



Sustainable Development Report **2013**

FROM SEA TO FOOD

Over 100 years of sustained growth

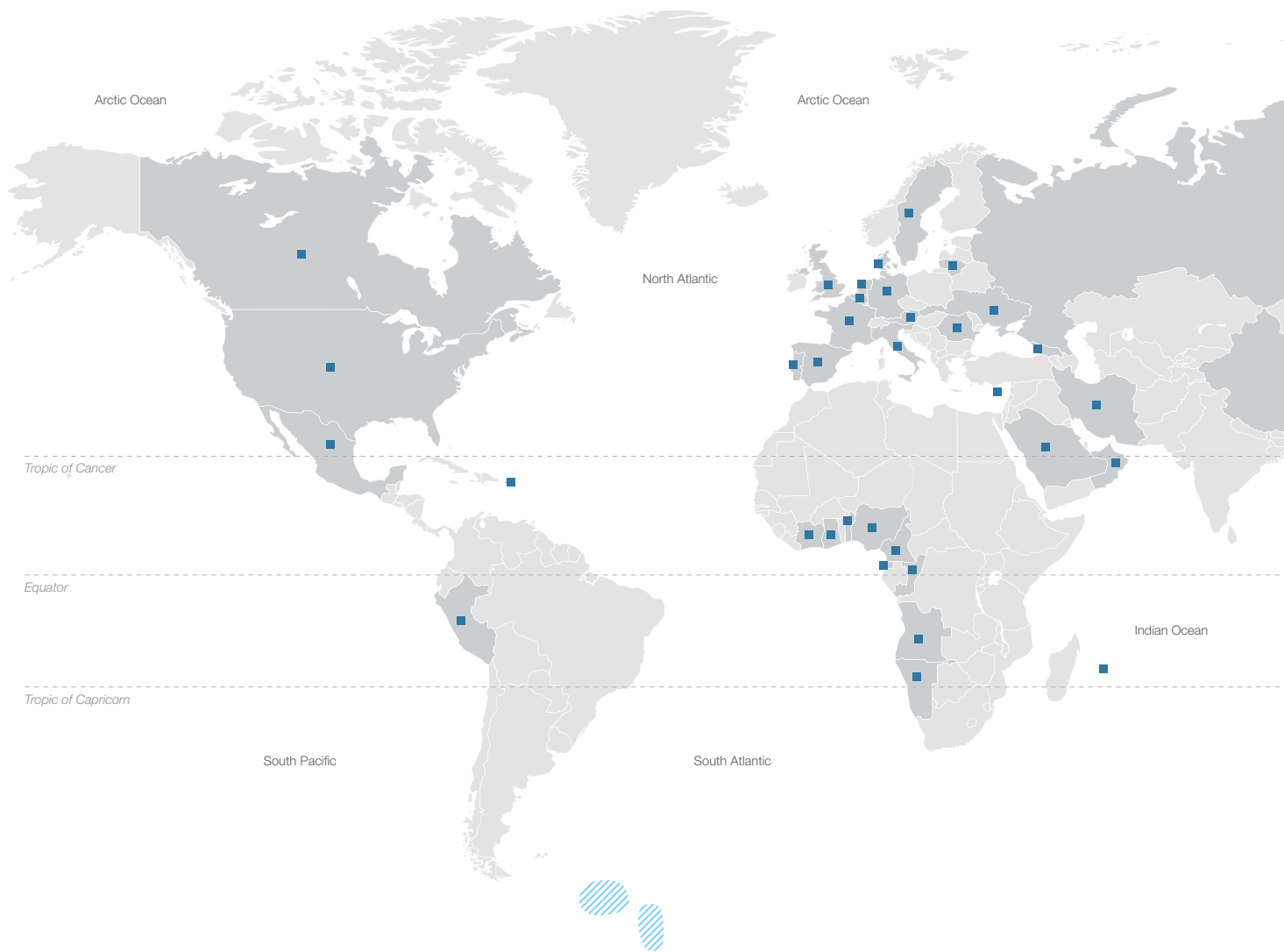


SANFORD LIMITED
SUSTAINABLE SEAFOOD



Introducing Sanford

Sanford Limited is pleased to publish its 14th annual Sustainable Development Report, a collation of our environmental, economic and social movements over the past 12 months. Against the backdrop of a weak global economy, we continued to successfully operate in a responsible manner, proving the strength, determination and commitment of the Company and all those within it.



