

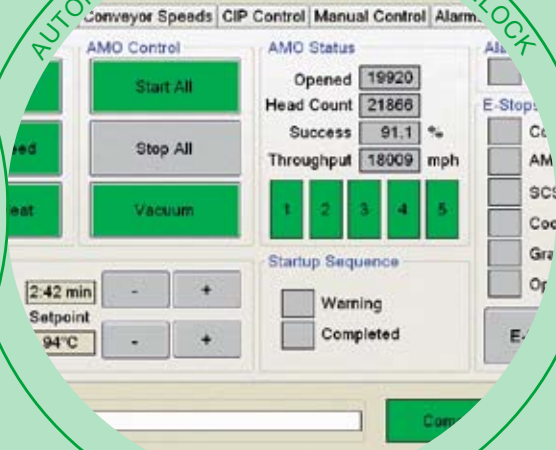


SANFORD LIMITED
SUSTAINABLE SEAFOOD

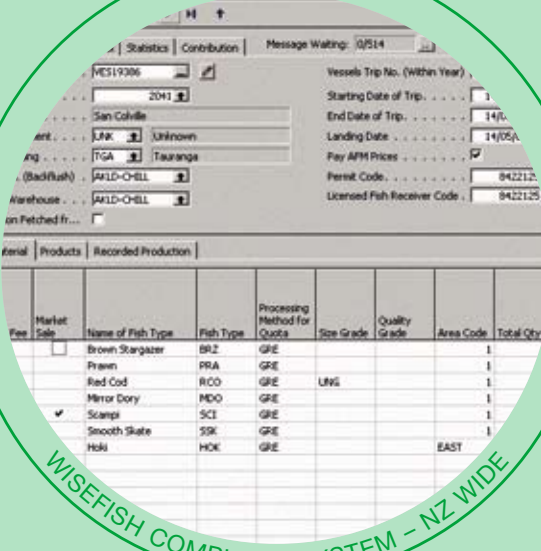
AUTOMATED YIELD REPORTING – TIMARU



AUTOMATED MUSSEL OPENING – HAVELOCK



WISEFISH COMPUTER SYSTEM – NZ WIDE



AUTOMATED FISHMEAL CONTROL – SAN WAITAKI



Sustainable Development Report 2008

From sea to food – over 100 years of sustained growth



Management Directory

Head Office

E F Barratt	<i>Managing Director</i>
V H Wilkinson	<i>Business Development Manager</i>
G L McNamara	<i>Company Secretary/Quota Manager</i>
D C McIntosh	<i>Finance Manager</i>
D J Evans	<i>Accounting & Systems Manager</i>
A I Bond	<i>Industry Liaison Manager</i>
A M Wood	<i>Environmental Systems Manager</i>

Marketing

G J Burke	<i>Market Manager Europe</i>
N J Thomas	<i>Market Manager Americas</i>
M J Comber	<i>Market Manager Asia</i>
P B Cox	<i>Market Manager Fresh Chilled, Australia & Oceania</i>
D K Cawdron	<i>Logistics Manager</i>
D A Stewart	<i>Shipping Co-ordinator</i>
K M Thompson	<i>Quality Manager</i>
S Jaganathan	<i>Food Safety Co-ordinator</i>

Inshore Fishing and Processing

S L Walsh	<i>Division Manager</i>
R S Zhang	<i>Accountant</i>

Auckland

T Searle	<i>Auckland Fish Market Manager</i>
J M Cooper	<i>Auckland Fish Market Seafood School Manager</i>
J H Fitzgerald	<i>Vessel Manager</i>
M E Hall	<i>Production Manager</i>
B D Stubbs	<i>Services Manager</i>

Tauranga

S D Keeves	<i>Manager</i>
D C Cowdrey	<i>Fleet Supervisor</i>
J R Steere	<i>Sales Manager</i>
D N Anderson	<i>ECS Coldstores Manager</i>

Timaru

B J Keelty	<i>Manager</i>
J W Routhan	<i>Processing Manager</i>
S Brown	<i>San Won Limited Manager</i>

Deepwater Fishing

G L Johansson	<i>Division Manager</i>
J P Martyn	<i>Accountant</i>
S C Coles	<i>Charter Manager</i>
A D Adamson	<i>Quota Manager</i>
D J Shaw	<i>Longline Fleet Manager</i>
S Collier	<i>Freezer Vessel Manager</i>
S J Gibb	<i>Freezer Vessel Manager</i>
L A Cowan	<i>Freezer Vessel Manager</i>
D C Woods	<i>Freezer Vessel Manager</i>
D V Jurasovich	<i>Freezer Vessel Manager</i>
A O Small	<i>Scampi Vessel Manager</i>
D M Craig	<i>Engineering Manager</i>



Aquaculture

E J Culley	<i>Division Manager</i>
B W Champion	<i>Accountant</i>

Havelock

W R MacDonald	<i>Manager</i>
D Herbert	<i>Marine Farm Manager</i>
S J Gibb	<i>Factory Manager</i>
P McCaffrey	<i>Branch Engineer</i>

Kaeo

P J Harris	<i>Manager</i>
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Coromandel

J C Barr	<i>Marine Farm Manager</i>
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Bluff

T M Foggo	<i>Manager</i>
W J Crighton	<i>Assistant Manager</i>
S Ramsay	<i>Fish Factory Manager</i>
N W Smith	<i>Mussel Factory Manager</i>
J Ulloa Morales	<i>Salmon Farm Manager</i>
S Marwick	<i>Mussel Farm Manager</i>
P M Buxton	<i>Hatchery Manager</i>

International Fishing

T B Birdsall	<i>Division Manager</i>
I D Scroggie	<i>Australia, General Manager</i>

International Purse Seiners

M C de Beer	<i>Pacific Tuna Manager</i>
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International China

A C Stanley	<i>China Manager</i>
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Cover Images: Examples of increasing use of automation and technology.

The potential impact of climate change has become one of the most important concerns of the 21st century. Combine the agricultural effects from shifting weather patterns, the availability of clean water and the demand of an ever-increasing world population on food supplies, and the need for sustainable food sources becomes very significant.

Fishing and aquaculture have the distinct advantage of being from renewable sources, if managed responsibly. As a well-established seafood company, Sanford Limited has long supported “Sustainable Seafood”. We subscribe to the New Zealand Quota Management System (QMS), which ensures the long-term health of New Zealand’s wild fish stocks, and actively invest in sustainable aquaculture projects.

At Sanford we also recognise the need for a business to be sustainable in all its activities. As part of the Environmental Management System (EMS) review, we recognised the need for a Sustainability Policy. This policy is designed to complement the existing environmental policy, which underpins the EMS. It is also to ensure we assess our business decisions for environmental, social and economic sustainability to ensure continuous improvement and growth of the Company, and enduring stakeholder benefit.

The Emissions Trading Scheme Bill has a potentially huge impact on the economic sustainability of the New Zealand fishing sector. The allocation of units, equal to 50% of the impact of fuel costs for a three-year period, will help lessen the blow somewhat. However, in an industry that is heavily reliant on fuel for energy, these costs, combined

with rising fuel prices, mean fuel-saving initiatives are even more important.

Operating in a socially responsible manner and supporting those communities in which we operate remains key to the sustainability of Sanford. The ongoing viability of some of these communities is essential for us to continue to access the hard-working and diligent pool of labour that we presently have in our fishing fleets, marine farms and processing factories.

Sanford continues to respond to stakeholders by reporting our progress as comprehensively as possible. This year, defining the report content, including the materiality of topics, was completed by a process of collaboration and consensus. A list of draft topics was circulated to the executive team. Their feedback was then discussed at their meeting in early September and the inclusion and priority of each topic was agreed. We have aimed to report topics of relevance and interest, as well as the outcomes of our activities during the 2008 financial year.

“Achieving sustainable development is perhaps one of the most difficult and one of the most pressing goals we face.

It requires on the part of all of us commitment, action, partnerships and, sometimes, sacrifices of our traditional life patterns and personal interests.”

Mostafa Tolba
Chairman of the Commission
on Sustainable Development

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Managing Director's Statement

Welcome to Sanford's 2008 Sustainable Development Report. This report aims to communicate our commitment to sustainability, the progress we have made during the year and the issues that are of significance to us as a company in the New Zealand fishing industry.

We value the full integration of sustainability we have within the Company and regard reporting as an important part of that process. In the current market we believe, more than ever, that there is considerable advantage to being an industry leader in sustainable practices. The business case for sustainability continues to be made by:

- encouraging customer and consumer loyalty through reliability of supply, and commitment to improving process and returns in the long term;
- increasing supplier participation and commitment to sustainable development principles;
- maintaining and enhancing relations with the communities in which we operate;
- reducing environmental impacts and the costs of resources used;
- strengthening of relationships and providing confidence to regulators, banks, insurers and financial markets;
- attracting and retaining loyal and committed employees.

By reviewing our objectives each year, we remain focused on sustainability as an ongoing journey. We aim to continually improve our sustainable use of resources through measured business decisions and efficiency initiatives. We achieve accountability throughout the business by measurement against key performance indicators. The resultant focus on sustainability ensures the continued success of the Company.

As an export company the fluctuations in the New Zealand dollar against overseas currencies requires us to ensure economically sustainable renewal and growth options are continually investigated. However, we also aspire to be a truly responsible and sustainable company by taking account of our impacts on New Zealand's social and environmental interests. Our strategy for achieving this is by working in partnership with our stakeholders, taking responsibility for our impacts and by operating in an open and accountable fashion.

One of our objectives is to report Sanford's sustainable actions as transparently as possible. We recognise the importance of disclosing those areas where we have not met our targets and the associated causes.

Sanford continues to endeavour to lead and influence the path of sustainability in New Zealand and the wider seafood industry. This year we attended an Australasian workshop on the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3). This workshop was intended to make recommendations to the GRI on reporting indicators that are unique to the seafood industry.

We jointly won the New Zealand Institute of Chartered Accountants' 'Best Sustainability Report for a Corporate' award for our 2007 Sustainable Development Report. This was a great achievement which shows the total commitment to sustainable activities by the Company.

I hope you find our report a useful resource.



E F Barratt
Managing Director

8 December 2008



Sanford Snapshots

In our staff rooms and communities

- We contributed to 126 employee KiwiSaver funds
- We took part in Environment Canterbury's annual oil spill training exercise
- We worked with the local community to avert potential oil leakage from the San Cuvier

In our business

- We replaced the environmental policy with a sustainability policy in this report
- We achieved a C+ grade against the Global Reporting Initiative guidelines
- We invested in light fuel oil use in our deepwater fleet
- We expanded our product range and quota with the purchase of the Jones Group assets
- We avoided two potentially major floods at the Kaeo plant through mitigation activity

In our environment

- We attained six out of the seven environmental targets set for 2008
- We continued our ISO 14001 and Marine Stewardship Council certification
- We cleaned up a beach in South Georgia
- We took part in an industry workshop on sustainability reporting



Launching of a land/sea boom in Evans Bay, Timaru Harbour, during Environment Canterbury's annual oil spill training exercise

Sustainability Policy

This policy, and supporting quality, environmental, social and economic systems, aims to promote sustainable fishery practices, and related development initiatives, which will be productive indefinitely. Sanford is committed to operating in a sustainable manner in all aspects of the business.

New Zealand's Quota Management System (QMS) is one of the most advanced systems in the world for ensuring the sustainable utilisation and management of wild fisheries. As part of this system, Sanford believes in promoting New Zealand's commercial fishing industry and in protecting the ocean ecosystem.

The New Zealand Aquaculture Strategy, developed by the New Zealand Aquaculture Council and endorsed by the New Zealand Government, is the principal document for ensuring the sustainable management of aquaculture interests. As part of this industry, Sanford believes in promoting New Zealand's aquaculture industry and in protecting the associated ecosystems.

Sanford's sustainability policy encompasses activities that are wholly owned and operated by the Company. In those operations in which Sanford has partial influence, through percentage stake or management collaboration, we aim to operate according to this policy.

Sanford aims to deliver sustainability through:

1. Promotion of all aspects of sustainability in our governance, by:

- considering all aspects of sustainability in our business planning and operations, including achieving a reasonable balance between conflicting demands;
- endorsing and complying with relevant legislation, regulations, codes of practice and other voluntary requirements to which we subscribe, and maintaining good working relationships with administering agencies;
- engaging with key stakeholders about our strategic intent and performance;
- improving our performance by establishing appropriate objectives and targets, completing regular audit and review of our policies, activities and practices, and acting on complaints;
- reporting on key, readily measurable aspects of our performance and strategic intent.

2. Respect for the environment through our activities and influence, by:

- supporting sustainable use of marine resources;
- minimising any adverse impacts of our activities on the environment (including biotechnologies, resource efficiency and waste production);
- reducing the likelihood of accidental discharges of pollutants and having contingency plans in place to deal with these should they occur;
- working proactively with our suppliers to increase supplier participation and commitment to sustainable development principles.

3. Respect for our stakeholders through our activities and influence, by:

- providing a safe and healthy working environment that supports individual development, team-working, positive work/life balance, and job satisfaction;
- ensuring that staff are part of ongoing dialogue about our sustainability;
- strengthening relationships and providing confidence to regulators, banks, insurers and financial markets;
- maintaining and enhancing relations with the communities in which we operate;
- being honest and transparent in our communications, both internally and with external stakeholders.

4. Generation of economic benefit for New Zealand, our Shareholders and Sanford, by:

- creating meaningful employment, and making an appropriate rate of return on equity;
- supporting the sustainable development of New Zealand fisheries;
- maintaining financial viability and maximising profitability for our Shareholders;
- delivering to stakeholders through economically sustainable business ventures.

2007 Case Study Updates

Antarctic Encounters: the colossal squid gifted last year to Te Papa Tongarewa, New Zealand's national museum, has since been thawed and examined. This was filmed by the Discovery Channel and aired in late August 2008. It was also the topic of a series of lectures and is due to be exhibited at Te Papa on 13 December 2008.

Threat Management Plan for Hector's and Maui's Dolphins: the Ministry of Fisheries (MFish) and Department of Conservation (DOC) implemented new regulations which took effect on 1 October 2008. Sanford, along with other fishing companies, did not support the extensive closures because of a lack of evidence to substantiate the need. Maui's dolphins are already protected under measures put in place in 2003. None have been caught by commercial set nets since then, and none have ever been caught by a trawl vessel. However, these regulations, which encompass set-netting, trawling and drift netting, have been implemented and are jeopardising the viability of many inshore set-net commercial fishers.

Sanford is monitoring the probable increased fuel usage. The biggest cost, however, is the increased observer monitoring, which results in a cost of \$6 million being recovered directly from industry. In many cases this monitoring will occur in areas outside the known habitat of the dolphins, meaning that the success of pre-existing regulations cannot be determined.

The New Zealand High Court has granted the seafood industry interim relief from some of these regulations for set-net fishing. The relief is mainly seasonal in those fishing grounds where jobs are at immediate risk. It should be noted that Sanford does not use set-netting as a fishing method. The industry has not asked for interim orders in any areas that will threaten Hector's and Maui's dolphin populations. More information on specific area regulations is available online at www.fish.govt.nz.

Benthic Protected Areas (BPAs) – Protecting New Zealand's Seabed: BPAs are now fully implemented into legislation and are protecting over a third of New Zealand's Exclusive Economic Zone (EEZ). Sanford was hugely influential in their implementation. We believe BPAs are a great example of industry and government working together to implement a sensible protection plan for the marine ecosystems.

Kahawai Legal Challenge: an appeal was lodged against the High Court decision as it was believed to contain a number of errors, failed to address Sanford's claims regarding recreational catch monitoring, would adversely affect our commercial interests in future catch allowance decisions, and was likely to influence shared fisheries proposals. A favourable decision was released in June 2008. A copy of the judgment is available online at www.courtsofnz.govt.nz. Following this decision the recreational sector has been granted leave to appeal in the Supreme Court, with the hearing date likely to be set for early 2009. The Minister of Fisheries has indicated that a review of kahawai Total Allowable Catch (TAC) will now occur in 2009, but could be further delayed by this appeal.

“Food Miles” and the cost of Carbon: the food miles concept has proved to be too simplistic. Carbon footprinting, which takes into account the overall environmental impact of food production and transportation, is a more accurate measure. This will be investigated in more depth in 2009 to defend the Company’s environmental reputation and also to predict the economic impact of New Zealand’s Emissions Trading Scheme.

