beverage Producer of the Year for Big Glory Bay at the Primary Industries New Zealand Awards, 2023.

Winner, New Zealand Seafood Sustainability Awards 2023 : Sarah Bynevelt (Site Manager, Bluff) of the “**Future Leader Award**”.

Environment Southland Sustainability Awards Finalist for Sanford’s Stewart Island salmon farm and Bluff processing site. As well as for Bluff Site Manager, Sarah Bynevelt for the Individual Environmental Action or Leadership award.

Primary Sector Awards Finalist, New Zealand Food Awards for our novel Big Glory Bay Fresh King Salmon Portion tray pack.



ACCREDITATIONS

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: Ministry for Primary Industries’ Performance Based Verification (PBV) regulatory audit program certification maintained for all relevant Sanford sites and vessels.

Maintained: 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.

NZ FernMark Licensee, FernMark licence no: 100024.

Oritain verified partner and licence holder of authorised trademark, verifying provenance and origin of our Big Glory Bay Salmon.

ACC Accredited Employers Programme



DIRECTORY

AS AT 13 NOVEMBER 2023

BOARD OF DIRECTORS

Sir Robert McLeod, Chairman
Craig Ellison
Fiona Mackenzie
David Mair

EXECUTIVE TEAM

Craig Ellison, Acting Chief Executive Officer
Paul Alston, Chief Financial Officer
Debra Lumsden, Chief People Officer
Richard Miller, Executive General Manager Salmon
Andrew Stanley, Executive General Manager Mussels
Paul Turnbull, Co-Acting Executive General Manager Wildcatch
Colin Williams, Co-Acting Executive General Manager Wildcatch
Louise Wood, Executive General Manager Supply Chain & Operations

REGISTERED OFFICE

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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.

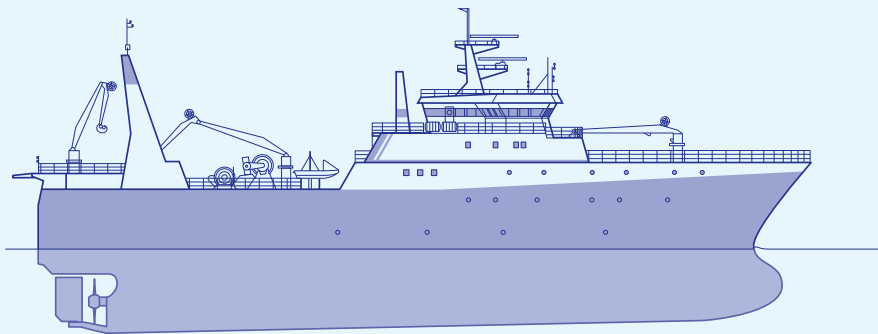


Photo credit: thank you to everyone who contributed to the images and videos in this Integrated Report. We also wish to thank the many Sanford workers who sent us images for inclusion and who agreed to be photographed or videoed for the 2023 Report.



OUR FLEET (30 SEPTEMBER 2023)

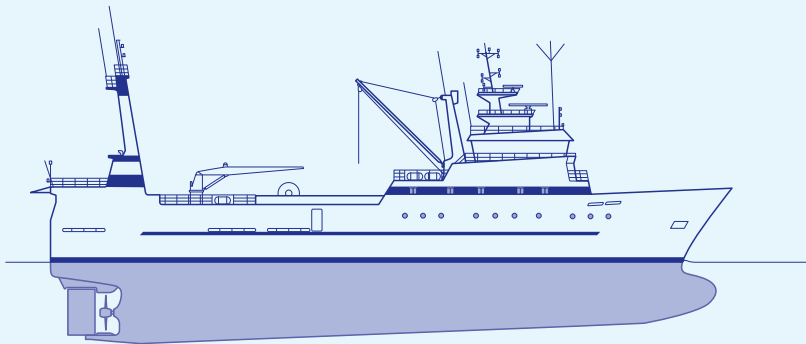
DEEPWATER – SAN GRANIT



No. In Fleet	1	Gross Tonnage	2487	Use: Single and Twin Trawl, targeting hoki, arrow squid and orange roughy.
Built	1989 (Denmark)	Main Engine HP	4530	
Length	67.4 m	Accommodation	48 crew	
		Freezer Hold	600m ³	

DEEPWATER – STERKODER CLASS

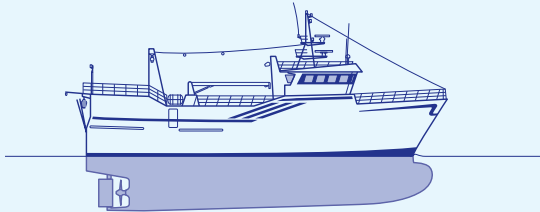
VESSELS San Waitaki, San Enterprise, San Discovery



No. In Fleet	3	Gross Tonnage	1899	Use: Trawl, targeting hoki, ling, hake, orange roughy, warehou and arrow squid.
Built	1990-1992 (Norway)	Main Engine HP	3342	
Length	64m	Accommodation	49 crew	
		Freezer Hold	940m ³	

INSHORE VESSELS – 32M

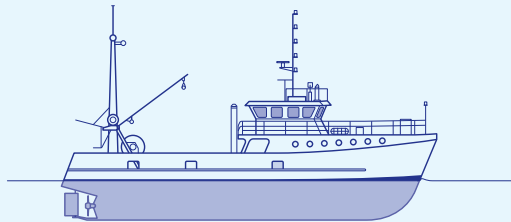
VESSELS San Rakaia



No. In Fleet	1
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 (SUBJECT TO INSHORE DEAL)

