



SANFORD LIMITED
SUSTAINABLE SEAFOOD

30 January 2013

Chairman of Directors Jeff Todd's Speech
Sanford Annual Meeting
30 January 2013

The Directors of Sanford are pleased to present to shareholders their report for the year ended 30 September 2012. 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 last year.

The Board is elected by Shareholders to provide strategic direction, strong corporate governance and control of the Company's activities.

Our focus this year has remained on those three critical areas.

1 Leadership in strategic direction. The Company remains focussed on the seafood and aquaculture business in New Zealand and internationally. Through this past year the Board has continued to direct its attention to achieving cost of capital returns on each of the Company's operations to achieve growth in shareholder returns and share value. We acknowledge the challenges we have faced in this task. While the Board accepts that the weak and slow recovery of world markets from the Global Financial Crisis and the historically high exchange rate of our dollar against the US dollar is the new "normal", we have in this more difficult trading environment faced a number of other issues which have proved to be a distraction from our principal operating objectives. In the last financial year the Company has faced difficult growing conditions for mussels in the Coromandel and the withdrawal of one of our partners in that venture, an over-supply of salmon depressing prices in some of our major markets, higher fuel costs, industry issues with foreign charter vessels, a dry dock fire on board the Ocean Breeze and US court action in relation to the San Nikunau. On the positive side, continuing improvement in profitability of our Greenshell mussel business in the South Island and improved market returns on a range of products as a result of identifying more profitable channels to market have to some limited extent offset unwelcome costs and losses faced in other areas of the business. To the extent that last year's result was impacted by significant one-off events, the result achieved by year end indicates the Company is well placed to deliver improved returns in coming years.

Our Board and Management workshops this year have again emphasised the need to obtain an adequate return on investment from every division and branch of the Company and from every asset. In operational and investment activity, the Board remains confident that the interests of shareholders, the Board and Management are totally aligned.

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. Identification and mitigation, where possible, of business risks coupled with the integrity of management systems and the quality and relevance of reporting to the Board and to Shareholders are key responsibilities of the Board. During the year we have reviewed the function and operation of our Human Resource and Health and Safety functions. While the Board believes the Company's systems and controls around employee health and safety are robust, the Royal Commission on the Pike River Coal Mine Tragedy has highlighted the need for regular review and assessment by the Board of proper standards of performance. As a result, the Board has established a new Board Committee to replace the existing Remuneration Committee. The

new committee, known as the Employment and Regulatory Compliance Committee will report to the Board on statutory and other compliance issues.

During the year and consistent with corporate governance best practice, the Board engaged the services of independent consultants to evaluate the performance of the Board and individual directors. The results were generally satisfactory and suggestions for improvement have been implemented.

Directors Fees - following last year's shareholders' endorsement of an increase in Directors' fees to a total of \$550,000 per annum, I wish to report to you on payments made last year out of that pool and payments proposed in the current financial year. As agreed at last year's Annual Meeting, the Board restricted Board fees paid to \$500,000 in total out of the allowable \$550,000 in recognition of the Company's less than satisfactory performance in 2011. Given the 2012 results, the Board now confirms to shareholders their intention to hold total fees payable in the current year to the same level, \$500,000. However, individual Board members' basic fees will be increased marginally to levels reflecting market rates at May 2011 using fees available from the reduction in size of the Board. The total cost to the Company will remain unchanged in 2013 at \$500,000.

I am pleased to report that following discussions on this proposal with the Chairman of The Shareholders Association, Mr John Hawkins wrote to me confirming that the NZSA Board is comfortable with these arrangements. I thank John for his understanding and support.

3 Succession Planning. Twelve months ago it was my great pleasure to introduce to you Liz Coutts who joined the Board in June 2011 and Mark Cowsill who was appointed to the Board in October 2011. Today, I am sorry to inform you that our long-standing and respected director Mr David Anderson has decided not to seek re-election at today's Annual Meeting which marks the end of his current term. We are sorry to see David leave us and I will talk further about David's contribution at the end of the meeting.

On behalf of the Board, I have three other matters I wish to share with you.

1 The first announcement I have relates to our esteemed Managing Director, Mr Eric Barratt. Regrettably, after 15 years in the top job, Eric has decided to retire from Sanford and has formally advised me and the Board of his intention to do so. The Board accepted his notice of retirement reluctantly but I am delighted to report Eric has agreed to assist the Board as it enters into a process of international search for his replacement. Eric has agreed to continue in his current role and subsequently as an independent advisor if necessary, through the period of leadership transition until 31 December 2013 at latest. There is much to say about Eric and his contribution to Sanford over many years. We will ensure that his retirement as Managing Director is marked in an appropriate way and at an appropriate time and we will, of course, keep shareholders informed of developments.

Eric, I'm sure you have the very best wishes for the future from all shareholders as you step down from the demanding role of Managing Director at Sanford after 15 years.

2 Timetable for next year. Today the board agreed that we will tighten the timeframe for our annual reporting cycle so that will mean we will be able to schedule next year's annual meeting prior to Christmas and at this early stage we have tentatively scheduled the meeting for Friday 20 December 2013.

3 To say farewell to David Anderson. He has been a strong contributor to the Company and the Board for many years, joining the Board in 1982 and serving as Managing Director from 1991 to 1997. David also held the distinguished positions of Deputy Chair of the New Zealand Fishing Industry Board and President of the New Zealand Fishing Industry Association. He was also a respected member of the Ministerial Advisory Committee on Oceans Policy. David, your wisdom and knowledge of the industry will be missed at the Board table and your experience and

understanding of our fishing fleet will be hard to replace. David had clear views on the big issues at the Board table and was a valuable sounding board for new initiatives. But David will also be long remembered by everyone who worked with him at Sanford as a true friend who always took a personal interest in each one as an individual. David, you will be missed.