



**SANFORD LIMITED**  
**SUSTAINABLE SEAFOOD**

19 December 2013

**Chairman of Directors Jeff Todd's Speech**  
**Sanford Annual Meeting**  
**19 December 2013**

The Directors of Sanford are pleased to present to shareholders our report for the year ended 30 September 2013. A full account of the Board's work is provided in the Annual Report but I want to highlight briefly the Board's main points of focus through this last year.

**1. Board Activities**

The Board has remained focussed through 2013 on the Company's strategic direction, on providing strong corporate governance and on exercising Board-level control over the Company's activities.

While the Company's full-year results for 2013 are disappointing given the Board's higher expectations twelve months ago, a stronger market outlook and improved operating projections provide the prospect of improved returns in 2014 and beyond.

Profit for the year of \$20.4m was slightly ahead of last year's result of \$19.7m and was achieved once again in the continuing and challenging exchange rate environment of the historically high New Zealand dollar. Returns from fishing activity in the Pacific (tuna) and out of Tauranga (jack mackerel) were well below expectations and growth of Greenshell mussels in the Marlborough Sounds was slow. However, good results were obtained from most other species including mussels from Stewart Island and the Coromandel. Prices generally strengthened as the year progressed.

The Board has continued to focus on innovative programmes and projects across the operating divisions aimed at securing improved returns for shareholders on capital invested. On the revenue side, these initiatives cover a range of projects around increased market returns and the establishment of a dedicated development group which has been tasked with finding ways to extract full value from our products and waste-streams across all our operations.

On the cost side of the business, the Company has continued to focus on achieving catch and production outcomes at lower cost. Sanford has maintained its investment in new technologies through the Primary Growth Partnership projects with the Government.

The results of research into improved fish-catching technology through the Precision Seafood Harvesting project were announced publicly last October to world-wide acclaim. Commercial trials will now follow but the benefits of the new catching techniques are clear in the higher quality of fish taken to market and in the significant contribution to sustainability of the fishing resource.

Mr Barratt will provide more information about the Company's operations in his address which will follow.

## **2. Corporate Governance**

Sanford expects the highest standards of corporate governance and ethical conduct in all aspects of our business. We are proud of our record in the sustainability of seafood for future generations.

During the year, the Board continued to develop its corporate governance standards and this year has focussed particular attention on further resourcing and enhancing Sanford's compliance programmes. Management has worked with the Board to develop an improved strategy and reporting system that will increase the confidence the Board has in our Company's compliance systems in respect to Employment, Health and Safety, Food Safety and Fisheries and Marine regulations. While we have gained increased confidence over the year that our systems are robust, the ability of the Board to engage more directly with executives and staff carrying responsibility in these areas will ensure that the systems we have in place are properly maintained and upgraded when required.

## **3. Retirement of Mr Eric Barratt**

You will recall that at our last Annual Meeting in January 2013, I announced Mr Eric Barratt's intention to retire from the position of Managing Director at the end of 2013. The Board accepted his notice of retirement reluctantly and with regret. During this current year the Board has been actively engaged in the search for a new leader and in August we were delighted to inform shareholders that our search had resulted in the appointment of Mr Volker Kuntzsch as Chief Executive Officer to succeed Eric.

Mr Barratt joined Sanford through the acquisition of Feron Seafoods Limited in 1982 and joined the Sanford Board in 1986. He was appointed Managing Director of the Company on 1 January 1998 and has provided strong leadership since then both within Sanford and throughout the industry in New Zealand and globally. He is well-known, highly respected and knowledgeable right across the industry and his contribution to the development of Sanford through his years with the Company is significant.

He leaves an enduring legacy from a number of developments during his tenure including the Auckland Fish Market, our fishery developments in scampi, toothfish, Pacific tuna and, more recently, the innovative Precision Seafood Harvesting technology. Mr Barratt also led the entry and subsequent profitable exit from ventures in Canada and Argentina.

He will also be remembered for his commitment to the expansion and development of Sanford's investment in the farming, processing and international marketing of New Zealand's Greenshell mussels.

During his time at the top, Eric brought real depth to the Company's sustainable development activity and reporting, supplementing the Company's traditional Annual Report with the (sometimes) award-winning Sustainable Development Report - always a very informative document and the substance behind our 'sustainable seafood' tagline.

Mr Barratt has represented with passion and enthusiasm our Company and the New Zealand industry at the highest levels of Government and internationally among other global industry leaders.

The Board, management and staff express our gratitude to Eric for a job well done and I invite shareholders and friends of the Company to join me in wishing him every success and happiness in his future pursuits.

## **4. Directors' Fees**

As you are aware, the Directors are bringing to shareholders today a proposal to increase the directors' fees pool by \$80,000. When the present Managing Director retires at the end of the year (although he is not remunerated by Directors' fees) the number of Board members will reduce to six.

The Board intends to revert to a membership of seven members again from early in the New Year (2014) and therefore seeks additional headroom in the pool from which directors' fees are paid to allow this recruitment process to be undertaken.

Reflecting the disappointing result in this last financial year (2013), current Board members will not receive any increase in the standard Board fee for the year ended 30 September 2014 although small increases in Board Committee and other fees will be paid where directors have been asked to take on additional responsibilities.

The last increase in the directors' fees pool was in 2011 when the pool was increased from \$400,000 to \$550,000. Fees paid to Directors totalled \$500,000 in 2012 and 2013.

## **5. Conclusion**

Our Company is engaged in substantial and complex business activities and our successes are achieved only with effective management and total commitment by our team to the catching, farming, processing and marketing of our products. While once again this year we have faced some difficult operating challenges we are looking forward to the coming year with more confidence.

I acknowledge with deep gratitude the constant support and assistance of my fellow Board members.

It is also appropriate once again to record the dedication and professionalism displayed by all our fishermen and marine farmers, and processing, administration, marketing and support staff along with the executive team for their efforts and responses to the particular challenges that we have faced over the last year. Sanford continues to be well served at all levels of its operations by the excellent competencies of its people. Sanford is fortunate in having such a dedicated and loyal complement of staff, customers and suppliers to support the Company's operations.