Sanford Limited is a long established fishing company devoted entirely to the harvesting, farming, processing, storage and marketing of quality New Zealand seafood. Established in 1881, we have grown and expanded by acquiring and integrating fishing and aquaculture businesses in other parts of New Zealand, as well as fishing and food processing businesses internationally. Today, with over 1500 employees and contract fishermen company-wide we have processing plants, aquaculture operations, fishing and freezer fleets and offices throughout New Zealand. Currently with ownership of 23.1% of New Zealand's fishing quota, over 33% of New Zealand's mussel production,

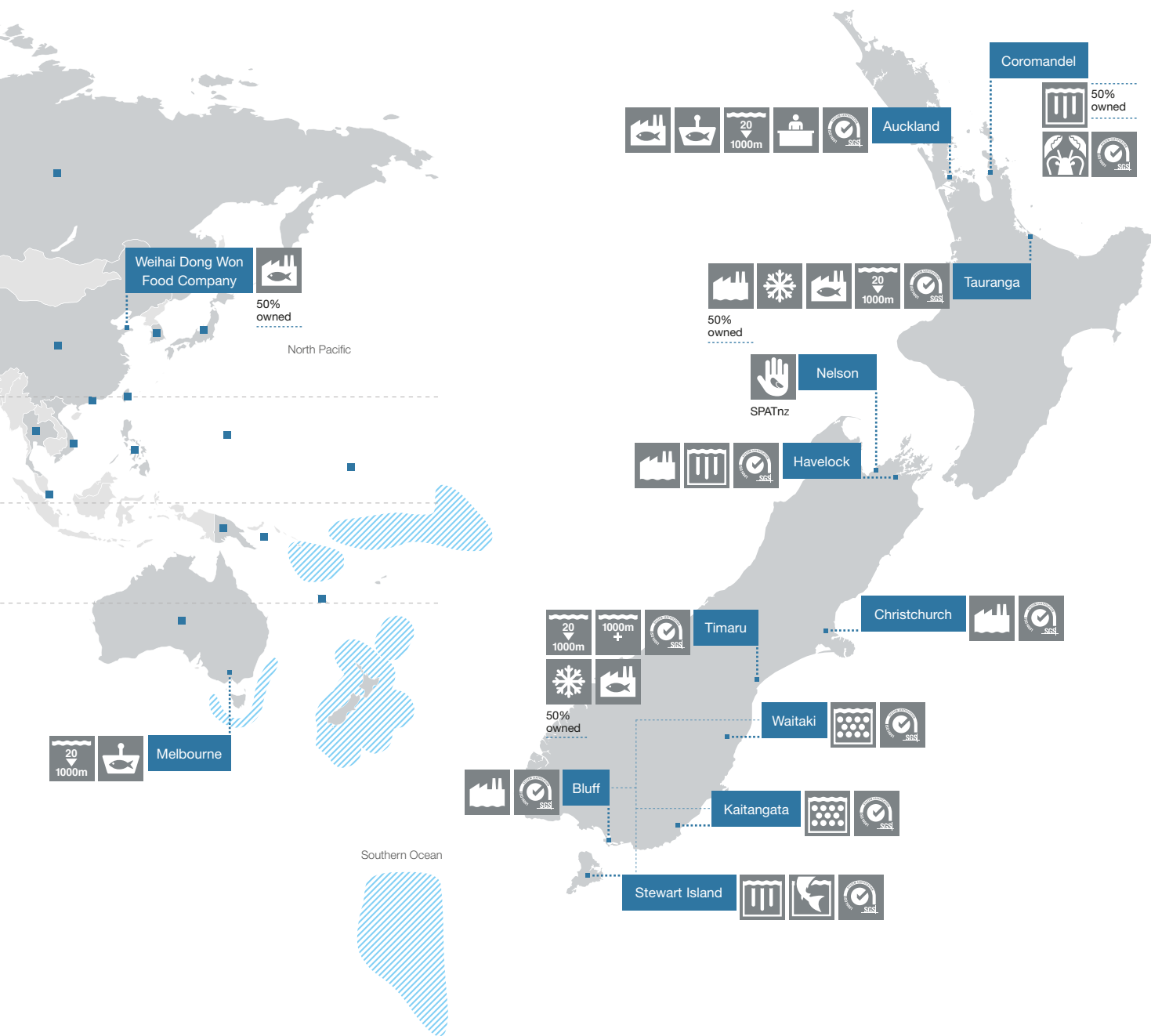
and over 25% of the country's salmon production, we continue to be the nation's largest integrated fishing and aquaculture company. Because of our leadership role in the New Zealand seafood industry, we believe it is important to undertake all of our operations following best practice guidelines. We have seven processing operations spread throughout New Zealand; Auckland, Bluff, Christchurch, Coromandel, Havelock, Tauranga and Timaru, each specialising in a different area of the business. More information on our operations, as well as our joint ventures, can be found in the reporting scope (page 4) and are illustrated on the adjoining map.