Shared Fisheries Policy: as the Cabinet paper last year delayed the implementation of shared fisheries legislation, several initiatives have been advanced. Sanford has a representative on the newly formed joint fisheries working group and we support the constructive progress the group has made in policy development. We look forward to the final report in late 2008 and the continual development of shared fisheries policies, which ensure that all sectors are able to benefit from good fisheries management. We have also welcomed the initiative by MFish of proposed regulations that would require recreational charter vessel operators to register vessels and report regularly on fishing activity. This data is critical for future management decisions of shared fisheries.

A first for the Southern Hemisphere – Auckland Seafood Festival Goes Carbon Neutral: the Auckland Seafood Festival, held for the past two years at the end of September, will now take place on Auckland Anniversary Weekend (24-26 January 2009). This shift in date was made in conjunction with Auckland City Council to complement the range of other summer activities held over that weekend. The event will continue to be carbon neutral. All event proceeds are donated to charity with a significant portion of 2009’s profits being used to assist the Rotary Club of Auckland East Inc. with the funding of an education programme, Say No to P, aimed at reducing the prevalence of methamphetamine in New Zealand communities. More information is available online at www.aucklandseafoodfestival.co.nz.



Festival-goers enjoy the atmosphere at the Auckland Seafood Festival 2007

Environmental Sustainability

Sanford continued to improve its environmental sustainability performance over the last year. We use various natural resources for energy and transport, water for processing and refrigerants for storage. We continually look for options by which we can reduce our use of these resources and in turn minimise our environmental footprint.

The boundaries for reporting environmental sustainability encompass those activities wholly owned and operated by Sanford. These operations occur within New Zealand, its territorial waters, the regions managed by the Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR), and South Georgia and the South Sandwich Islands (SGSSI). In addition to our wholly owned fleet, we utilise charter vessels as an economically viable way of managing the variable and seasonal nature of some of the fisheries. Charter vessel crew are required to operate according to Sanford's policies but we have not included their environmental data in our reporting. The Pacific Tuna Fleet and Australian operations have been included in the environmental profile this year. The environmental performance of Weihai Dong Won Food Company Limited, China, has not been included as Sanford has a minority percentage stakeholding. A diagrammatic representation of our operating boundaries is available online at www.sanford.co.nz.

"We do not inherit the earth from our ancestors; we borrow it from our children."

Native American Proverb

Sanford Snapshots

- 100% of organic waste from Bluff and Timaru sites is recycled into fishmeal
- Sanford Timaru disused metal is scrapped resulting in reduced lease costs on one shed
- Old fishing nets are used by Canterbury farmers as protection against stock bank erosion
- No deaths of Hector's or Maui's dolphins reported
- Much improved coal eco-efficiency of 0.4446kg of coal per kg of fishmeal production
- Sanford Tauranga's old nets were used to create a "weed cordon" on Lake Rotoma
- Pacific Tuna Fleet and Australia operations included in the Company's environmental profile for the first time

Environmental Sustainability

Environmental Profile

Our key performance indicators (KPIs) for environmental sustainability are summarised in Table 1. These show the measure of our performance against the targets set for 2008. For comparability we measure our performance by the use of eco-efficiency values, which are based on a ratio of the resource consumed to the total product produced and allow for fluctuations in production levels.

Comparison year on year is a practical means of measuring the progress made in sustainable initiatives. While minimisation of resource consumption continues to be a

focus for all operations, changes in the species processed and the corresponding production techniques can affect eco-efficiency comparability. This year we also included the production and resource use from our Australia and Pacific Tuna Fleet operations. The eco-efficiencies for electricity and water are calculated on inshore processing production, product unloaded from deepwater freezer vessels, and the total weight of fish sold at Auckland and Melbourne fish markets. The diesel and green house gas (GHG) eco-efficiencies are calculated using the total production, including the fish landed by the Pacific Tuna Fleet which is not processed on board.

	Unit	2004	2005	2006	2007	2008	Target 2008	Target Met	Change From Previous FY	Per Cent Change	Target 2009
Product produced ¹	tonnes	49,651	55,744	49,264	50,439	82,991			32,552	64.5%	
Fishmeal produced ²	tonnes	1,621	1,112	1,182	895	1,130			235	26.2%	
Total produced	tonnes	51,272	56,856	50,446	51,334	84,121			32,787	63.9%	
Electricity consumed	kWhrs	21,086,097	23,173,227	23,987,910	23,915,880	24,491,708			575,828	2.4%	
Eco-efficiency (electricity) ³	kWhrs/kg product	0.4113	0.4076	0.4755	0.4659	0.3803	0.4010	✓	(0.09)	(18.4%)	0.3708
Water used	m ³	682,353	695,407	667,239	591,356	713,001			121,644	20.6%	
Eco-efficiency (water) ⁴	l/kg product	13.31	12.23	13.23	11.52	11.07	11.23	✓	(0.45)	(3.9%)	10.79
Solid waste produced ⁵	tonnes	691	657	510	545	659	517	✗	115	21.1%	484
Coal consumed	kg	943,380	689,070	614,539	418,000	502,340			84,340	20.2%	
Eco-efficiency (coal) ⁶	kg/kg fishmeal	0.5667	0.6194	0.5200	0.4669	0.4446	0.4552	✓	(0.02)	(4.8%)	0.4401
Diesel consumed ⁷	litres	20,745,277	21,296,606	19,299,241	18,341,852	26,977,617			8,635,764	47.1%	
Eco-efficiency (diesel) ⁸	l/kg product	0.4046	0.3746	0.3826	0.3573	0.3251	0.3484	✓	(0.03)	(9.0%)	0.3169
GHG emitted ⁹	tonnes	64,943	65,849	61,450	60,339	83,910			23,571	39.1%	
Eco-efficiency (GHG) ¹⁰	kg/kg product	1.27	1.16	1.22	1.18	1.00	1.13	✓	(0.18)	(15.1%)	0.97
Lube oil used	litres	82,721	97,645	90,188	98,373	123,187			24,814	25.2%	
Lube oil recycled ¹¹	litres	55,757	56,060	48,035	55,275	99,399			44,124	79.8%	
Recycled as % of total	%	67%	57%	53%	56%	81%	>55%	✓			>69%

TABLE 1

Environmental Profile

Notes:

- Includes Pacific Tuna Fleet and Australia 2008 data.
- Fishmeal produced in Timaru fishmeal plant.
- Electricity eco-efficiency calculated on product produced, including Australia 2008 data. 2009 target is a 2.5% reduction of the 2008 actual.
- Water eco-efficiency calculated on product produced, including Australia 2008 data. 2009 target is a 2.5% reduction of the 2008 actual.
- Solid waste does not include Pacific Tuna Fleet or Australia data. 2009 target is a 5% reduction of the 2006 actual.
- Coal eco-efficiency calculated on Timaru fishmeal produced only. 2009 target is based on a 1% reduction of the 2008 actual.
- Includes Pacific Tuna Fleet and Australia 2008 diesel consumption data.
- Diesel eco-efficiency calculated on product produced, including Pacific Tuna Fleet and Australia 2008 data. 2009 target is a 2.5% reduction of the 2008 actual.
- GHG emissions in tonnes of CO₂ equivalent.
- GHG eco-efficiency calculated on total product, including Pacific Tuna Fleet and Australia 2008 data. 2009 target is a 2.5% reduction of the 2008 actual.
- Lube oil recycled is based on estimated figures and does not include Pacific Tuna Fleet or Australia data. 2009 target is a 3.5% increase of the 2004 actual.

Environmental Sustainability

Weihai Dong Won Food Company Limited, China

Sanford has part-ownership (40%) in Weihai Dong Won Food Company Limited (WDWF). The business produces a range of seafood products, some of which are unique value-added products new to Sanford. Our investment in this company allows us to add value to products that could otherwise be considered commodities, and at the same time contribute to the local Weihai community. As well as being economically sound and providing processing capacity diversification for Sanford, our investment in China benefits the local community in which it operates by increasing the opportunities for employment and also supporting local supplier businesses.

WDWF is a significant local employer in Weihai and is considered one of the preferred employers by local and out-of-town workers in the food industry. Because of this, it experiences very low staff turnover and excellent retention rates for senior and middle management. WDWF's employment practices are based on best practice and include free accommodation for out-of-town workers and daily meals for all staff. The business has also contributed to the local community by donating to the earthquake relief fund, the local elementary school and the local fire department.

We do not include WDWF data in our environmental profile because of our part-ownership; however we do use our management participation to influence the sustainable operation of the business and will continue to provide updates on WDWF's environmental performance and progress. A range of electricity efficiency initiatives in the last 12 months has resulted in a significant (29%) improvement in energy eco-efficiency. This is attributed in part to the increase in product produced but also to an overall 13% reduction in electricity usage. The minimal use of water in the value-adding process also results in significantly better water eco-efficiency (0.02 L/kg) than would normally be expected from a seafood processing plant. Process waste is minimised through full utilisation of raw materials into saleable goods, some of which are sold locally for further processing.

We intend to continue working alongside WDWF to ensure its operations are conducted in a sustainable manner and will continue to provide additional information in future reports.

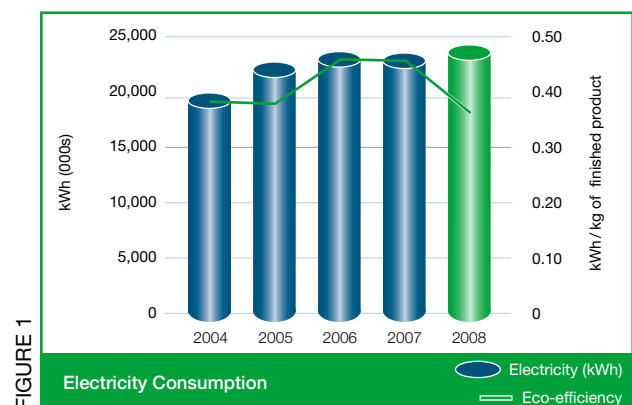
Total Production

Excluding the addition of Pacific Tuna Fleet and Australia operations, we achieved an overall increase in finished product during the year. Higher production rates were experienced across most plants and were attributed to an increase in both mussel and salmon production in Bluff, and oyster production in Kaeo. Fishmeal production at Timaru grew by over 25%. This was due to a greater amount of raw material, with the addition of Bluff organic waste, and increased product yield, from the more efficient process.

Electricity Consumption

This year we had a large decrease in our eco-efficiency due to a significant rise in production and a corresponding minor overall increase in electricity use, as shown in Figure 1. Bluff experienced an increase attributed to additional salmon being frozen, greater salmon production and the introduction of a new night shift. Timaru fishmeal plant encountered

a marked increase in electricity usage. Although the volume of offal processed was only slightly higher this year, the amount of fishmeal produced was up considerably. This was due to the better yields obtained from the new process equipment, which uses more electricity. The fourth quarter resulted in a relatively small amount of offal being processed, but the same amount of power was required for the evaporator pumps to obtain the improved yield.



Environmental Sustainability

These increases were offset by electricity savings at the Coromandel and Auckland Fish Market (AFM) operations. The new AFM Auction Manager has implemented an electricity use awareness campaign. This involved altering the lighting in the chiller so that half the lights can be switched off when the area is in low use. Employees are also encouraged to switch off all lights when not in use. Chiller doors are manually monitored to ensure they are kept closed when not in use, to ensure a reduction of the amount of cooling required. The efficiency of the auction has been improved, which means the high-energy projector is now used on average only 40 minutes each day. The staff induction procedure also now includes the importance of switching off lights, closing doors and reporting areas of improvement.

We continually strive to implement more efficient ways of utilising electricity within our business. The energy audit completed at our Havelock plant last year has resulted in a number of initiatives and corresponding savings. We plan to update on the savings made next year when the three-year plan is complete.

Water Use

A decrease was achieved in our water eco-efficiency; however, consumption rose by 20%, as shown in Figure 2. The addition of the Australia operation amounted to only 1% increase in water usage. Both the Coromandel and AFM operations had reductions in fresh water consumption, which were offset by increased usage in other plants.

An increase in Bluff salmon production, the addition of its new mussel night shift, as well as Auckland plant's night shift (dedicated to orange roughly processing) also led to higher water use. Auckland plant implemented several water-saving initiatives such as the use of a water blaster instead of hosing, a reduction of the bin wash water level and the collection of waste ice, which is then melted and used to clean the yard, instead of spraying with fresh water.

A large rise in Timaru's water use was due to the addition of a second shift and the thawing of more than twice the normal volume of orange roughly. Kaeo's increased water use was attributed to greater production; a marked escalation in usage also occurred in October because of a pump malfunction, which was repaired at the end of that month.

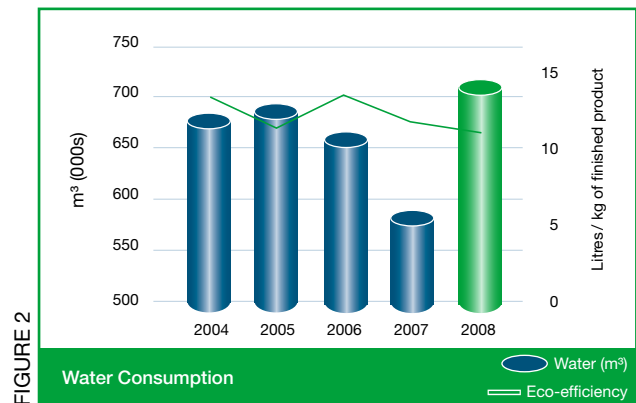


FIGURE 2

There was a decrease in the amount of water used at the Timaru fishmeal plant. This, combined with the greater yield from the additional condenser, means the waste water has not only been reduced in volume, but it is also cleaner.

Bluff installed new cleaning chemical dispensing systems in both its factories to dispense chemicals at 1% compared to the previous 3.5%. This retains an equivalent cleaning capability while using less chemical by volume thus reducing the strength of chemical going into waste water.

Solid Waste Produced

Overall, there was an increase in solid waste sent to landfill. This is mainly attributed to variations in production techniques and growth in production. Timaru had a significant increase in solid waste, due to an increase in the amount of products that required thawing. Thawing products that come wrapped in plastic results in waste which cannot be recycled as it is contaminated with food (fish). Kaeo achieved a large reduction in solid waste to landfill. The floods last year produced significant waste. Despite two major floods again this year, no product or packaging was lost. We have set a target of 5% reduction of the 2006 actual for next year, given that 2006 had the lowest amount of solid waste.

The Waste Minimisation (Solids) Bill seeks to discourage the amount of waste going to landfills, and encourage recycling and producer responsibility. At Sanford we have continued to investigate possible options for disposal of waste which avoids the use of landfills. The Havelock operation considered a number of alternatives for disposal of irreparable old floats that were being sent to landfill. This year a number of old floats were given to a local resident to be used to protect young trees from weeds. This has seen a saving of landfill fees and is a good example of reusing waste. Havelock aims to continue investigations

Environmental Sustainability

into alternative uses for waste floats. Timaru also diverted a large amount of metal waste during a yard clean-up by sending it for scrap.

Coal Consumption

As the Timaru fishmeal plant is the only operation that uses coal, the eco-efficiency is calculated using only the fishmeal produced from this plant. This year the additional condenser gave an improved coal eco-efficiency of 0.4446kg of coal per kg of fishmeal production. Despite an increase in raw material, coal usage remained comparable. We aim to continue this progress and have set the eco-efficiency target at 0.4401kg of coal per kg of fishmeal production, a 1% reduction on 2008 results.

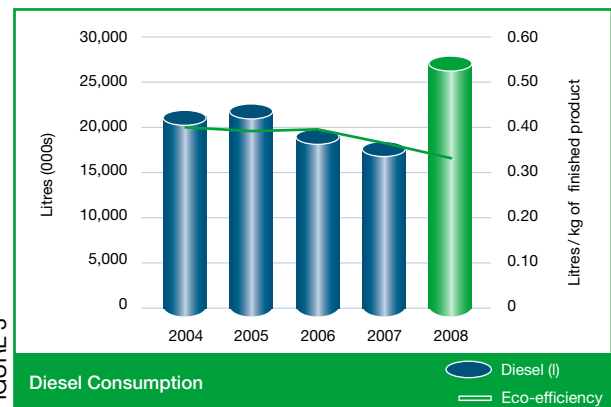


Diesel Consumption

The Company has continued with initiatives to improve the efficiency of our use of diesel with a subsequent improvement in the eco-efficiency, as shown in Figure 3. We met our target of a 2.5% reduction in the number of litres of diesel used per kg of production and have set a further reduction target of 2.5% for the coming year.