VESSELS Ikawai, Tengawai

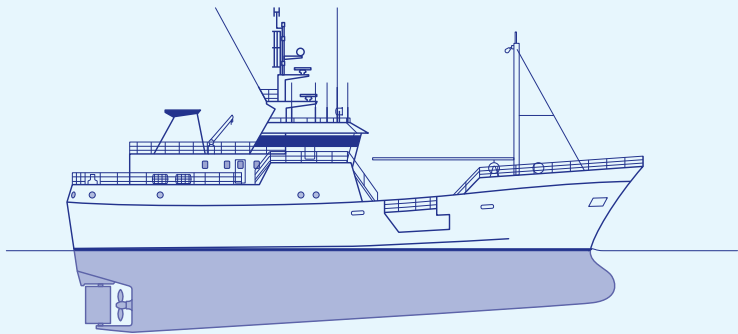


No. In Fleet	2
Built	1979
Length	26m
Gross Tonnage	157
Main Engine HP	850
Accommodation	3 crew
Use: Trawl targeting inshore species such as snapper, gurnard, tarakihi.	



DEEPWATER – LONGLINER

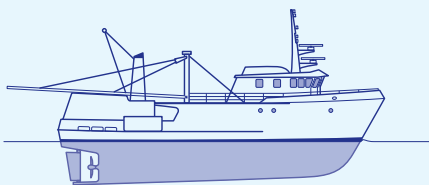
VESSELS San Aspiring, San Aotea II



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	515-725m³	

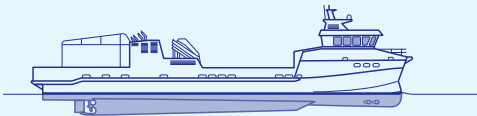
DEEPWATER – SCAMPI VESSEL

VESSELS San Tangaroa, San Aramand, Venture K, Drysdale, Albatross II, San Tongariro



No. In Fleet	6
Built	1984-2000
Length	19.95-32m
Gross Tonnage	129-498
Main Engine HP	500-1409
Accommodation	6-8 crew
Product Capacity	14-404m³
Use: Twin or triple trawl targeting scampi.	

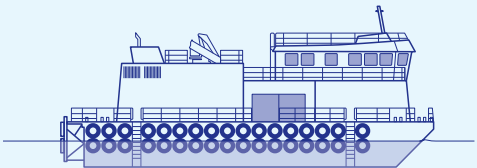
AQUACULTURE – MULTI-PURPOSE



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



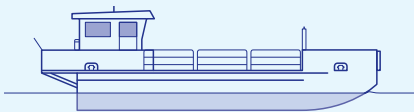
No. In Fleet	1
Built	2020
Length	28 m
Gross Tonnage	116
Generator HP	725
Accommodation	5 crew
Feed Storage	200t
Use: Salmon farm operations base.	

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	10	Use: Operational support, harvesting of salmon, net cleaning, feed transport etc.
Built	1970-2023	
Length	12-28m	
Gross Tonnage	5-83	



ANNUAL MEETING



**MONDAY 18
DECEMBER 2023**

**—
2.00 PM
—**



Sanford's 2023 Annual Meeting of Shareholders will be held both in person and online.

The venue is:

World Cup Lounge West
South Stand, Eden Park
Reimers Avenue, Mt Eden, Auckland

For further information and details on how to join online, please refer to the Notice of Annual Meeting, available on our website:

www.sanford.co.nz/investors/announcements/2023/





SESAME CRUSTED KAHAWAI WITH MISO AND SOY NOODLE SOUP

For a delicious and easy meal look no further than this 15-minute dish! Featuring juicy kahawai coated in sesame seeds in an Asian-inspired miso soy noodle soup, it's the perfect simple meal.

Prep time: 10 mins

Cook time: 15 mins

Serves: 4 people

INGREDIENTS

1 litre fish stock

1 garlic clove, finely chopped

2 teaspoons ginger

2 tablespoons miso paste

1 tablespoon soy sauce

1 tablespoon sweet chilli sauce

720g kahawai fillets, cut into 3cm slices

2 tablespoons sesame oil

1 tablespoon sesame seeds

320g soba noodles

1 carrot, thinly sliced

1 red onion, thinly sliced

1 cup spinach leaves

TO SERVE

2 tablespoons coriander leaves

1 tablespoon sesame seeds

METHOD

1. Heat a large pot, then pour in the fish stock, garlic, ginger, miso pastes, soy sauce and sweet chilli sauce and bring to a simmer.
2. Whilst the soup is simmering, brush kahawai fillets with sesame oil. Sprinkle the fillets evenly with sesame seeds, patting the seeds into the kahawai as you go.
3. When the soup has simmered for 5 minutes, add in the soba noodles, carrot, red onion and spinach and cook for a further 4-5 minutes until the noodles are tender.
4. Meanwhile, heat a large non-stick pan to medium to high heat, then sear the kahawai until the sesame seeds are golden on both sides and the fish is cooked through to a light brown.

TO SERVE

Divide the vegetables and noodles between bowls and top each with the crusted kahawai, then ladle over the hot soup. Garnish with coriander and extra sesame seeds.



ABOVE Sesame crusted kahawai with miso and soy noodle soup.

CHEF'S TIP

We've used kahawai for this recipe as it holds its shape well when cooked, but trevally, kingfish and snapper are also good alternatives.

An aerial photograph of a vast, deep blue ocean with intricate, swirling patterns of white foam and ripples on the water's surface. The perspective is from directly above, looking down at the water. In the center of the image, the text "SANFORD.CO.NZ" is printed in a clean, white, sans-serif font. Above and below the text are two short, horizontal white lines, one above and one below, creating a minimalist design.

SANFORD.CO.NZ

A CLEAR VIEW – SANFORD INTEGRATED REPORT 2023 –