With the large majority of our products exported (83%); we have indicated on the map the top 50 countries into which we sell our products. Our fishing areas have also been highlighted.

We seek to act responsibly in all our operations according to national and international best practice; however, we don't always get it right. Over the past few years we have faced a number of challenges that we have appropriately addressed and the Company is now focused on moving forward. We are excited about the new technologies that we are currently involved in, and with these we will continue to excel at the forefront of the industry.

Key

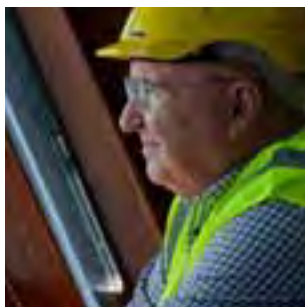
 Fish Factory	 Mussel Farms	 Deepwater Fishing	 ISO 14001 certified	 Mussel Hatchery
 Fish Market	 Salmon Farms	 Head Office	 Coldstore	 Fishing Areas
 Aquaculture Factory	 Inshore Fishing	 Salmon Hatchery	 Lobster	 Top 50 Export Countries



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Managing Director's Review



ERIC BARRATT
MANAGING DIRECTOR

“For the first time, the 2013 report unveils details of the Precision Seafood Harvesting technology, which is the most important step towards more sustainable wild fish harvesting in 150 years.”

‘Sustainable Seafood’ has been Sanford’s promise to our customers since 1998. Those words remain at the heart of our business – From sea to food – over 100 years of sustained growth.

We understand that our right to fish comes with the responsibility of care and guardianship to protect the ocean and fish stocks for future generations. We have to be up front and transparent about how we farm and harvest seafood and what we are doing to improve our environmental impact.

When someone chooses seafood caught by Sanford for their dining table, they deserve to know the story of that seafood, and how we brought it to market. That is why, for the past 14 years, we have produced our Sustainable Development Report, which details the environmental, social and economic measures of our performance. For example, we have set targets for reducing the amount of non renewable resources that we use as a business. This report lets you see how we are measuring up against these goals.

For the first time, the 2013 report unveils details of the Precision Seafood Harvesting technology, which is the most important step towards more sustainable wild fish harvesting in 150 years.

We are proud to be a part of the six-year Precision Seafood Harvesting partnership programme to commercialise the technology for the New Zealand fishing industry.

Fishing companies Sanford Limited, Aotearoa Fisheries Limited, and Sealord Group Limited are investing \$26 million into the project under a Primary Growth Partnership with the New Zealand Government, which is matching industry investment. Scientists at Plant & Food Research are partnering with these companies to develop and trial the technology on commercial fishing vessels. Read more about this on page 47.

The nature of fishing and marine farming brings unique challenges both on the water and through the supply chain. Our innovative mussel selective spat breeding programme (SPATnz) is addressing one of those challenges on the aquaculture side of our business where we are currently reliant on capturing wild-caught mussel spat to populate our mussel farms. The next step in this programme is the construction of a hatchery in Nelson to commercially produce spat for our expanding mussel business, is about to get underway (page 25).