The marked increase in the actual amount of diesel used is attributed to the addition of the Pacific Tuna Fleet data. The production and diesel fuel consumption of these vessels have been added into the environmental profile for the 2008 financial year. Historically the diesel eco-efficiency of these vessels has been slightly higher than the company average. This is because they consume considerable amounts of fuel when traversing the wide expanses of the Pacific and in the distances travelled to and from their

unloading destinations. However, in recent years there have been efforts made to reduce fuel usage with some success shown by a reduction in eco-efficiencies. The diesel usage of the San Tangaroa in Australia is also included in the results reported.



Last year we reported on the biofuels trial on San Rakaia and the upgrade of San Waitaki's fishmeal plant to extract fish oil. The case study on alternative fuel sources details initiatives in fuel reduction.

Refrigerant Consumption

Refrigeration is a vital component of ensuring product quality. The amount in use has not been reported this year as it is the amount added that is more relevant. This represents the volume of refrigerant gas released to the air through faulty seals or damaged equipment. Vessel and factory engineers monitor the refrigeration systems to reduce the likelihood of this occurring. However, when leaks do arise, often a significant amount of gas escapes instantly, prior to the activation of the detection system alarms.

Table 2 shows the amounts of particular refrigerants that have been added to refrigeration systems in factories and on vessels. Throughout our operations we aim to minimise the quantity of gas released to the atmosphere. This year we had a reduction in the amount of ammonia added to systems. This should improve further next year as a leaking condenser on the San Enterprise, which has required a significant amount of "top-up", has recently been replaced. There has been a marked increase in the amount of R22 used, which is attributed to the scampi vessels. However, we expect to see improvements in this figure next year as the two oldest scampi vessels will be decommissioned.



Environmental Sustainability

TABLE 2

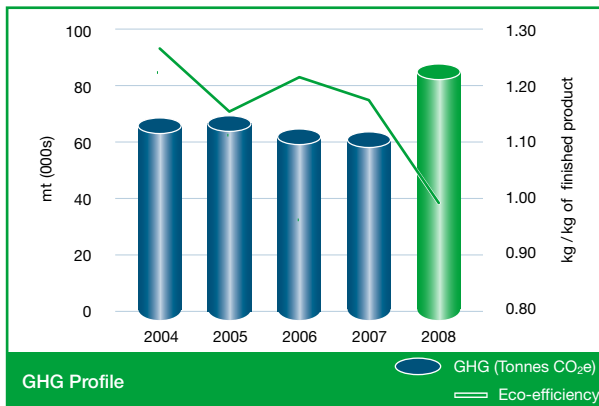
Refrigerant Type	Ozone Depleting Potential (relative to CFC-11)	Amount of Gas Added (kg)		Amount Change
		2007	2008	
Ammonia	0.00	2,644	944	(1,700)
R404A	0.00	40	0	(40)
69L	0.00	0	60	60
R507	0.00	–	–	–
R406A	0.03	10	27.2	17
R22	0.05	1,425	3,299	1,874
R502	0.33	–	–	–
R12	1.00	–	–	–
R408A	0.02	217	203.3	(14)

Refrigerant Profile

Greenhouse Gas Emissions

We continue to report on our greenhouse gas (GHG) emissions. With the broadening of the operating boundaries, there has been a marked increase in the total emissions, predominantly attributed to the addition of Pacific Tuna Fleet diesel. However, the corresponding eco-efficiency has reduced, as shown in Figure 4. We have set the 2009 eco-efficiency target as a 2.5% reduction of the 2008 figure.

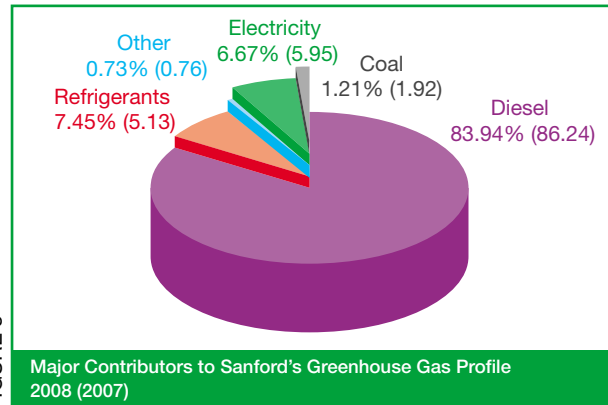
FIGURE 4



Note: Excludes emissions from the use of rental cars and emissions related to transporting finished product as they lie outside of the reporting boundary.

Figure 5 shows the percentage contribution from key sources of our GHG emissions. As can be seen, the majority of our emissions come from diesel usage. There was a rise in the percentage contribution of electricity as a result of using a more up-to-date emissions calculation factor. There was also an increase in the contribution of refrigerants due to greater refrigerant use, the reasons for which are detailed in the Refrigerant Consumption section above.

FIGURE 5



This year we have used the same GHG reporting boundaries as in previous years. However, the New Zealand Emissions Trading Scheme (ETS) has led us to consider investigating carbon footprinting of product lines, which may result in a change in GHG boundaries. We will also continue to monitor how issues of sustainability affect consumer attitudes to buying food products.

Lube Oil Use

We have again improved the recycling of lube oil used, and have exceeded the target of recycling greater than 55%. There was an increase in the amount of lube oil used due to the variable nature of vessel and machinery maintenance. There was also an increase in reporting of recycled amounts. Although the percentage of recycled lube oil is high this year, we wish to set the target based on the last favourable year until a trend in better performance is apparent. The target is to recycle over 69% of lube oil used in the coming year. This is 3.5% better than the 2004 percentage recycled.

Environmental Sustainability

Environmental Compliance

Sanford has a number of compliance systems in place to ensure that our business is operating within the confines of particular resource consents, permits and guidelines. Our Quality Management System (QMS) is supported by our Environmental Management System (EMS) and Health & Safety System (H&S) to ensure that key staff members implement and manage operations in line with regulations and guidelines.

Environmental Management System

This year our EMS once again passed its surveillance ISO 14001 audit. The EMS is an important tool for ensuring ongoing focus and active management of our environmental impacts. The system is managed from the top down, with the Managing Director holding overall responsibility. The divisional managers are responsible for EMS in their operations. Branch and fleet managers are responsible for implementation in plants and on vessels. The Environmental Systems Manager is responsible for system implementation across the Company and provides support to plants as required.

One of the main focuses of the EMS is continual improvement, which is achieved by setting annual objectives and targets. These include monitoring of significant aspects such as fuel, water and electricity usage. Another part of continuous improvement is system review and revision. Due to staff changes, the proposed EMS review will now be undertaken early 2009. This system was implemented in the late 1990s and has undergone minimal revision since then. The first step of the review was to develop the Company's Sustainability Policy (featured earlier in this report). This is designed to complement the existing environmental policy, which underpins the EMS, but also to highlight the importance of social responsibility and economic viability in the sustainable development of the Company.

Compliance Issues

Early on 28 November 2007, Sanford Tauranga discovered a leak in the fuel line used to fuel vessels. Pumping was immediately halted, spill booms were positioned and dispersant sprayed on the spill. The staff response was very good; everyone knew what to do and where the equipment required was located. Environment Bay of Plenty inspected the site and was satisfied with what had been done to contain and clean up the spill. The leak occurred because the line had not been adequately maintained. The fuel provider was informed and maintenance was subsequently carried out on the equipment. These fuel lines have since

been decommissioned. The vessels are now fuelled only during Sanford engineering staff work hours, directly from road tankers.

A second incident occurred at Sanford Tauranga in June 2008 during transfer of fuel from a tanker to a vessel. All practical clean-up measures were taken and appropriate personnel were notified. The incident was attended by the Harbour Master. It followed a change in the method of fuelling after the removal of the underground tanks. Fuelling procedures have since been reviewed to ensure no further spills occur. No legal action resulted.

Environmental Impacts of Fishing

Quota Management System

The sustainable management of New Zealand's fish stocks continues to be underpinned by New Zealand's Quota Management System (QMS). Scientific agencies and industry work together to assess the population size of each species in the QMS and each year MFish uses this information to review the annual Total Allowable Commercial Catch (TACC). At Sanford we acknowledge that the marine ecosystem is an extremely complex system. We support the need to gather further information that can assist in the setting of sustainable fishing limits, particularly where scientific knowledge is limited or there are signs of decline in fish stocks.

This year a number of stocks have had their TACCs changed, with effect from 1 April 2008 and 1 October 2008. A list of the stocks that have been altered is provided below in Table 3 (note figures have been rounded). A quota ownership table detailing our top 100 fish stocks is available online at www.sanford.co.nz.

Species	Stock ¹	TACC (tonnes)		Per Cent Change
		2007/08	2008/09	
Bluenose	BSN1	1,000	786	(21%)
Bluenose	BSN2	1,048	902	(14%)
Bluenose	BSN3	925	505	(45%)
Bluenose	BSN7	150	89	(41%)
Bluenose	BSN8	100	43	(57%)
Orange Roughy	ORH3B	10,500	9,420	(10%)
Rock Lobster	CRA7	120.2	123.88	3%
Rock Lobster	CRA8	755.2	966	28%
Southern Blue Whiting	SBW6B	3,500	9,800	180%

TABLE 3
Changes to Quota Stocks for the 2008/09 Fishing Year

¹ Quota management areas

Environmental Sustainability

MSC Certification

Following the re-certification of the New Zealand hoki fishery to Marine Stewardship Council (MSC) standard, Sanford was re-certified for Chain of Custody (CoC). This allows us to continue to market and label New Zealand hoki with the MSC logo, which indicates the seafood is sustainably managed.

In addition to New Zealand hoki, Sanford catch MSC-certified Patagonian toothfish in South Georgia.

We are also awaiting the outcome of the MSC assessment of the Ross Sea Antarctic toothfish longline fishery. The client group seeking the fishery certification currently comprises of New Zealand and United Kingdom owned companies. The fishery operates in Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) sub-areas 88.1 and 88.2. The outcome of the assessment is expected early 2009. We will report further on this next year.



The San Aotea II, one of the vessels that will catch MSC-certified toothfish in the Ross Sea

Environmental Sustainability

New Zealand's Emissions Trading Scheme

Climate change is a widely recognised issue facing our planet. Different weather patterns are affecting agriculture, availability of clean water and sea temperatures. This will have a direct effect on Sanford's business.

New Zealand signed the Kyoto Protocol, agreeing to hold emission levels at the same level as they were in 1990. As a consequence the Climate Change Response (Emissions Trading) Amendment Act 2008 came into force on 26 September 2008. Although, post-election, there may be some changes in the New Zealand Emissions Trading Scheme (ETS); it will impose significant costs and obligations. Businesses, including ours, need to focus their attention on energy efficiency, new technologies and robust carbon management strategies to price carbon into business decisions. In time, carbon will be viewed as a cost of production, just as labour, energy and capital are now costs of production.

The ETS as originally proposed would have placed the seafood industry at a significant competitive disadvantage to seafood suppliers in other countries. The industry reliance on fuel to power fishing vessels is unavoidable. An initial allocation of free units for the fishing sector, equal to 50% of the impact of fuel costs for a three-year period, will go some way towards mitigating the financial impact of the ETS in an industry already under pressure from the fluctuating exchange rate and fuel prices.

The ETS's point of obligation applied to transport fuels is expected to be the primary driver of behavioural change within the fishing industry. The industry has already initiated an energy-efficiency programme; these efforts are likely to continue and expand due to the ETS. The emphasis will be on reducing catching costs, by using more efficient methods and gear and through greater use of co-operative or collective harvest strategies. Some of the less efficient vessels are likely to exit the fleet.

As aquaculture tends to be less energy-intensive than wild capture fisheries, it is likely that interest in products from this source will rise. Coastal areas are also significant sites for wind generation and it is expected that there will be further pressure on coastal landscapes from associated projects. It is anticipated, therefore, that interest in deepwater aquaculture and possibly land-based aquaculture will increase.

Sanford has adopted a leadership role in sustainable development and reporting. While we are seeking energy efficiency across our business activities, it is unlikely we can avoid the use of carbon-based fuels. With over 80% of our total emissions resulting from diesel usage, we will continue these efforts. The case study on alternative fuel sources details initiatives in fuel reduction in the Economic Sustainability section of this report.

Impacts on Seabirds and Mammals

The very nature of fishing can bring Sanford vessels into direct contact with other inhabitants of the marine environment. These interactions can be fatal so we employ a number of measures to minimise the risk of harm. We also continue to investigate new ways to reduce the numbers of marine birds and mammals attracted to our vessels by aggregations of fresh fish or offal waste.

Incidental Catch of Marine Birds and Mammals

The incidental catch of marine mammals is shown in Figure 6, and of seabirds in Figure 7. This data includes animals that are caught and released in a healthy condition, injured or dead. Due to inaccuracies in data collation, the figure reported for marine mammals in 2007 has been corrected.

Bird by-catch has increased since last year, despite greater awareness and use of proven bird mitigation methods and innovations, such as the modified "burka bird baffler" reported last year. Regulations do not currently require inshore vessels to have bird mitigation measures. However, over the last 18 months we have fitted vessels with mitigation devices and made the use of such equipment compulsory in our inshore fleet. We expect to report on the results of this initiative next year. We have also increased crew awareness on the importance of bird mitigation.

Last year we stated that we would report the split between seal and sea lion incidental catch in 2008. We did not collate data to this accuracy on every vessel and so have not reported on it here. However, next year the regulated non-fish protected species reporting will be in force.

Environmental Sustainability

This is a governmental database which will collate the species caught and identify whether it was released. All vessels must complete a form for every trip which will give an accurate indication of interaction in each area. We are pleased to report that Sanford vessels reported no deaths of Hector's or Maui's dolphins this year.

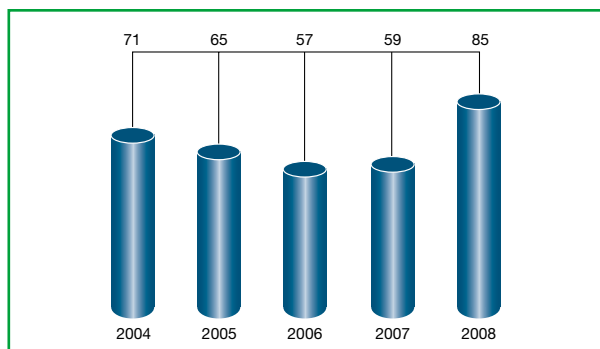


FIGURE 6

Incidental Catch – Marine Mammals

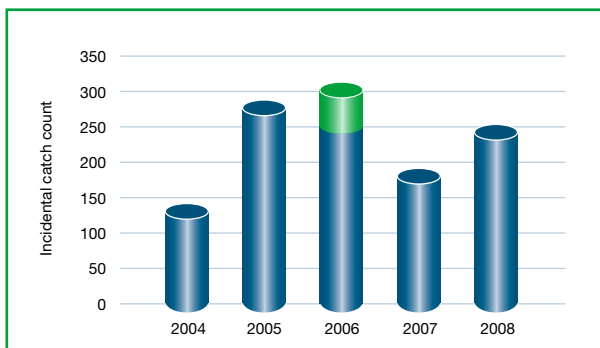


FIGURE 7

Incidental Catch – Seabirds

○ Birds
○ Birds caught during trials

Vessel Management Plan

MFish's Initial Position Paper on seabird mitigation measures for trawl and longline vessels, as reported last year, resulted in regulations being implemented for longline vessels, requiring "back of the boat" mitigation measures to be used when fishing (e.g. tori lines). There is now a range of both regulated and voluntary mitigation measures in place to reduce seabird interactions with our fishing operations across our fleet, as outlined below:

- **Deepwater fleet autoline vessels:** both regulated and voluntary mitigation measures managed under a Vessel Management Plan (VMP*) for each vessel;

- **Inshore fleet longline vessels:** both regulated and voluntary mitigation measures managed under a VMP for each vessel;
- **Trawl vessels over 28m:** both regulated and voluntary mitigation measures managed under a VMP for each vessel;
- **Trawl vessels under 28m:** there are no regulated seabird mitigation measures; however, Sanford currently employs a suite of voluntary mitigation measures on these vessels under a company VMP.