One of the unexpected challenges this year was the fire at our Timaru coldstore. We were fully insured for any damage to plant or product, but the temporary loss of infrastructure and the loss of product tested staff and customers. Teamwork was critical to getting our operation up and running in the aftermath of the May fire and you can read about how the Timaru team responded on page 29.

In light of my retirement as Managing Director, Mr Volker Kuntzsch has been appointed Sanford’s new Chief Executive Officer, and will take up the reins in early December 2013.

Volker’s international track record, global reputation and experience in the global fishing industry will be of significant benefit to Sanford. Volker played an influential role in the establishment of the Marine Stewardship Council (MSC), which operates the widest and most significant fisheries certification scheme in the world.

The current MSC-certification of New Zealand’s hoki, Southern blue whiting and albacore tuna fisheries are of significant commercial benefit to Sanford and the New Zealand industry. These certifications are proof of our work to sustainably fish and manage these valuable resources. Other New Zealand fisheries are currently moving through the rigorous certification process.

It has been a privilege to lead a company committed to sustainability. That commitment is backed by the work and dedication of our teams from the deck to the shore to the results published in this Report.

Eric Barratt
Managing Director
20 November 2013



About this Report and Reporting Scope

This report details Sanford’s environmental, social and economic sustainability performance from 1 October 2012 to 30 September 2013.

With a strong track record and legacy in sustainability reporting we are proud to publish our 14th annual Sustainable Development Report, which details our journey and progress over the last 12 months.

Transparency is an important aspect of our business; therefore, we take pride in reporting openly and honestly on all aspects of our Company. We aim to clearly report our sustainable progress, and recognise the importance of disclosing any targets we have not achieved and the associated causes.

The key interests of our stakeholders were identified, evaluated, and prioritised to determine the contents of this report (page 8). Using a number-based ranking system we were able to categorise the interests into low, medium, or high priority issues. Interests that were identified as high by both stakeholders and Sanford, have been acknowledged as the major interests for the reporting period and are listed on the bottom of page 9.

We have used a number of systems within the business including our internal environmental databases, financial reporting system, payroll

system, and sales and inventory system to source information for this report.

The targets set at operation level are used to create the Company’s targets detailed in this report. In making decisions regarding the content of this report, in addition to stakeholder engagement, we receive input from each operation along with head office staff and the executive team to ensure that the report is as much about our processing and vessel operations as it is about the Company as a whole.

Our target setting methodology is best described as bottom-up with guidance from the top in the form of our Sustainability Policy. The Environmental Management System (EMS), in conjunction with the Sustainability Policy, requires each operation to set key environmental performance indicators, measure progress and report back to operational managers.

Defining reporting boundaries for this report is complex due to the range of activities we are involved with, and our unique business arrangements, such as joint ventures. In order to clarify our reporting structure we choose to report on all significant operations that we have 50% or greater ownership in and the Precision Seafood Harvesting General Partner Limited.

Areas of the report will not include all companies listed within the table below due to the nature of the operation. In this instance, footnotes will be included indicating the inclusion and exclusion of information.

New Zealand	Interest Held %	Principal Activity
Sanford Limited ¹	100	Seafood processing
Auckland Fish Market Limited	100	Auction
Shellfish Production and Technology NZ Limited ²	100	Mussel hatchery
Australia Subsidiaries		
Sanford Australia Pty Limited	100	Fish catching and auction
Joint Ventures		
New Zealand		
North Island Mussels Limited	50	Mussel farming and seafood processing
Perna Contracting Limited	50	Mussel harvesting
San Won Limited	50	Coldstorage
Precision Seafood Harvesting General Partner Limited	33.33	Fishing technology research and development
China		
Weihai Dong Won Food Company Limited	50	Seafood processing

Table 1: Key Sanford reporting entities

1 Sanford Limited is divided into a number of operations that will be covered in this report; aquaculture, deepwater, inshore, international, and Pacific tuna

2 New venture started in November 2012 which will be reported from 2014

We choose to follow the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines for content, namely: Materiality, Stakeholder Inclusiveness, Completeness and Sustainability. The GRI is a comprehensive sustainability reporting framework that is recognised globally. The framework enables us to better measure and report our environmental, social, and economic performance against an international tool and allows for improved benchmarking across reporting companies. More information on the GRI is available from www.globalreporting.org.

We have engaged KPMG to externally verify and provide independent assurance of this report. This year, we achieved GRI Application Level B+. The assurance report can be found on page 48. The GRI index table is available as a supplementary document to this report on our website www.sanford.co.nz.
 Authoring and production of this report was managed by our Environmental and Sustainability Manager, and the report has been reviewed by our executive team to assure our stakeholders that we have covered the material issues. The report is subsequently signed off by our Managing Director, Eric Barratt.

Each year, we provide a feedback form for our stakeholders to use to provide us with comments and suggestions on our Sustainable Development Report; see page 51. We value this feedback and appreciate the time taken to complete the form.
 Further information on our financial performance can be found in our 2013 Annual Report available at www.sanford.co.nz.

Our Business System

Vision: Being a Sustainable Seafood Business

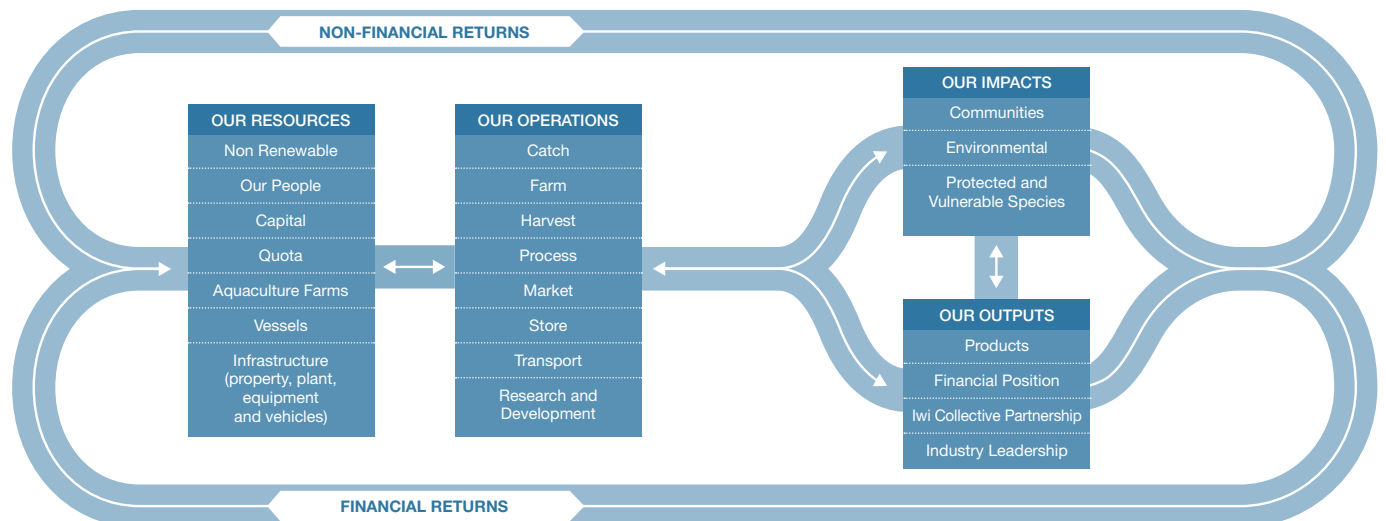


Figure 1: Our business system

As depicted in Figure 1, Sanford’s business mainly occurs in the natural environment. We rely on our people to carry out operations, which are essential to provide revenue, and revenue is required to pay staff. Although these are the fundamental processes for any successful business, we pride ourselves on

not only being successful, but sustainable also. This means that Sanford’s operations are not limited just to people, operations and finance. In all areas of Sanford’s operations, sustainability plays a key role. Through conducting and assisting with research, we are able to gain a more-

comprehensive understanding of available resources, allowing us to ensure we continue to fish in a sustainable manner. Essentially, everything we do has a flow-on effect, which is why we pride ourselves on being as sustainable as possible – a necessity for the success of our business system.



Sustainability Policy

This policy, along with 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 its 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's ecosystem.