**VMPs provide mechanisms for vessel-specific mitigation measures including auditing and monitoring regimes. These are managed by either industry commercial stakeholder groups or Sanford vessel managers and use a selection of either regulated or voluntary measures.*

It is expected that seabird mitigation measures will continue to be developed and evolved to ensure best practices are employed on our vessels to minimise seabird interactions. Ofal management is one example that is currently being trialled (see the Controlled Batch Discharge Trials: San Discovery commentary below). Sanford is committed to working on effective seabird mitigation solutions and we will continue to provide updates on our progress in future reports.

Controlled Batch Discharge Trials: San Discovery

The 2008 year saw increased interest in testing deepwater trawler ofal waste management strategies to determine a method that minimises the risk of seabird by-catch. Batch discharging is a key measure employed in VMPs. Reducing the availability of food to seabirds will, logically, decrease the risk of seabird by-catch. During the squid fishing season the San Discovery took part in a DOC (Crown-funded) trial to test the effectiveness of batch discharging on seabird attendance.



Birds feeding on batched ofal during the trial on the San Discovery

Environmental Sustainability

The vessel has a large capacity for holding offal waste, giving flexibility in varying the length of time between batch discharges. The crew was required to manage the discharge of this waste to a daily schedule of randomised batch treatments (defined discharge intervals of 30 minutes, two hours, four hours or eight hours). The onboard MFish observer collated seabird activity data at sea during discharge and two cameras were employed to monitor seabird activity throughout the day. Due to the extent of the data, we are awaiting trial results. We will provide an update on the outcomes in the 2009 report.

Marine Protected Areas (MPAs)

Sanford is committed to protecting marine biodiversity, which is why we support Benthic Protection Area (BPA) closures. The New Zealand Government, under the umbrella of the New Zealand Biodiversity Strategy (NZBS), is expanding the network of MPAs using marine reserves, BPAs and other forms of legal protection. This is to ensure that protected areas fully represent the range of New Zealand's coastal and marine ecosystems.

Sanford has to ensure that the benefits of any biodiversity protection mechanism are not outweighed by the costs. We need to be certain that our international reputation for well-managed, sustainable seafood continues, while any site chosen for protection does not adversely impact upon us as existing resource users.

MPAs are being considered on a regional basis around New Zealand, with the Sub-Antarctic and West Coast South Island forums well under way. Sanford has members on these forums joining other representatives from government agencies, local government, tangata whenua and non-government organisations.

Sanford supports and has a vested interest in protecting New Zealand's marine biodiversity. It needs to be undertaken using a balanced management approach to provide for continued commercial fishing access and sustainable utilisation of the resource. More information is available online at www.biodiversity.govt.nz.

Environmental Contributions

Rotorua's lakes are popular for many forms of recreation and are nationally significant as natural assets. However, in recent years we have seen deteriorating water quality in some of them. One project undertaken to protect and improve their water quality is the installation of "weed cordons". These are large nets designed to help limit weed material near the boat ramp areas and thus the risk of spread to other lakes. One such weed cordon was recently installed on Lake Rotoma using old nets supplied by Sanford Tauranga.



Weed cordon stretching out from Lake Rotoma boat ramp



Net maker Colin Major using old nets to construct weed cordon



Nets limiting weed material in cordon and thus risk of spread to other lakes

Environmental Sustainability

San Aspiring Beach Clean-up in Cumberland Bay

South Georgia and the South Sandwich Islands (SGSSI) are a collection of inhospitable, remote islands in the South Atlantic Ocean. In March 2008 the crew of the San Aspiring was invited to help clean up a stretch of littered beach in one of the bays. The idea of getting ashore and helping to clean up was more appealing than onboard chores such as re-stowing the bait hold or scrubbing the decks.

The main consideration was the weather as the rescue boat was capable of only transporting seven people at a time. That didn't include carrying the rubbish, which was transported on separate trips. The ground rules for the day's activity were established with Emma Jones, Fisheries Officer, King Edward Point.

Crew safety was paramount; with a water temperature of 1.5°C and air temperatures between +4°C and -2°C we could not afford to make any mistakes. The crew also had to follow the biosecurity regulations of clean, sterilised boots and clothing. It was vital that we maintained radio communications with the party on shore, particularly as conditions can change rapidly in South Georgia. In the end, the weather was favourable with relatively calm conditions in the bay and acceptable visibility, although light snow fell for much of the day.

Wildlife along the beach was numerous and diverse; sea elephants, fur seals, penguins, giant petrels, Antarctic skuas and kelp gulls all seemed interested in what we were doing, although a couple of the bull elephants were less than impressed with our presence, and let us know.

We found that most of the refuse we collected came from two vessels that had grounded on a reef on 29 April 2003. It consisted of insulation foam, hatch covers, plastic cases, rope and twine, small floats, and unidentifiable pieces of plastic probably from the vessels' linings and interior fittings.

The whole operation took around eight hours, required a total of 10 shore-to-ship trips and involved 20 of the 25 crew. We collected approximately 2m³ of rubbish and rather than unloading it at King Edward Point, we kept it aboard for disposal at Port Stanley at the end of the season.

Key Points:

- Staff contributed time in exchange for an unusual outing
- A local beach was cleared of grounded vessel debris
- Safety of personnel was paramount in inhospitable conditions



San Aspiring crew clean up Cumberland Bay under the watchful eye of a fur seal!

"The crew of longliner San Aspiring did a fine job of beach cleaning at the Greene Peninsula. Having finished fishing in the South Sandwich Islands, they had time to kill before they could start fishing around the island. The early snow did not help, but despite that, they successfully collected several bags of plastic and other waste." South Georgia Newsletter, April 2008, www.sgisland.gs

Environmental Sustainability



Results of a successful mussel shell trial at a Marlborough vineyard comparing the weed growth of vines on the right, with shell mulch, to those on the left, without mulch

Source: M Wills, Pernod Ricard, New Zealand

Environmental Impacts of Aquaculture

Shellfish Operations

Last year, trials using crushed mussel shells as mulch under grapevines showed favourable results. This was initially to determine a mulch to help with frost protection (shells gave a 0.9°C increase in ground temperature). However, shells also gave successful results as a weed retardant, when applied at a depth of 5cm, which could reduce the use of herbicides in the vineyard. The images above show the results of the trial. Both rows of vines had the same amount of weed control spray; however the row on the right with shell use shows a marked decrease in weed growth. Another potential benefit, shown in other studies, is the improvement in grape ripening due to reflection of light from the shells. This year, Sanford Havelock supplied enough mussel shells to upscale the trial to an entire block of vines. It is hoped that the successful outcome of this trial will see significantly more of our shell waste used in this way.

Sanford also supplied mussel shells to Dr Darrell Patterson, Dr Mark Jones and Associate Professor Brent Young from the Department of Chemical and Materials Engineering at the University of Auckland who are converting the shells into value-added products. With thorough washing, crushing, grinding and sieving of the mussel shells, followed by high-temperature heat treatment, they are able to convert the mussel shells into lime. This lime is being used as the main reactive component in a new wastewater treatment technology to remove aqueous phosphorous from waters that could otherwise cause environmental damage. The trial is being expanded and Sanford will supply more shells early in 2009.

Salmon Farming

The expansion of the Stewart Island Big Glory Bay salmon farm to include new cage systems is well under way. We aim to report more fully on this expansion next year, following the opening of this operation in early 2009.

Social Sustainability

The success of any business depends on a number of resources. None is more important than the people involved. It is essential that Sanford continues to grow the strong relationships we enjoy with our various stakeholders, from our employees, to local communities and businesses. We aim to provide a safe and healthy workplace for our employees. We support local communities through partnership programmes to ensure that the areas remain socially vibrant. The Company also has a responsibility to our consumers to provide a product that is safe, healthy and of the highest quality.

The boundaries for reporting social sustainability encompass personnel employed in activities wholly owned by Sanford that operate out of New Zealand. The safety of share fishermen is managed by the requirement for any vessel registered in New Zealand to operate the Safe Ship Management (SSM) system. This system is administered by Maritime New Zealand and requires ship owners and operators to be responsible for the daily safe operation of their vessels. We do not currently report on social sustainability in either the Australia or China-based operations.

“Sustainability is a condition of existence which enables the present generation of humans and other species to enjoy social well-being, a vibrant economy, and a healthy environment, and to experience fulfilment, beauty and joy, without compromising the ability of future generations of humans and other species to enjoy the same.”

Guy Dauncey, author

Sanford Snapshots

- Foreign national employees at Sanford Timaru attend English Language training
- Sanford supports 29 of 67 Kiwi Can schools nationwide
- Stewart Island aquaculture operations available to tour operators
- On average, 18 Tauranga staff regularly donate blood every three months
- Mussels donated to Havelock School's Brews, Blues and Barbecues stall
- 100,000 salmon fry donated for recreational fishing in Lakes Opuha and Benmore
- Two teams entered the Coromandel Bowling Club's "Aqua Tournament"

Social Sustainability

Employees

Sanford appreciates that the knowledge, skills, experience and dedication of our staff are the Company's most important asset. We also recognise that in today's tight labour market it is vital that we value our employees and ensure we are a "good employer" by investing in their health, safety, well-being and training needs. The Company adheres to all relevant legislation and is an "equal opportunity" employer, seeking to create an environment where all staff are given the chance to develop to their maximum potential. We also believe in the value of listening to the concerns of our employees and regularly engage with worker unions to negotiate issues such as suitable rates of pay and working conditions.

Staff Numbers

The number of staff employed has increased since last year, as shown in Table 4. This is attributed in part to growth in numbers at Bluff, due to the new night shift in the mussel factory there and additional personnel on both their vessels and in the Waitaki hatchery. Tauranga had a late start to the mackerel season which required additional casual staff to process the quota before the end of the financial year. In addition, the Tauranga night shift was reinstated earlier than last year. Note also that the 2007 Auckland head office numbers have been adjusted as they inadvertently included directors.

Workplace Diversity

A company that employs a varied workforce (both men and women, people of many generations, people from ethnically and racially diverse backgrounds etc.) is better able to understand the demographics of the marketplace and is thus better equipped to thrive in that diverse arena. By law, New Zealand employers are prohibited from considering age, race or ethnicity when hiring or assigning employees.

Sanford has a diverse workforce, particularly regarding employment of Maori and Pacific Island peoples, when compared to the New Zealand workforce overall (see Table 5). We have also seen an increase in new immigrants coming into our workplace and adding value to the community. Both Timaru and Havelock have a large proportion of South American employees. We aim to report more fully next year on the initiatives undertaken to accommodate this change in diversity, such as the English for Speakers of Other Languages (ESOL) course offered to Timaru employees.

Location	2004	2005	2006	2007	2008
Inshore – Fishing & Processing					
Auckland	136	166	126	154	153*
Auckland Fish Market		25	38	23	27
Tauranga	189	198	191	169	182*
Timaru	236	231	224	186	179
Oamaru	4	4	5	6	1
	565	624	584	538	542
Aquaculture					
Kaero	107	115	108	140	133
Coromandel	22	22	18	14	13
Havelock	200	218	220	251	259
Bluff	145	172	137	140	184
	474	527	483	545	589
Deepwater Fleet	256	266	312	319	320*
Head Office					
Head Office (Auckland)	42	45	45	45	43
Service Division	14	20	24	15	13
	56	65	69	60	56
Total	1,351	1,482	1,448	1,462	1,507
*Includes Contract Fishermen:					
Auckland		67	43	38	37
Tauranga		42	43	29	30
Deepwater Fleet		250	294	301	293
Total		359	380	368	360

TABLE 4

Employees as at 30 September 2008



Sanford Coromandel bowls team enter local aquaculture industry tournament

Social Sustainability

The gender ratio of the Sanford workforce is very similar to the primary industry in New Zealand. There are significantly more males than females, which is largely attributable to the physical nature of fishing and marine farming work. Within the factory and office environments the gender balance is more equal.

TABLE 5

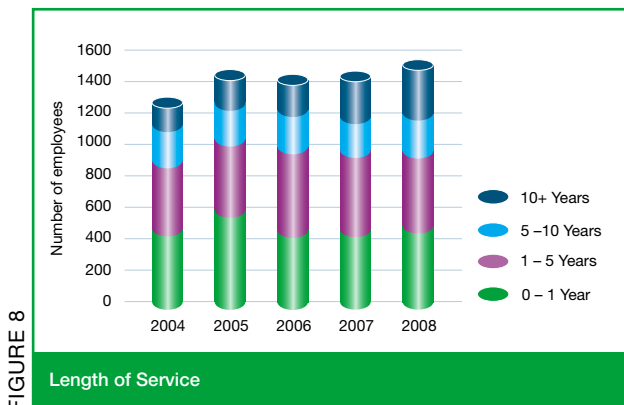
	Sanford 2008	Sanford 2007	Sanford 2006	Industry ¹	NZ Workforce ²
Ethnicity					
European	57%	55%	56%	89%	66%
Maori	25%	26%	27%	11%	12%
Pacific Island peoples	9%	11%	10%	1%	5%
Other	9%	8%	7%	2%	21%
Gender					
Female	32%	30%	31%	34%	52%
Male	68%	70%	69%	66%	48%

Workplace Diversity

¹ Source: Statistics NZ, based on 2006 census. Note: industry data includes agriculture, forestry and fishing

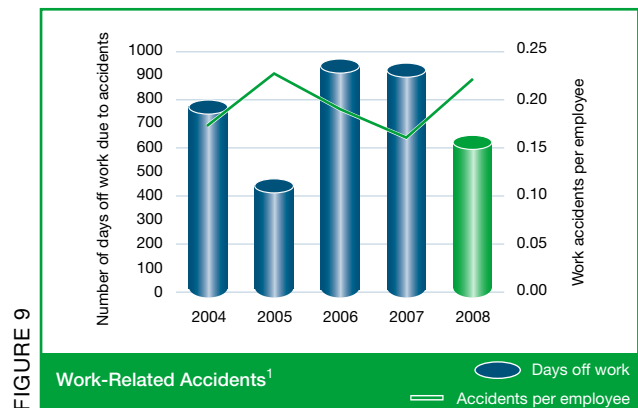
² Source: Statistics NZ, based on 2006 census

Long-serving employees make up a relatively large percentage of Sanford workers, as shown in Figure 8. These staff members are a valued asset as they provide a solid base of knowledge and skills that can be imparted to new personnel. It also emphasises the appeal of Sanford as an employer.



Health and Safety

A healthy and safe workplace is an important part of maintaining an optimal workforce. Health and safety programmes are in place in all of Sanford's workplaces. Our Kaeo and Auckland operations were audited this year to the Accident Compensation Corporation (ACC) Partnership Programme standard, in which we maintained our primary accredited status. We continue to work on improving our health and safety performance with a current focus on standardising and centralising control of our health and safety policies and procedures for a more simple and effective system. Each plant has a health and safety committee that meets every one to three months. The work-related accidents per employee are shown in Figure 9.



¹ Work-related accidents do not include those of contract fishermen

A serious harm accident occurred at the Coromandel site in November 2007. While an employee was cleaning machinery on the barge, his leg became caught in the equipment. The employee sustained severe injuries resulting in amputation of his lower right leg. A full investigation of the incident was undertaken which resulted in a number of mitigation devices being implemented. Following the Maritime New Zealand investigation, Sanford was charged and we subsequently pleaded guilty. The employee is currently involved in an intensive support and rehabilitation programme.

On 25 January 2008 there was a serious incident at Sanford Tauranga that led to a member of staff needing urgent medical assistance. An employee was working inside a 40ft container, while a forklift was unloading it, when he collapsed and was taken to hospital to be treated for compressed natural gas (CNG) poisoning. The Department of Labour investigation concluded that there would be no prosecution.

Social Sustainability

A number of improvements have since been implemented: container fans are used for ventilation during loading and unloading; a maximum time a worker is allowed to work inside a container before a break has been set; electric forklifts are now used for loading and unloading containers; and carbon monoxide awareness training has been conducted by an Occupational Health Nurse.

Last year we stated that we were working to implement a more robust system of monitoring serious harm injuries and intended to report these in the 2008 report. Due to personnel changes this has not been implemented; however it will be incorporated in the Health and Safety system review scheduled for mid 2009.