The New Zealand Aquaculture Strategy, developed by the New Zealand Aquaculture Council and endorsed by the New Zealand Government, is a 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 best 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 audits and reviews 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-work, positive work/life balance, and job satisfaction
- ensuring that staff members 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 invested
- supporting the sustainable development of New Zealand's fisheries
- maintaining financial viability and maximising profitability for our Shareholders
- delivering to stakeholders through economically sustainable business ventures

Key Performance Indicators

	Unit	2009	2010	2011	2012	2013
Production						
Onshore production ¹	tonnes	44,367*	47,008*	52,412*	58,524*	50,127
Fishmeal and oil produced ²	tonnes	3,768	5,192	4,437	4,631	4,243
Frozen-at-sea product ³	tonnes	34,409	28,168	30,677	26,282	24,583
Environmental						
Electricity consumed ⁴	kWhrs	25,911,076	29,365,399	31,883,212	31,506,180	32,872,684
Water used ⁴	m ³	757,472	771,960	1,062,487	1,136,290	1,122,054
Solid waste to landfill ⁴	m ³	2,143	3,747	7,424	4,641	8,357
Coal consumed	kg	560,420	553,700	492,020	398,691	323,280
Liquid fossil fuels consumed ^{4,5}	litres	27,054,288	26,362,099	25,733,866	25,883,957	25,962,511
Greenhouse Gas Emissions (CO ₂ -e) ⁶	tonnes	82,554	96,222	83,981	81,610	88,304
Lube oil used	litres	105,307	95,874	103,643	127,226	154,889
Social						
Land-based employees ⁷		1,137	1,055	1,401	1,184	1,109
Vessel crew		437	471	448	472	494
Lost-time injury frequency rate ^{8,9,10}		–	14	15	8	10
Number of ACC claims accepted ⁸		–	147	205	173	143
Average age of employees	years	43.2	43.0	39.6	40.3	40.5
Average length of service	years	6.1	7.1	5.1	6.0	6.3
Economic						
Revenue	\$000	433,091	421,087	463,954	459,957	462,644
Profit (after tax) for the year	\$000	39,075	25,004	22,286	19,615**	20,361
Return on average total equity	%	7.3	4.5	4.1	3.6**	3.7
New Zealand domestic purchases	\$000	182,000	185,000	213,000	212,000	225,000
Dividend per share	cents	23	23	23	23	23
Earnings per share	cents	41.7	26.7	23.8	21.0**	21.7
Charitable donations and community investment	\$000	319.0	300.1	319.2	157.7	197.8
Business						
New Zealand quota share	%	23.58	23.53	23.44	23.43	23.10
Export sales	tonnes	69,725	88,593	83,956	82,044	84,927
Local sales	tonnes	15,689	9,959	12,672	12,920	13,596
Vessels owned		51	47	54	52	50
TEU ¹¹ containers shipped		3,823	3,784	4,959	5,285	4,770

Table 2: Key Performance Indicators

Notes

* Was incorrectly reported and has been restated.

** The 2012 profit has been re-stated in relation to the adjusted purchase gain recorded by NIML (refer to Note 13 of Annual Report for more information).

1. Onshore production includes New Zealand (inshore and aquaculture), Australia and China. From 2013, NIML data is included.

2. Fishmeal and oil produced at Timaru and on deepwater vessels.

3. Frozen-at-sea product includes deepwater, scampi, Pacific tuna and Australia vessels.

4. Includes China and Australia. From 2013, NIML data is included.

5. Liquid fossil fuels include diesel and light fuel oil from 2010 onwards.

6. From 2013, NIML data is included.

7. Includes permanent, seasonal and casual employees, excludes joint venture employees.

8. 2009 data was not recorded.

9. Number of lost-time injuries per million hours worked.

10. Inclusion of the first 7 days off work in the lost-time frequency rate calculation will be considered in the next reporting period.

11. TEU – twenty-foot equivalent units - export containers.

Further details on these indicators are included in this report.

Stakeholder Engagement

Stakeholder engagement is an important way in which to gain an understanding of the material issues as well as an opportunity to strengthen relationships. Key stakeholders are identified as those on whom our business has a direct or indirect impact, and those who have an impact on us. An outline of how we engage with stakeholder groups and respond to some of their key interests can be found in the table below.

To determine the areas of key interest to our stakeholders we use a prioritising method to make decisions on the content of this report. Material issues are those that attract significant stakeholder interest and have the potential to impact our economic, environmental or social performance.

Stakeholder Group	How We Engage	Key Interests	How We Respond
Communities	<ul style="list-style-type: none"> – Charitable donations and community projects – Direct engagement on key topics – Employee involvement with the community – Tours of facilities 	<ul style="list-style-type: none"> ↑ Employment rates ↑ Sustainability of local fish stocks and the sustainability of the harbour for recreational activities ➤ By-catch mitigation ➤ Corporate social responsibility ➤ Foreign Charter Vessels ➤ Sanford's contribution to the economy and sustainable development of the region ↓ Ross Sea fishing 	<ul style="list-style-type: none"> – Assistance with providing training for emergency services – Being a responsible employer and corporate citizen – Charitable donations and community investment such as Kiwi Can and Take A Kid Fishing – Community activities such as the Auckland Seafood Festival – Compliance with all resource consents and the Quota Management System (QMS) – Environmental management systems – Sustainable Development Report
Shareholders and Investors	<ul style="list-style-type: none"> – Annual meeting – Feedback form included in the Annual and Sustainable Development Reports – Investor presentations throughout the year 	<ul style="list-style-type: none"> ↑ Creation of shareholder value ↑ Financial returns ↑ Future outlook and challenges ➤ Corporate social responsibility ➤ Managing Director's retirement ➤ San Nikunau court case ➤ Timaru coldstore fire 	<ul style="list-style-type: none"> – Always striving to create shareholder value – Continual disclosure statements – Production of Annual and Sustainable Development Reports – Sanford website – 'Sanford Facts'
Employees and Crew	<ul style="list-style-type: none"> – Daily working relationships – Direct engagement with employees and crew – Negotiations with unions – Regular team meetings and committees i.e. production, health and safety, environmental management – Surveys 	<ul style="list-style-type: none"> ↑ Competitive pay rates ↑ Employment continuity ↑ Precision Seafood Harvesting ↑ Shellfish Production and Technology (SPATnz) ↑ Workplace health and safety ➤ Continual training opportunities ➤ Employee equity ➤ Foreign Charter Vessels ➤ San Nikunau court case ↓ Benefits such as superannuation, health insurance and KiwiSaver ↓ Work/life balance 	<ul style="list-style-type: none"> – Being an equal-opportunities employer – Increased emphasis on health and safety – Notice boards – Offering employee benefits and flexible working options where appropriate – Sanford intranet – Sanford website – 'Sanford Facts' – Staff newsletters – Sustainable Development Report – Union negotiation
Unions	<ul style="list-style-type: none"> – Annual negotiations – Involvement in health and safety and environmental committees 	<ul style="list-style-type: none"> ↑ New Zealand living wage ↑ Workplace health and safety ➤ Employment and remuneration 	<ul style="list-style-type: none"> – Being a responsible employer – Increased emphasis on workplace health and safety
Customers	<ul style="list-style-type: none"> – Attendance at seafood buyer forums, expositions and conferences – Direct engagement on key topics of interest – Direct engagement over everyday matters and key topics of interest 	<ul style="list-style-type: none"> ↑ Competitive pricing ↑ Corporate social responsibility ↑ Product quality ↑ Product safety ↑ Steady supply of product ↓ Foreign Charter Vessels ↓ Product labelling ↓ Managing Director's retirement ↓ San Nikunau court case 	<ul style="list-style-type: none"> – Catch plans – Providing MSC-certified products – www.msc.org – Rigorous quality programme