San Cuvier Grounding

On 27 July 2008, the inshore vessel San Cuvier went ashore approximately seven miles east of Opotiki, in what was reported to be the worst storm in 10 years. Sadly this resulted in the death of two crew members, Rick Josephs (Skipper) and Damian (Beef) Wyatt. The two other crew members, Chasson Manukau and Thomas Tepania, survived and were airlifted to safety and treated in Whakatane Hospital for injuries sustained. Rick Josephs (38 years) of Matapouri, Northland, was an experienced skipper who had worked for Sanford since 2004. Rick was a dedicated and skilful longline skipper, always loyal and supportive of his crew. He will be sadly missed by the surviving crew and other Sanford colleagues. Damian (Beef) Wyatt (35 years) of Ohauiti, Tauranga, who had joined the vessel as a relief crew member, was an experienced fisherman from the Port of Tauranga. He will be sadly missed by all who knew him in the fishing community throughout the North Island. The Company's thoughts remain with the families of the two deceased crew members. Currently Maritime New Zealand and the Transport Accident Investigation Commission are conducting separate investigations into the accident.

The San Cuvier weathered adverse storm conditions later that week without further incident or environmental damage. Company representatives were able to access and board the vessel within the week to undertake the task of removing pollutants from the vessel. In excess of 15,000 litres, in total, of oil, diesel and dirty water was recovered from the vessel and taken away for appropriate processing and disposal. In addition, a substantial volume of loose items and equipment was removed from the vessel. A contractor has recently been engaged to cut up and remove the remainder of the vessel. The Company would like to record its thanks to the local residents, iwi, hapu, contractors and authorities whose assistance was much appreciated.



San Cuvier pollutant removal operation

Health and Well-being

Staff welfare continues to play an important part of the Health and Safety team's responsibilities. The Occupational Health Nurses (OHNs), at Auckland, Tauranga, Havelock and Timaru, are also valued members of the team who organise various well-being initiatives. Kaeo, Coromandel and Bluff employ the local medical centres and specialists when required, to monitor staff health and well-being.

Last year Sanford Tauranga ran a 12-week quit smoking programme for both staff and their families. The programme involved individual assessment and support on a weekly basis with the OHN providing further support. We are pleased to report that there have been a couple of successes. However, as quitting takes time and commitment, the scheme is running as a long-term project, with a renewed focus since October 2008.

This year Sanford Timaru, in conjunction with the Aoraki Primary Health Organisation (APHO), held a Health Day and Evening Health Assessment. The APHO health team was assisted by a variety of specialists such as a dietitian, a "smoke-free" facilitator, a nurse specialising in diabetes and representatives from the Problem Gambling Foundation. The goal was to promote the health of the people at Sanford Timaru with an emphasis on healthy lifestyles and, where necessary, encourage their uptake of medical services.

Just over 50% of factory staff took part in the assessments. A number of people had consultations with more than one health professional. Even those who were not assessed took advantage of information available, especially smoke-free pamphlets. The Problem Gambling team reported they were pleased with their referrals, with one person continuing to receive support.

Social Sustainability

A number of people from South America were identified as being without a doctor and so a brochure about free and low-cost health services in the area was made available on the day.

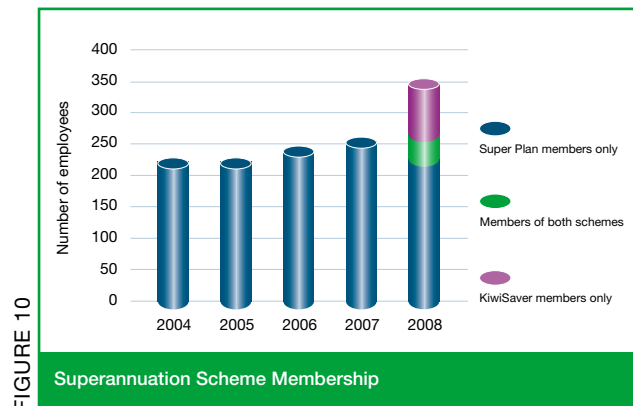
In following up the success of the Health Day some additional initiatives have already occurred; for example, the OHN has distributed a brochure developed by the dietitian on quick, easy meals. Those involved in the Health Day are keen to hold future days which can be targeted to various healthy lifestyle issues that arose.

Work/Life Balance

Maintaining a healthy balance between work and life is important. At Sanford we recognise that providing this balance and valuing our employees are essential to retaining a motivated workforce. In addition to employee statutory rights such as parental leave, we offer flexible working arrangements where appropriate.

Job sharing is becoming increasingly common in New Zealand as employers devise working arrangements that will help recruit and retain personnel. Timaru had two employees who participated in a job share opportunity this year. The two new mothers shared one role by working either the morning or afternoon shift. The other mother minded the two children with the handover taking place on site. It enabled the parents to maintain their position in the workforce and the Company to retain the skills and experience of two reliable staff members.

Sanford offers a subsidised superannuation scheme to eligible employees. This is designed to recognise staff for their continuing participation in the success and growth of the Company. In addition to this scheme, Sanford has made compulsory contributions of 1% to the government-legislated scheme (KiwiSaver) since 1 April 2008. This had not been previously reported as these payments were only established this year. While they are currently minimal, these disbursements will continue to rise by 1% each year until a maximum of 4% is reached by 2011. This maximum could be reviewed following the recent change in government leadership following the November election. The membership of eligible employees to both schemes is shown in Figure 10. Overall, there has been a large increase in the total number of employees benefiting from the Company contributions, which is attributed to uptake of the KiwiSaver scheme. The perceived decrease in Superannuation Plan membership is chiefly attributed to reporting members of both schemes separately.



A number of plants have social clubs and events. Membership to Sanford Tauranga social club is very strong. Various events were held this year including the Christmas social, fishing trips and a weekend trip to the snow. Staff family members are also invited to attend a variety of occasions. The Christmas Stocking Day is the annual celebration of the year. There is a BBQ and each member gets to choose a gift, purchased by the social club, from the “stocking” as their number is drawn. The day finishes off with the annual travel fund prize draw. This fund is intended to encourage members into an overseas holiday. A Christmas stocking prize, worth around \$1,500, is also drawn.

In March 2008 a group of senior-level managers took part in Microsoft Outlook® Time Management training. The course covered the key elements of time management and looked at applying these to MS Outlook use. Some issues faced by Sanford managers are: monitoring goals and objectives, planning and prioritisation, structuring work schedules, and email/inbox management. The course aims were to increase both personal and organisational effectiveness by making more effective use of time. This should result in achieving better outcomes and getting more out of life, both at work and privately. Attendees found the course useful in reinforcing time management principles, learning new MS Outlook tools and prioritisation of tasks according to job description and key performance indicators (KPIs).

Social Sustainability

Training

At Sanford we acknowledge that training and development is critical to retaining a motivated and well-utilised workforce and achieving ongoing business success. The Seafood Industry Training Organisation (SITO) implements the industry-specific New Zealand Qualifications Authority (NZQA) unit standards. The number of Sanford employees who achieved credits with NZQA this year was again low due to the fact that many of our employees are already well trained. In addition to the national qualifications programme, we also offer a variety of courses covering a multitude of topics, from food safety, to health and safety, to communication. This year we have focused our reporting on some of these additional training initiatives that took place at Sanford Tauranga and Sanford Timaru.

Tauranga Training Initiatives

As with other Sanford operations, Tauranga carries site inductions for new staff. This year suppliers of casual staff were also inducted to ensure they can provide better understanding to potential staff assignments.

Various specialised health and safety training is undertaken by employees. Vessel unloading employees were involved in an emergency life vest training exercise, which highlighted the importance of wharf and water safety awareness. First aid training was also offered to all employees, more for social reasons, as the plant already has dedicated first aid staff. It was such a success that it will be periodically offered as an interest course.



Tauranga staff James Gudsell (left) and Johnny "Flash" Makitae take part in emergency life vest training exercise

While there is ongoing supervisor development, a new programme of workplace education was introduced this year. The scheme is 85% government funded and involves an external company delivering customised, one-on-one, workplace education programmes covering literacy, numeracy, computer skills, communication etc. Initially 10 employees were selected but, depending on success, the plan is to expand numbers after six months. Employees selected were supervisors/leading hands (career progression), documentation staff (improved accuracy) and others ready for personal development. Job progression for Willie Falekaono, a wharf tally clerk, is to drive heavy trucks. His programme has been customised with report writing skills and an HT driver licence as part of his goals. Although the focus is on employment-related areas, it has added social development benefits.

Sanford operations also offer educational tours for local community groups. This year the New Zealand Food Safety Authority (NZFSA) arranged for university veterinarian students to visit Sanford Tauranga to educate them in seafood-industry-related issues, widening the focus beyond the meat industry. Marine studies students from the local polytechnic also complete comprehensive visits at various stages of their course. Due to Department of Labour requirements, school visits have recently been restricted to secondary students only. However, involvement in the Kiwi Can programme still means staff representatives visit schools.



Tauranga staff involved in the workplace education programme. Back, L to R: Willie Falekaono, Jason Wihapi, Alison Dunn, Loral (tutor), Johnny (Flash) Makitae, Jimmy Bluegum; Front L to R: Tihi Bluegum, Cherry Rogers, Gwenda Maddox, Shelly Hika

Social Sustainability

Sanford Havelock has also been generous with their time and resources for students studying the Marine Science Curriculum at Marlborough Boys' College. They have produced computer resources for the students to study and offered biological samples for use in the laboratory. The students also visited the mussel farming operations in Pelorus Sound, which gave them hands-on experience of seeding, harvesting and monitoring of mussels.

Tauranga has also been involved in a seafood-specific training course in collaboration with Work and Income New Zealand (WINZ). Attendees are referred as part of their Job Seeker Agreement then interviewed and selected by Sanford management as suitable candidates. The course covers various skills required to work in the seafood industry and ends with two weeks' work experience. A number of the attendees who completed the course successfully have since been employed at the Tauranga operation.

Oil Spill Training, Timaru

Six Sanford representatives attended Environment Canterbury's annual oil spill training exercise at Evans Bay, Timaru. The aim of the day was to familiarise personnel with the proper ways of handling gear and the correct methods of deployment. It started with a thorough briefing on safe operations and then each piece of equipment was unpacked, explained and deployed under the watchful eye of one of the instructors or previously trained, experienced handlers. A briefing was also given on the purpose of the Shoreline Clean-up Assessment Team (SCAT), which assesses areas affected by oil spills and prioritises the clean-up tasks and the appropriate handling of oiled wildlife.



A collapsible 15-tonne oil-receiving tank used during an oil spill training exercise

Management Training, Timaru

Since 2005, Aoraki Polytechnic's Training Solutions has been offering management and project development programmes to students from the developing countries in the South Pacific Basin. The programmes are designed to contribute to poverty elimination and achieving environmental sustainability and sustainable livelihoods through skill enhancement, training and knowledge. Field visits and placements are key components of the programme's success. Staff at both Sanford Timaru and San Won cold stores operations have been extremely supportive of the programmes. Two students from Vanuatu, Bruce and William, had a week's placement with Sanford at the end of June this year. Both spoke of a memorable and satisfying time and stated that the placement gave them the opportunity to work in a similar workplace environment to home, working alongside staff from all levels of the organisation, asking questions and thereby learning and extending their knowledge.



South Pacific Basin students of Aoraki Polytechnic management programme visiting Sanford Timaru

Social Sustainability



Mt Albert Play Centre children playing in ice donated by Sanford



Timaru staff and vehicles heading to the Christmas parade

Communities

The majority of Sanford's operations are located in provincial centres and coastal settlements throughout New Zealand. We recognise these areas are of great cultural and recreational value to New Zealand and acknowledge our need to operate responsibly.

Donations

We support our local communities through donations to community groups and local schools and sports teams, as well as partnership programmes such as Kiwi Can. We also recognise the contribution our employees make to the wider community through volunteer services and in donating their time to events such as the Auckland Seafood Festival and the Havelock Mussel Festival.

Sanford's contribution to communities through investment has increased steadily over the years. This year the total charitable donations and community investment did not match the large increase in 2007; however, there was a marked increase in charitable donations, as shown in Table 6. This was in part due to a large donation made to the Weihai Dong Won earthquake relief fund.

We also make non-monetary donations such as the ice donated to Mt Albert Play Centre for its day of winter fun.

"A fantastic time was had by all! One keen bean even brought his big brother's snowboard. A great day we will remember for a long time."

Mt Albert Play Centre



Havelock staff volunteers for the local fire brigade, ambulance service and rural fire service



Havelock staff local fire brigade volunteers outside their new Canvastown Rural Fire Depot, part-funded by Sanford

Social Sustainability

TABLE 6

Type of Donations	2004	2005	2006	2007	2008
Charitable Donations	\$5,500	\$16,710	\$15,238	\$4,890	\$33,674
Community Investment	\$116,800	\$124,805	\$167,029	\$220,070	\$174,761
TOTAL	\$122,300	\$141,515	\$182,267	\$224,960	\$208,435

Charitable Donations and Community Investments

In addition, Sanford Tauranga participates in the NZ Blood Corporate Shuttle Service, which transports employees from the factory to the donor centre and back. On average, 18 employees regularly donate blood (this does not include those who come to donate but are not accepted at that time). These numbers make Sanford Tauranga one of the top three companies in the region who partake in the corporate shuttle service.

Sanford Timaru has also been supplying low-value fish to Penguin Place, home of the Yellow-eyed Penguin Conservation Reserve, for a number of years now. This conservation project is financed entirely by guided tours and so the ongoing donation of penguin feed is of considerable support. The fish is an integral part of the rehabilitation process as each penguin needs about 1kg of fish per day. Since Howard McGrouther established the project, a total of 213 penguins have been rehabilitated. The rehabilitation of breeding females has resulted in 36 extra chicks over the last 10 years, contributing to the survival of an endangered species.

We also provide representation at a number of industry and wider business forums. In addition to our continued participation at New Zealand Business Council for Sustainable Development (NZBCSD) workshops this year, we also hosted a number of these workshops at the Seafood School.

Kiwi Can

Sanford continues to support the Kiwi Can programme in Kaeo, Auckland, Coromandel, Tauranga, Timaru and Bluff. Our involvement encompasses both sponsorship and administrative functions. Brent Keelty, Timaru Inshore Plant Manager, is Chair of the Kiwi Can South Canterbury Charitable Trust and Tommy Foggo, Bluff Manager, is Chair of the Bluff/Invercargill Kiwi Can Charitable Trust. This year, Warren Crighton, Bluff Assistant Manager, was busy helping interview new Bluff Kiwi Can Team Leaders. Brendon Dawson and Kirsty Goodger were successfully appointed and are proving to be excellent team leaders. Both have made good strides in planning, preparing, understanding and delivering the Kiwi Can programme philosophies and underlying values.

Social Activities

Social activities play a large part in forming a team culture in Sanford operations. Throughout the year, committees across plant locations organise various sporting and cultural events. Employees also support company-organised events such as Christmas functions and food fairs, which add to the ownership of community-led initiatives.



Stanley School class visit on board the San Aspiring in the Falkland Islands

Social Sustainability

Consumers

Consumers are the primary reason for being in business. We aim to provide a product that is not only of the highest quality, but is healthy and safe to eat.

Increased consumer recognition of the correlation between seafood and healthy living is also affecting demand. Globally, governments are increasingly focused on nutrition and health. Many countries are battling lifestyle diseases, and this trend is rising. Scientific evidence shows that the consumption of seafood has positive health benefits for all age groups, and significantly higher benefits for certain medical conditions.

Good Health

SEAFOOD DIET GIVES GOOD HEALTH

Finfish and heart disease

Dietary cholesterol and blood cholesterol

SEAFOOD CONSUMPTION DURING PREGNANCY & LACTATION

■ Finfish & rheumatoid arthritis and other AUTO-IMMUNE diseases

FINFISH & HIGH BLOOD PRESSURE

SEAFOOD DIET gives GOOD HEALTH

The headlines on this page are a sample of recent research papers that advocate fish as part of a healthy diet and the correlating beneficial effects.

- » Finfish & asthma
- » Seafood & cancers
- » Finfish & depression
- » Finfish & obesity

Seafood & stroke

SECONDARY PREVENTION OF *coronary heart disease*

Seafood & women's health

FISH OIL MAY HELP TO IMPROVE BLOOD FLOW

Seafood & diabetes

Finfish and cognitive decline

Seafood and older people

FINFISH PROTECTS AGAINST HEART ARRHYTHMIA

Seafood & Neural Development

More information on these articles is available online at www.sanford.co.nz.

Social Sustainability

Vital Waterfront – Vibrant Fish Market or Urban Village?

Sanford and Auckland City’s vision for the redevelopment of the Western Reclamation (“Tank Farm”) is of a vital, working waterfront. The project’s proposed aims are to have a large component of apartments while retaining areas for the fishing and marine industries. But the aspirations of turning this area into a classy waterfront, with the Auckland Fish Market as an integral part, cannot be achieved under the current plans.

The proposed reduction in parking is a huge concern to Sanford. We invested \$25 million four years ago to rejuvenate the area with a redeveloped wholesale auction market and a new seafood plant, retail fish market and Seafood School. We are now looking at the loss of 141 of the 183 car parks in the surrounding streets which would have a detrimental effect on people, including staff and especially fish market customers.

We are also concerned about the close proximity of high-density housing to industry. Noise created by trucks operating at all hours of the day and night, coupled with the inherent safety issues of industrial processing (i.e. the ammonia plant), could create difficulties between Sanford and residents.

Population growth, together with changes in diet, has also led to an increase in seafood consumption. At the fish market we are already short of space, yet we have other retailers wanting to become part of this growing marketplace. Current plans fail to provide adequate space for our future growth; sadly key attractions and economic generators such as Auckland Fish Market are likely to disappear unless changes to the plans are made.

We are confident that a workable solution can be found and have made several submissions to ensure our industry’s position and the vitality of the waterfront is protected. The independent commissioners’ hearing has been completed and their decision was released in early December 2008. The implications of this on the Company are currently being assessed.

If you wish to show your support for the future of the marine and fishing industries, please visit www.vitalwaterfront.co.nz to find out more and register your views.

Key Points:

- Shortage of car parks for Auckland Fish Market
- Close proximity of apartments and the processing plant
- Restriction of retailer and processing expansion
- Inability to accommodate both marine heritage and city dwellers



Aerial view of the Western Reclamation area proposed for redevelopment



Tank Farm as seen from the harbour

“The Auckland Fish Market will be driven away by a lack of carparking space and apartments right up against its processing plant under plans for the Tank Farm.”

Eric Barratt, Managing Director,
Sanford Limited

Economic Sustainability

Economic sustainability will continue to be a defining characteristic of profitable businesses of the future. Financial success is fundamental to achieving sustainability, and for Sanford the key to this is ensuring our share of fishing quota is retained together with aquaculture investments. Profitability is augmented by operational efficiency and adding value to our end products. In addition, we understand that adopting economically sustainable practices includes broadening decision-making criteria for business investments to encompass environmental and social aspects.

The boundaries for reporting economic sustainability encompass The Sanford Group of Companies which consists of Sanford Limited, its subsidiaries and its share of associate companies.

“Climate change is not an environmental issue, but much more to do with security and economics.”

**Jonathon Porritt, Programme Director of Forum for the Future and
Chairman of the UK Sustainable Development Commission**

Sanford Snapshots

- Largest quota owner in New Zealand
- Operates seven processing sites throughout New Zealand
- 1,507 employees (includes contract fishermen)
- KiwiSaver contributions made to 11% of employees (excludes contract fishermen)
- Total production of 84,121 tonnes (includes Pacific Tuna Fleet and Australia this year)
- Total sales of \$436m
- Over 85% of all product is sold overseas
- Top 4 export areas: USA (24%), Australia (16%), Pacific Islands (13%) and Japan (9%)
- Top 4 export products: skipjack tuna, hoki, Greenshell mussels and orange roughy
- Shipped 4,214 TEU (twenty-foot equivalent units) containers; placed end to end would be 25.7km long

More information regarding our main product lines is available online at www.sanford.co.nz.

Economic Sustainability

	2008 [#]	2007 [#]	2006	2005	2004
	\$000	\$000	\$000	\$000	\$000
Sales revenue	436,564	367,920	390,402	365,825	350,445
EBITDA*	65,874	52,197	63,303	38,295	35,639
Depreciation, amortisation and impairment	(22,359)	(13,635)	(16,167)	(21,097)	(17,069)
Net interest	(10,021)	(11,109)	(12,247)	(11,418)	598
Net currency exchange gains (losses)	5,505	(10,511)	4,773	40,404	55,202
Net gain on sale of investments, property, plant and equipment	29,749	425	322	292	6,691
Gain on sale of subsidiaries	–	7,528	–	–	–
Operating surplus before taxation	68,748	24,895	39,984	46,476	81,061
Less taxation	15,328	4,865	13,393	16,006	27,713
Operating surplus after taxation	53,420	20,030	26,591	30,470	53,348
Minority interests	(76)	105	(517)	(102)	522
Net surplus attributable to shareholders	53,344	20,135	26,074	30,368	53,870
Five-Year Financial Summary					

TABLE 7

* Earnings before interest, taxation, depreciation and amortisation, impairment of investments, net currency exchange gains (losses) and profit on disposal of investments and fixed and long term assets.

Prepared in accordance with New Zealand equivalents to International Financial Reporting Standards. To comply with NZ IFRS the 2004 to 2006 comparatives would require disclosure of biological assets in accordance with NZIAS 41 and intangible assets (mainly quota and marine farm licences) restated in accordance with NZIAS 38.

International Financial Reporting Standards

The financial summary has been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) applicable to financial statements, and is compliant with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). Sanford is pleased to report a profit of \$53m after tax for the year ended 30 September 2008 compared with \$20m for last year.

The International Financial Reporting Standards (IFRS) is a set of accounting standards that is becoming the global standard for the preparation of listed company financial statements.

This is the first adoption of IFRS and while the impact of the new standards has been minimal on the results for the period, there have been some more significant effects on the classification of items on the Balance Sheet. These changes are disclosed in the Financial Statements, which contain detailed data for the 2007/08 financial year along with information for earlier years. This report and previously published Annual and Sustainable Development Reports are available online at www.sanford.co.nz.

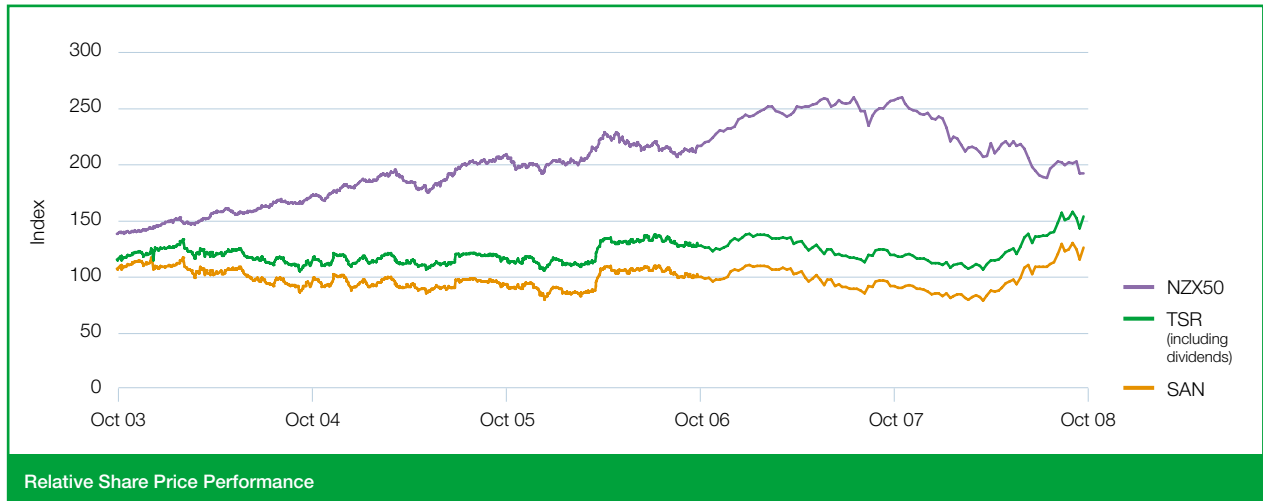
Shareholder Returns

The performance of a company's share price is a useful indicator of how the market views the organisation's sustainability, as share prices are generally based on estimates of future earning potential. Sanford's share price performance against the index of the leading companies on the New Zealand Stock Exchange (NZX) and the Total Shareholder Return (TSR) of Sanford stock is shown in Figure 11. The TSR includes any dividends paid by the Company.

Sanford's share price has improved relative to the NZX50 Index due to improving prices and strong demand for seafood. The falling United States dollar exchange rate has also had a positive impact on the Company's performance. The increase in share price (September 2007 = \$4.35 compared to September 2008 = \$6.00) and the dividends received during the year have resulted in attractive returns for Shareholders.

Economic Sustainability

FIGURE 11



Growth in market prices for most species assisted in the higher profit experienced this year. Figures 12 to 18 below are some examples of these increased seafood prices for 2007/08 compared to last financial year. Prices are indexed to 1 October 2006 and week one begins in October the previous calendar year.

Part of our efforts to enhance the value of our seafood has involved careful analysis of the market demand and supply at various times of the year. By managing catch and harvesting operations, to give balance between markets and between products, we have increased our returns. The current economic downturn could cause consumers to re-prioritise their spending habits. However, according to a Nielsen analysis (June 2008), products such as seafood are most immune to a recession.

FIGURE 12

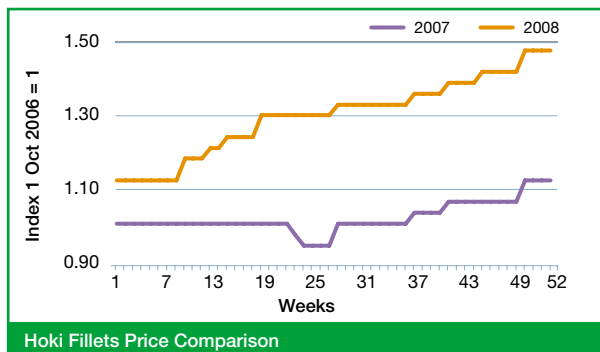


FIGURE 13

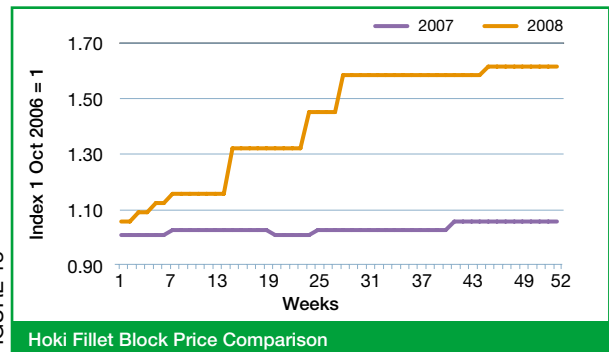
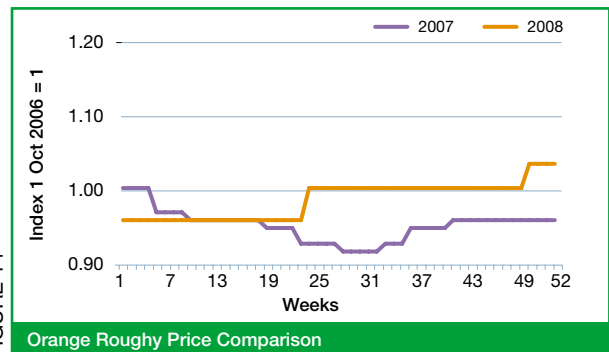
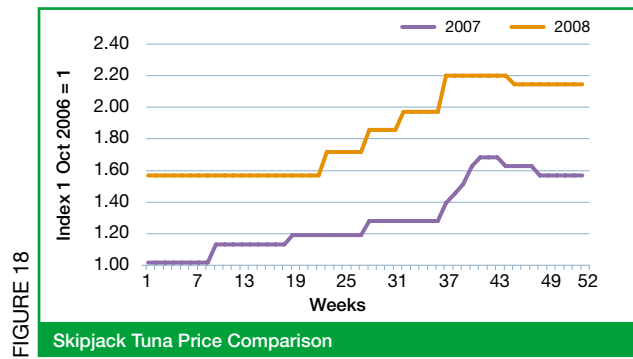
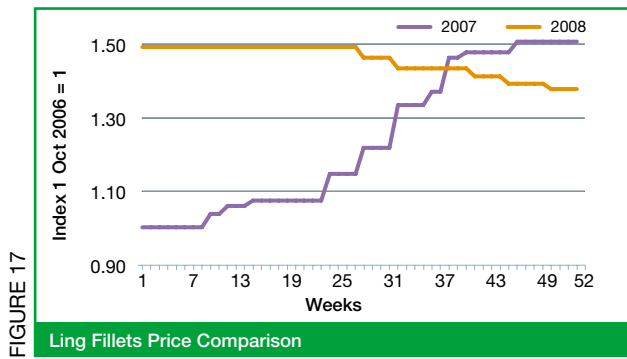
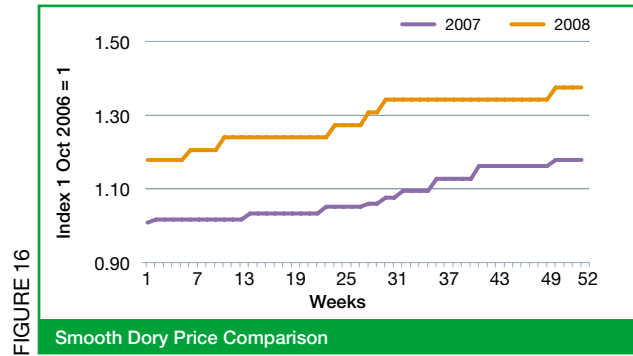
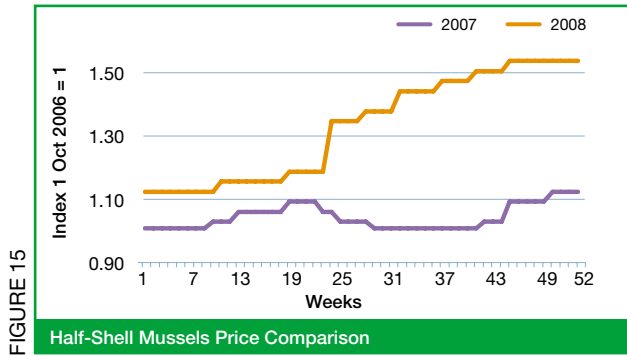


FIGURE 14



Economic Sustainability



Economic Value Added

Economic Value Added (EVA[®]) is a method of estimating the true economic profit of a company, including consideration of the cost of capital. EVA shows the value of the company by comparing the return on invested capital with the expected return to investors on investments of comparable risk. A company is generating economic value if it is making a higher return on capital than the cost of capital, therefore contributing to sustainable growth. Table 8 shows the estimated EVA of Sanford.

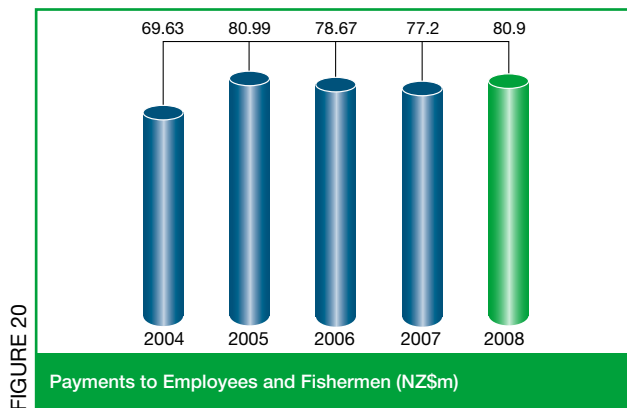
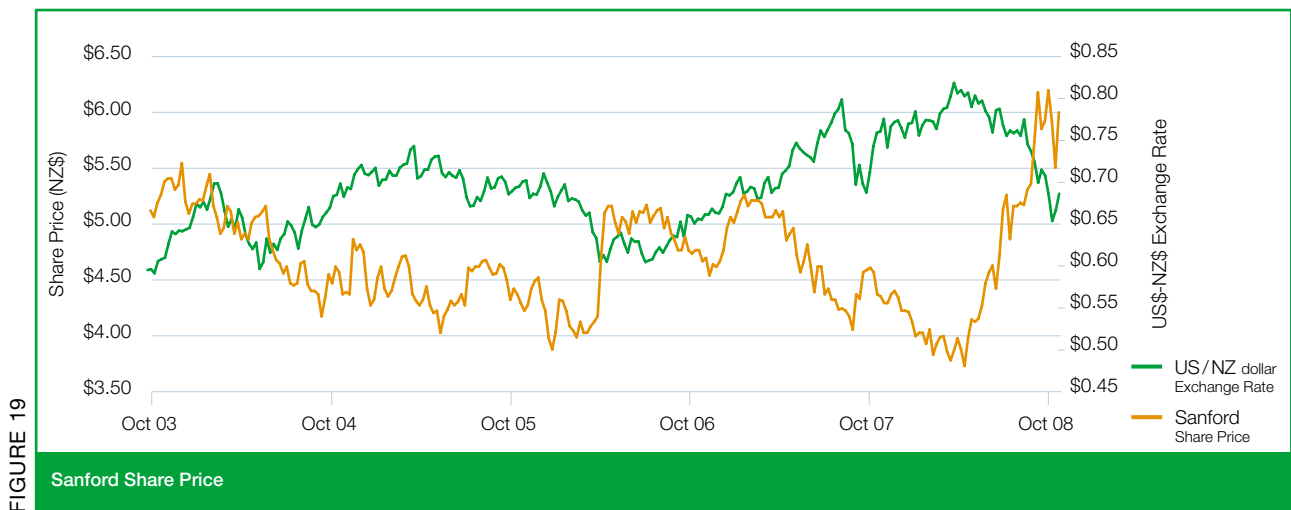
TABLE 8

	2004	2005	2006	2007	2008
Return on Capital	11.5%	6.1%	5.2%	3.9%	10.1%
Cost of Capital	7.2%	7.4%	8.8%	10.0%	8.5%
Economic Value Added (NZ\$m)	18	(6)	(18)	(31)	9
Economic Value Added					

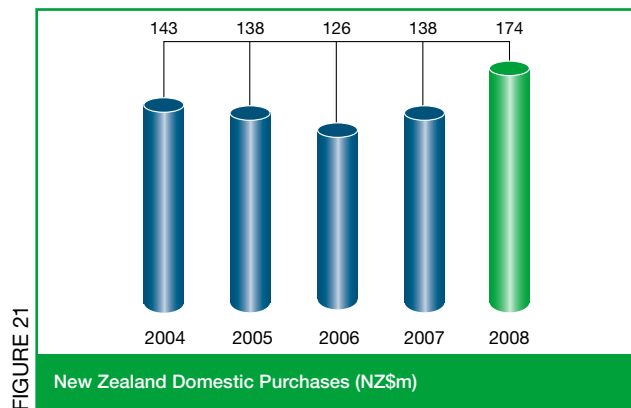
Economic Sustainability

Economic Environment

Sanford contributes positively to the regional, national and international economic environment in which it operates. The strong inverse correlation between the movement in the Sanford share price and the US dollar exchange rate is highlighted in Figure 19.



Often payments made to employees and fishermen, as shown in Figure 20, are a major contribution to the local communities in which Sanford operates. This is also a source of significant tax income for the New Zealand Government.



The Company's contribution to the domestic commercial economy due to purchases from domestic suppliers is shown in Figure 21. The increase is due to higher activity and significant cost increases in operational costs.



Economic Sustainability



Tax payments, as shown in Figure 22, indicate the amount of the Company's profits paid to the New Zealand Government (excluding tax on employees' wages and salaries). This has increased due to the higher profit this year.



The Company is a major contributor to New Zealand's trade balance, as shown by our net aggregate contribution to the New Zealand economy represented in Figure 23. The increase this year is due to the significant improvement in export earnings.



Figure 24 indicates how the Company is making a profit within the current sales revenue. The increase represents the high operational profits this year and inclusion of the gain on sale of the investment in Fishery Products International which contributed \$26m.

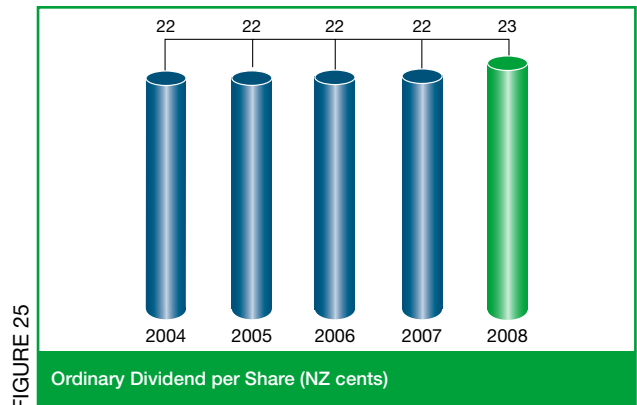
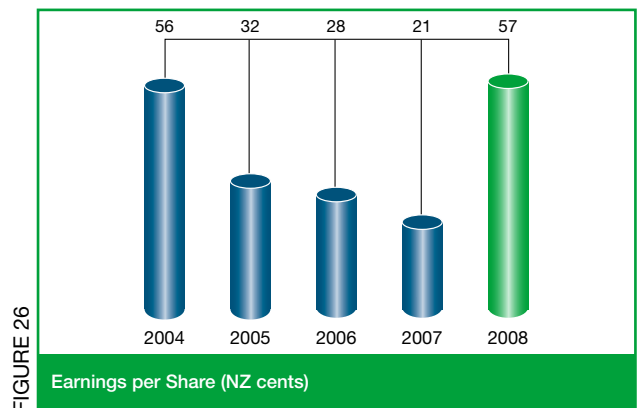


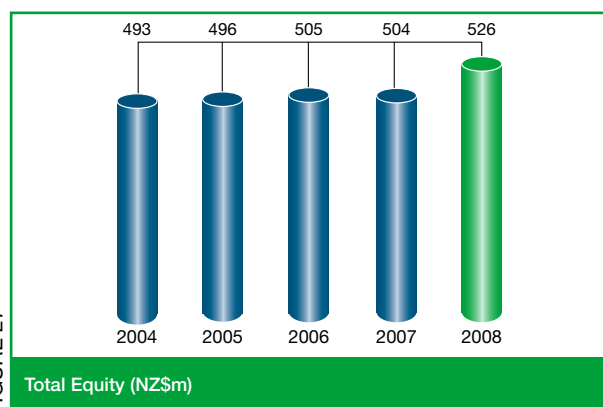
Figure 25 indicates the consistently high dividend payments made each year to Shareholders.



The high earnings per share, shown in Figure 26, is directly related to the higher profit this year as there have been no movements in ordinary capital during the year.

Economic Sustainability

FIGURE 27



The health of a company and its overall financial performance can be measured by the dividend paid to shareholders (Figure 25), the earnings per share (Figure 26) and the total equity (Figure 27). This last indicator reveals the strength of the company's balance sheet and its ability to maintain sustainable growth. The figures show Sanford has strength in all three of these indicators, which shows that the Company is forecast to be economically sustainable.

TABLE 9

	% Total Quota		
	2008	2007	Difference
Sanford Limited	25.10%	24.29%	0.81%
Pupuri Taonga Limited (Sealord Group Limited)	18.34%	19.07%	-0.73%
Talley's Group Management Limited	12.36%	12.33%	0.03%
Independent Fisheries Holdings Limited	6.20%	5.54%	0.66%
Te Ohu Kai Moana Trustee Limited	5.71%	6.93%	-1.22%
KPF Investments Limited (United Fisheries Limited)	4.69%	4.46%	0.23%
Vela Quota Number One Limited	3.86%	3.83%	0.03%
Aurora Developments Limited (Solander Pacific Limited)	2.02%	1.11%	0.91%
Ngapuhi Fisheries Limited	1.77%	0.97%	0.80%
Aotearoa Fisheries Limited	1.62%	1.44%	0.18%
All Others	18.34%	20.03%	-1.69%
Total	100.00%	100.00%	

Top 10 Quota Owners (tonnes) as at 20 October 2008

Source: New Zealand Seafood Industry Council

Sanford is the largest quota owner in New Zealand, as shown in Table 9. The increase of 0.81% is attributed to the acquisition of the Jones Group quota.

Economic Sustainability

Renewal and Growth

Sanford's business model is based on forethought and a long-term vision. This enables the upgrading of facilities and technology to ensure operational efficiencies are achieved and competitive advantages are maintained. This puts the Company in a position to capitalise on growth opportunities wherever they arise.

An EMS database is currently being commissioned to enable accurate and transparent environmental data collation. The system encompasses resource use data and will generate comparisons for both this report and the plant quarterly review meetings. It will replace a number of different spreadsheets and considerably reduce data manipulation time.

The purchase of the Southland-based Jones Group's fishing assets has enabled Sanford to increase its quota holdings in the Southland area and obtain a stakeholding in the Bluff oyster fishery. This is an initiative we have been targeting for a number of years. The fishery quota also secures another key supply of both inshore and deepwater species. This is an important asset acquisition that will allow our Southland fishing and aquaculture operations to grow and become more significant. We are optimistic about the future of this and of the other fisheries in the Southland area. In addition, this transaction ensures the ongoing employment in the local community by our already successful Southland operation.

Sanford Kaeo experienced two further floods in July this year. However, thanks to joint efforts with the township to mitigate the effects of future floods, it was only the yard that flooded. These initiatives, along with a sand-banking operation, ensured the significant costs in repair and lost time from 2007 were avoided. Sanford would like to thank all those involved in both the mitigation activities and the clean-ups.

Sanford Supply Chain

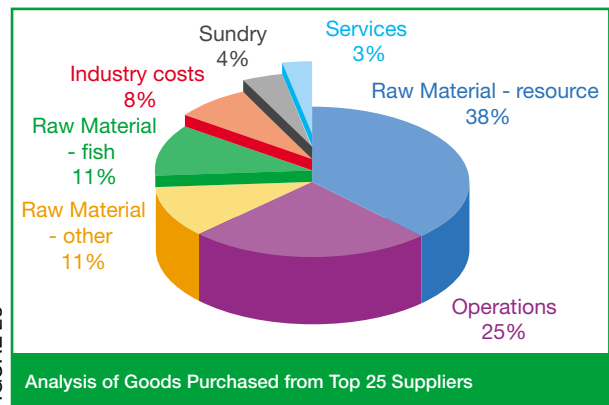
Suppliers

Sanford was unable to implement a supply chain management plan in the past 12 months, due to changes in personnel. We hope to rectify this in the coming year. An initiative set in place by the NZBCSD, of which Sanford is a member, is the requirement that members become more aware of their suppliers and ensure that a greater proportion of suppliers are chosen specifically in relation to their

sustainable practices. We will use this as the basis for implementing a sustainable supply chain system. The Company believes one of the benefits will be greater influence on product delivery, thus ensuring the highest quality for customers.

In 2007/08 the top 25 suppliers (ranked by NZ dollars spent) accounted for over 50% of the annual spend. Of these, 88% are New Zealand owned and operated, or have operations based in New Zealand.

Figure 28 shows that resources such as fuel, lubricants and energy account for the largest proportion of money spent with suppliers. The next largest spend is on operations, which includes freight, storage and contracted processing. Cost recovery levies paid to MFish account for 8%. While this is not the only contribution to governmental and industry bodies, it does indicate the significant contribution Sanford makes to management and research into sustainable fishing in New Zealand.



Auckland head office currently sources its office supplies from a sustainably minded company, OfficeMax, which is committed to transparent practices that put the environment and community first. OfficeMax offers a variety of products with environmental credentials (EC). In 2007/08, 16% spent with OfficeMax was on EC products. We aim to increase this proportion next year.

Economic Sustainability

Alternative Fuel Sources

Fuel costs form a significant proportion of the operating expenses in the seafood industry. The figure below shows that this year crude oil prices have continued to rise, and despite recent reductions, the long-term predictions do not indicate a change in this upward trend. Fuel-efficiency measures need to be combined with investigation into alternative fuel sources.

Light Fuel Oils (LFOs) are blends of heavier fuel oil and diesel that historically trade cheaper than diesel. The majority of shipping fleets in the world use LFOs or heavier grades; however, in New Zealand, the historical use of diesel by large domestic factory vessels has been driven by greater availability of diesel than LFOs in most ports around the country. With work being undertaken by one of the main fuel companies to install LFOs in the Port of Timaru (out of which our deepwater vessels operate), it is timely to convert the factory trawlers to burn cheaper LFOs.

Proposed LFO Conversion

The three large deepwater factory trawlers are presently undergoing engine and tank modifications along with the installation of preheating equipment to allow them to be converted to LFO by the second quarter of 2009. Details of the proposed LFO and conversion requirements are:

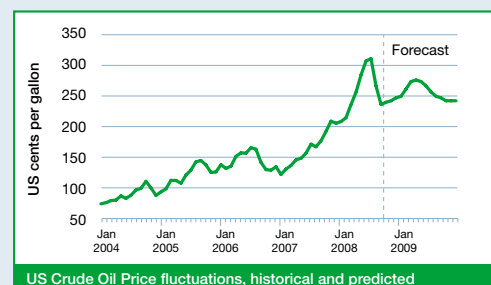
- only for larger vessels that do not operate in sensitive environmental areas;
- LFO is 20% to 30% less expensive than diesel;
- LFO is 2% more efficient to use;
- LFO does require preheating prior to use;
- substantial machinery/vessel conversion is required for storage and use;
- the equipment change will allow the main engines to run on either product (diesel or LFO);
- there is an increase in maintenance requirements with use of the heavier fuel;
- there are elevated carbon emissions;
- LFO provides greater opportunity to blend with fish oil on board, creating the vessels own biofuel.

Additional maintenance costs are more than compensated by the total operating cost savings that can be achieved by the LFO price differential.

Fuel-saving Initiatives

Better understanding of energy consumption through monitoring can assist in controlling energy consumption in normal operations and help make informed decisions on energy-reduction intervention investments. In addition to less expensive energy sources, we continue to monitor and control fuel consumption across all divisions and explore ways to improve the energy efficiency of fishing equipment.

Most fishing gear in use today was designed to maximise catch at a time when energy costs were a much lower proportion of operating costs. Our Inshore Fleet Manager was involved this year in an industry project, run in conjunction with the New Zealand Seafood Industry Council, industry members and New Zealand Energy Efficiency and Conservation Authority (EECA), to look at technology as a way of minimising the energy value of catching fish. An experienced technologist from Denmark, Ulrik Jes Hensen, was sponsored to advise New Zealand fishing companies on efficient gear usage. We are currently trialling modifications



Source: Energy Information Administration, Short-Term Energy Outlook, October 2008

Economic Sustainability

made to some nets following his recommendations. There have been some savings so far but this is an ongoing project.

In addition, we continue to monitor and control fuel use by:

- utilisation of a fuel meter for our Inshore Division to monitor use when experimenting with different net configurations and trawl board arrangements;
- efficient trip practices i.e. not using full-throttle settings and using fuel meters to verify, recording and comparing fuel use each trip and correcting any variations;
- more frequent slipping of inshore vessels to ensure the bottom is kept clean, thus reducing drag;
- tuning inshore engines more often to improve fuel efficiency;
- investigating and researching new technologies i.e. trip analysis, fuel additive;
- use of beacons that supply the exact GPS position on the navigation computer for autoline factory vessels, which saves the vessels both time and fuel as they can now steam directly to where the buoys (and lines) are located. It is also very beneficial in the final stages of location as fog could hinder the final visual fix with the old system;
- fitting of the scampi vessel Drysdale with trawl gear sensors to allow better analysis, which has identified that the same trawl gear parameters (net spread and headline height) can be maintained after reducing the main engine revolutions providing a fuel saving of between 10% to 15% and an extra three days' fishing before return to port;
- installation of fuel flow meters on domestic deepwater vessels to monitor basic fuel usage;
- trialling of a specialised data acquisition system on the San Discovery which records fuel usage along with other variable inputs (e.g. speed/pitch/RPM/wind direction, trawl gear set-up) to allow an in-depth analysis and comparison of varying fishing scenarios and gear types to optimise fuel burn for fishing effort. If successful, it will be rolled out to other vessels.



Peter Robertson, Chief Engineer, on the San Discovery with fuel meters installed on vessels to give more precise monitoring of fuel usage during trips

Biofuels

As LFO cannot be used for small engines, our Inshore Division has continued investigation into diesel biofuel initiatives. The San Rakaia has been trialling biodiesel for two years now, with no adverse effect on the engines so far. However, there have been operational issues such as problems with use and storage due to the hot mixing requirement of the waste tallow and diesel mix. Also there is a slight loss of power compared to diesel. These difficulties are not insurmountable, however supply issues mean a full roll-out is not yet feasible. In the meantime we will continue with our trials and the monitoring of supply.

Last year we reported on the upgrade of the San Waitaki fishmeal plant and the planned investigation into the possibility of blending extracted fish oil with diesel to create a biofuel. The results showed there was no cost benefit and vessel maintenance costs increased, so we are not continuing with this trial.

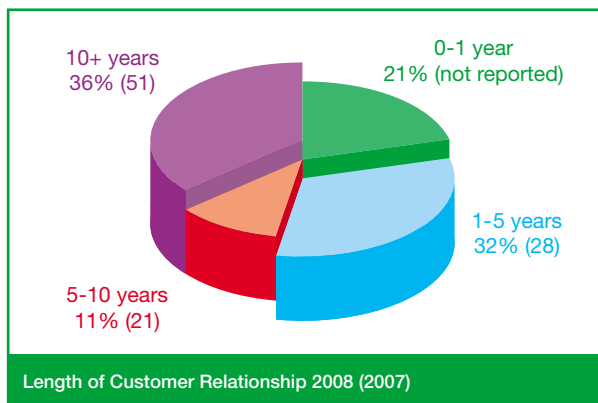
Key Points:

- LFO initiative to lessen impact of rising fuel prices
- Vessel and machinery modification required
- Elevated environmental impact
- Maintain monitoring and reduction initiatives
- Continue biofuel investigation

Economic Sustainability

Customers

Customer satisfaction and loyalty are major contributors to sustainable economic growth. Maintaining solid relationships with existing customers and building strong new relationships has facilitated our continued success. The distribution of the length of relationship with our top 200 customers is shown in Figure 29. This year we altered the graph by dividing the 0-5 years bracket into 0-1 and 1-5 years to better indicate the percentage of new customers. Most of the new customers were in markets such as Eastern Europe and Africa which increased in importance this year.



Sanford has a reputation for supplying products of consistently high quality. The Sanford Quality Management System ensures we produce and supply safe, quality products. We comply with relevant New Zealand Food Safety Authority (NZFSA) certification requirements and Overseas Market Access Requirements (OMARs). We also adhere to laws, standards and voluntary codes relating to marketing communications such as international trading standards. The New Zealand hoki we produce is marketed as Marine Stewardship Council certified, corresponding to the Councils' Non-Consumer Facing Logo Licence Agreement.

In November 2007, Sanford advised customers and relevant authorities that *Listeria monocytogenes* had been identified at a low level in some Greenshell mussel meat produced at our Havelock plant. Product analysis confirmed that the level of contamination was not likely to cause a serious food safety risk if the product was cooked prior to consumption, in line with the packaging directions. Further, there were specific regulatory requirements for the various markets to which we had exported the mussel meat which then dictated how the product was managed in each market. The variety of issues in each market were managed proficiently but, collectively, these events, and various changes

implemented since, have cost upwards of \$1m. We have since improved the finished product microbiological testing regime to include a positive release system. Red-line areas are being introduced which restrict movement of personnel and equipment between high-risk areas. This incident also highlighted shortcomings and anomalies in the industry standard and Sanford, in conjunction with the rest of the industry, is now consulting with NZFSA on improvements to the existing standard.

Stakeholders

It is important for us to engage with all of our stakeholders so that we can build strong relationships through mutual understanding of each other's interests and concerns. We have identified our key stakeholders as those with a strong interest in our business, those on whom our business has an impact and those who have an influence on us. We have continued to engage with our stakeholders to enable us to grow a better business. A table outlining our key stakeholder groups, how we engage with them, some of their key issues and how we respond to them is available online at www.sanford.co.nz.

Last year we received both complimentary and constructive comments from the feedback forms and we endeavoured to incorporate readers' requests. As we value and continue to benefit from this feedback, we invite all stakeholders to express their views about this report. Please complete the feedback form at the end of this report for comments or suggestions on this year's publication.

Sustainability Certification, Reporting and Benchmarking

Sustainability is the capacity to maintain a certain process or state indefinitely. It has been expressed as meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Traditionally, sustainability in the fishing industry has been “Sustainable Seafood”: seafood from either fished or farmed sources that can maintain production without endangering the ecosystems from which it was acquired. However, internationally, ecological concerns have been extended to include corporate social responsibility. This is a concept where organisations consider the interests of society by taking responsibility for the impact of their activities on stakeholders as well as on the environment. This obligation extends beyond statutory obligation to voluntary steps in improving the quality of life for employees, the local community and wider society.

While traditional financial reports convey how profitable a company is, a sustainability report imparts the value of the company in economic as well as environmental and social terms. Significant market value derives from intangible assets such as reputation, capacity to innovate, and commitment to social well-being. This year the Swedish Government became the first government in the world to announce that state-owned companies must file an annual sustainability report based on the Global Reporting Initiative (GRI) guidelines. Last year Sanford was externally verified as gaining a grade of C+ against the GRI guidelines. This 2008 report has been self-declared and third-party assured as C+ grade.

		C	C+	B	B+	A	A+
MANDATORY	Self-declared		✓				
	Third-party checked		✓				
OPTIONAL	GRI checked						

Note: ‘+’ indicates the report has been independently verified as being of the self-declared grade. More details and the GRI Index table are available online at www.sanford.co.nz.

In addition to disclosing our sustainable performance, Sanford took part in the Carbon Disclosure Project (CDP) survey in March 2008. This is run by an independent, not-for-profit organisation which acts as an intermediary between shareholders and corporations on climate change-related issues, providing primary

climate change data from the world’s largest corporations, to the global marketplace. More information is available online at www.cdproject.net.

We use benchmarking and verification exercises to further improve our reporting. We also engage in industry-level consultation on certification standards and reporting guidelines. This year Sanford was represented at the Australian and New Zealand GRI Food Sector Supplement Seafood Workshop in Sydney. Industry and other interested-party representatives met to discuss seafood industry-specific indicators that might be included in the food sector supplement. The key outcome was a proposed indicator that reported responsible harvesting and biodiversity considerations in wild fisheries. More information is available online at www.globalreporting.org.

Key Points:

- Sanford reports openly on sustainable performance;
- Sanford benchmarks performance using international tools;
- Sanford engages in industry-level consultation on standard.



Attendees at the Australian and New Zealand GRI Food Sector Supplement Seafood Workshop in Sydney

Assurance Statement



Tonkin & Taylor Ltd has independently verified and validated information presented in Sanford Limited's 2008 Sustainable Development Report. The Report is prepared and published in parallel with the company's Annual Report.

What we have done

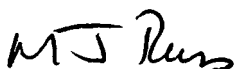
We completed our assurance assignment following principles and processes set out in relevant international auditing standards (including ISO 19011, AA1000 Assurance Standard, ISAE 3000 and AS/NZS 5911(int):2005). We used the principles of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines and of AA1000AS to assess the decision-making processes Sanford applied to select and prioritise information to report that it considered was material. We prepared an interim assurance report and provided some recommendations on report content. We reviewed draft and revised versions of the text to be included in the Report, examined data sources and explored the selection and interpretation of data and information in discussions with managers and other relevant staff. We compared reported material against the indicators in the (GRI) Guidelines. We made a number of specific recommendations on draft report content and on details of reported data. Our detailed verification did not include data presented in the Report concerning financial performance. We reviewed, but did not verify or validate information in the Annual Report describing the company operations and governance. We prepared a separate, detailed assessment report for Sanford.

What we have concluded

The 2008 Sustainable Development Report provides a fair, balanced and timely disclosure of Sanford's sustainability performance over the reporting period. The development and reporting of a new Sustainability Policy is a significant addition. Reporting on the environmental profile and other social and economic indicators is comparable with data reported in previous years. Explanations have been provided where data are not directly comparable or have been restated. Data and information reported are accurate, reliable and clear. We did identify some opportunities to improve clarity about the operations within the report boundaries (these differ for environmental, social and economic sustainability and from the coverage of the Annual Report) and these were detailed in the published Report. The Report, and particularly descriptive information on industry issues, presents the company's performance firmly in the context of wider sustainability. It reflects an active level of engagement with key stakeholders on material sustainability issues. We identified opportunities to present the company's operations and performance in more local sustainability context, particularly in those locations where there are significant environmental, social and economic impacts. The 2008 Report provides a more complete coverage of material issues than the 2007 Report, in line with intentions indicated in 2007. We identified further opportunities to provide a more complete report. The Report (in combination with some descriptive material in the Annual Report) demonstrates, and our assurance process supports, a "C+" level of application of the GRI Guidelines.

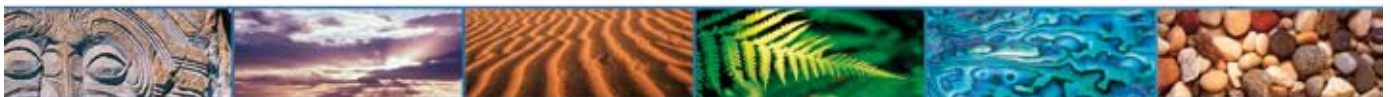
For the future

Sanford's Sustainability Policy provides a sound basis for a more integrated approach to sustainability management and reporting. This could be supported by closer alignment of reporting boundaries for environmental, social and economic aspects of sustainability. As signalled in the Report, we look forward to reading more in future reports about supply chain, product carbon footprint, the EMS review and database, and Sanford's involvement in the GRI work on the seafood sector. Sanford's decision not to publish a printed report opens up opportunities to use an online format in future that can include more historic, contextual and profile information.



Marje Russ

Tonkin & Taylor Ltd
8 December 2008





SANFORD LIMITED
SUSTAINABLE SEAFOOD

Glossary of Terms

Annual Catch Entitlement (ACE)

A catching right for fish – from the first day of each fishing year ITQ generates an annual catch entitlement (ACE) for which catch is measured against. ACE is traded separately to ITQ, and expires at the end of the fishing year.

Aquaculture Management Areas (AMAs)

AMAs are areas zoned specifically to allow for marine farms. No new aquaculture is allowed unless it is inside an AMA. A resource consent is required for every marine farm in an AMA.

Benthic Protection Areas (BPAs)

BPAs are areas within the New Zealand EEZ that are closed to bottom trawl fishing methods, including dredging, in perpetuity.

Coalition of Legal Toothfish Operators (COLTO)

COLTO represents international legal toothfish operators who have a direct commercial interest in the well-being of the Antarctic and Patagonian toothfish resources and the ecosystems that support them. It supports legal and sustainable toothfish fishing.

Convention for the Conservation of Antarctic Marine Living Resources (CCAMLR)

CCAMLR has 25 member countries that have established a commission that manages the marine living resources in waters surrounding Antarctica.

Deemed Values

Failure to accumulate sufficient ACE to cover catch by the end of the fishing year results in a deemed value liability – a monetary penalty. The deemed value rate for many fishstocks is ratcheted, i.e. the rate increases in line with the per cent of over-fishing for each fisher.

Department of Conservation (DOC)

DOC is the central government organisation charged with conserving the natural and historical heritage of New Zealand.

Exclusive Economic Zone (EEZ)

The EEZ comprises of the area which extends for a distance of 200 nautical miles from the nearest point of land from New Zealand, of which New Zealand has had control since the declaration of the EEZ in 1978.

Fishery Management Areas (FMAs)/ Fishstocks

There are 10 FMAs within the EEZ. For some species different FMAs are amalgamated. The fishstock is the combination of the species and area. For example, snapper in FMA 1 is fishstock SNA 1; HOK 1 covers all 10 FMAs.

Fishing Permit

An appropriate fishing permit is necessary before a person can go commercial fishing. For most species, fishermen are not required to hold ACE prior to fishing.

Fishing Year

The fishing year for the majority of species is 1 October to 30 September. Species managed from 1 April to 31 March include southern blue whiting, scallops and crayfish.

FishServe

FishServe is the commercial name of Commercial Fisheries Services Limited that provides administrative services to the New Zealand Commercial Fishing Industry including quota balancing, fishing permit issue, vessel registrations, registration of ACE transfers and processing of fishing returns.

Individual Transferable Quota (ITQ)

ITQ is the fundamental proportional property in any commercial fishery in the Quota Management System. This generates an Annual Catching Entitlement (ACE) each year. ITQ rights are maintained in a public register, are tradable in New Zealand, can be secured by registered mortgage and are issued in perpetuity.

ISO 14001

ISO is the world's leading developer of International Standards. ISO 14001 consists of standards relating to environmental management systems and others which are specific tools for realising environmental policy and achieving objectives and targets.

Kiwi Can

Kiwi Can was established to develop the "I Can" theme in schools, allowing children to face and deal with challenges in their everyday life.

Marine Protected Areas (MPAs)

MPAs are protected areas within the New Zealand EEZ that are representative of New Zealand's marine habitats and ecosystems.

Marine Stewardship Council (MSC)

MSC is an independent non-profit organisation that promotes responsible fishing practices by certifying sustainable fisheries.

Maximum Sustainable Yield (MSY)

In relation to any stock, MSY means the greatest yield that can be achieved over time while maintaining the stock's productive capacity, having regard to the population dynamics of the stock and any environmental factors that influence the stock.

Ministry of Fisheries (MFish)

MFish is a government ministry whose primary purpose is to ensure that fisheries are sustainably used through an open and co-operative consultation with all user groups.

New Zealand Biodiversity Strategy (NZBS)

NZBS is a government strategy to protect and enhance an overview of New Zealand's biodiversity.

New Zealand Business Council for Sustainable Development (NZBCSD)

NZBCSD provides business leadership as a catalyst for change toward sustainable development. It aims to demonstrate business progress in environmental and resource management and corporate social responsibility and to share leading-edge practices among members.

New Zealand Food Safety Authority (NZFSA)

NZFSA provides the Government, consumers and the food industry with information, analysis and advice on food safety issues for both domestic and export markets.

New Zealand Seafood Industry Council (SeaFIC)

SeaFIC represents and promotes the interests of all sectors of the fishing industry. It provides economic information and advice, co-ordination of industry resources, and enhancement of the industry's profile in the community.

Quota Management System (QMS)

The QMS is the framework for the management of the main commercial fisheries in the New Zealand EEZ.

Southern Seabird Solutions

A charitable trust formed in July 2002 to promote the adoption of fishing practices to avoid mortality of southern hemisphere seabirds.

Total Allowable Catch (TAC)

TAC is the annual catch limit for each fishstock, determined before taking into account interests in the fisheries.

Total Allowable Commercial Catch (TACC)

TACC is the annual catch limit for each fishstock, determined after taking into account recreational and non-commercial interests in the fisheries.



SANFORD LIMITED
SUSTAINABLE SEAFOOD

Sanford welcomes your comments on our 2008 Annual and Sustainable Development reports

This year the Sustainable Development Report is published online only. We would greatly appreciate your feedback on both our Annual and Sustainable Development reports to help us develop even better publications next year. For your convenience we have prepaid the postage (place completed form in an envelope and send to FreePost 173356, Sanford Limited, PO Box 443, Auckland 1140) or you can fax to +64 9 309 1190.

1) How do you rate our Annual and Sustainable Development reports?

	Annual Report			Sustainable Development Report		
Presentation	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Poor	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Comprehensiveness	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Poor	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Clarity of information	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Poor	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Clarity of figures/tables	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Poor	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Credibility	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Poor	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Poor

Comments:

2) Which section appealed to you most and why?

3) Did you receive the Annual Report in hard copy this year? Yes No

4) Please indicate how you would like to receive future annual reports.

Review (Director's statements, management reports and summary financial statements)	<input type="checkbox"/> Website	<input type="checkbox"/> Printed	<input type="checkbox"/> Not at all
Audited Financial Statements	<input type="checkbox"/> Website	<input type="checkbox"/> Printed	<input type="checkbox"/> Not at all
Sustainable Development Report	<input type="checkbox"/> Website	<input type="checkbox"/> Printed	<input type="checkbox"/> Not at all

5) Do you have any additional comments or questions (e.g. information you would like to see included)?

6) What stakeholder group do you belong to?

- | | | |
|--|---|---|
| <input type="checkbox"/> Sanford shareholder | <input type="checkbox"/> International customer | <input type="checkbox"/> New Zealand customer |
| <input type="checkbox"/> Sanford employee/family | <input type="checkbox"/> Contractor/supplier | <input type="checkbox"/> Community member |
| <input type="checkbox"/> Other (please specify) | | |

For more information or to view a copy of the Annual and Sustainable Development reports online please visit our website at www.sanford.co.nz or contact us on +64 9 379 4720.



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SUSTAINABLE SEAFOOD

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