Stakeholder Group	How We Engage	Key Interests	How We Respond
Suppliers	<ul style="list-style-type: none"> – Direct engagement on key topics of interest – Through those who make procurement decisions 	<ul style="list-style-type: none"> High priority issue to stakeholder group: Competitive pricing High priority issue to stakeholder group: Customer satisfaction High priority issue to stakeholder group: Product quality High priority issue to stakeholder group: Product safety Medium priority issue to stakeholder group: Steady supply of product Low priority issue to stakeholder group: Corporate social responsibility Low priority issue to stakeholder group: Environmental standards 	<ul style="list-style-type: none"> – Communicating our requirements with suppliers
Tangata Whenua	<ul style="list-style-type: none"> – Inviting local Iwi to significant events – Through our relationships with the Iwi Collective Partnership 	<ul style="list-style-type: none"> High priority issue to stakeholder group: Cultural value of kai moana (seafood) High priority issue to stakeholder group: Importance of kaitiakitanga (stewardship) of marine resources and involvement in coastal and marine management High priority issue to stakeholder group: Recognition of traditional fishing grounds and areas of significance to Māori Medium priority issue to stakeholder group: Employment rates Medium priority issue to stakeholder group: San Nikunau court case Low priority issue to stakeholder group: Foreign Charter Vessels 	<ul style="list-style-type: none"> – Being respectful of tikanga when dealing with Māori-owned organisations – Iwi Collective Partnership and Sanford Scholarship Programme – Sharing a desire to sustainably and responsibly manage marine resources and recognising the rights and customs of Māori
Industry	<ul style="list-style-type: none"> – Direct engagement on key topics of interest – Through our involvement with Seafood New Zealand, Sector Representative Entities (SREs) and Commercial Stakeholder Organisations (CSOs) 	<ul style="list-style-type: none"> High priority issue to stakeholder group: By-catch mitigation High priority issue to stakeholder group: Foreign Charter Vessels High priority issue to stakeholder group: Precision Seafood Harvesting High priority issue to stakeholder group: Shellfish Production and Technology (SPATnz) High priority issue to stakeholder group: Sustainable fisheries management (QMS) Medium priority issue to stakeholder group: Research opportunities Medium priority issue to stakeholder group: Ross Sea Fishing Low priority issue to stakeholder group: Anti-foul legislation changes 	<ul style="list-style-type: none"> – Benthic Protection Areas (BPAs) support – Implementation of a new system for management of Foreign Charter Vessel crew following investigation and social audit – Involvement with submissions – Media release – Mitigation of by-catch including involvement with Southern Seabird Solutions
Non-Government Organisations (NGOs)	<ul style="list-style-type: none"> – Direct engagement on key topics of interest – Meetings and working groups – Training sessions and seminars 	<ul style="list-style-type: none"> High priority issue to stakeholder group: By-catch mitigation High priority issue to stakeholder group: Ecosystem effects of fisheries High priority issue to stakeholder group: Ross Sea Fishing High priority issue to stakeholder group: Sustainable fisheries management (QMS) Medium priority issue to stakeholder group: Environmental certification Medium priority issue to stakeholder group: Foreign Charter Vessels Medium priority issue to stakeholder group: Precision Seafood Harvesting Medium priority issue to stakeholder group: Shellfish Production and Technology (SPATnz) 	<ul style="list-style-type: none"> – Media release – Mitigation of by-catch including involvement in Southern Seabird Solutions – MSC-certification of fisheries – Sustainable Development Report
Government (National and Local)	<ul style="list-style-type: none"> – Direct engagement on key topics of interest – Meetings, working groups and conferences with Ministers, Ministry Officials, Mayors and Local Government Councillors and Officials – Work with local Government/Councils for Best Practice Spill Response 	<ul style="list-style-type: none"> High priority issue to stakeholder group: Co-operation between Government, NGOs and industry High priority issue to stakeholder group: Ecosystem effects of fisheries High priority issue to stakeholder group: Oil/fuel spills High priority issue to stakeholder group: Precision Seafood Harvesting High priority issue to stakeholder group: Protected species management and by-catch mitigation High priority issue to stakeholder group: Shellfish Production and Technology (SPATnz) High priority issue to stakeholder group: Sustainable fisheries management (QMS) Medium priority issue to stakeholder group: Environmental certification of fisheries Medium priority issue to stakeholder group: Foreign Charter Vessels Low priority issue to stakeholder group: Ross Sea fishing Low priority issue to stakeholder group: San Nikunau court case 	<ul style="list-style-type: none"> – Mitigation of by-catch including involvement in Southern Seabird Solutions – MSC-certification of fisheries – Regular engagement of Sanford executives with Ministry for Primary Industries and other relevant organisations – Regular reporting – Sustainable Development Report

Table 3: Stakeholder Engagement

We have ranked the key interests of our stakeholders and our Company to come up with a list of specific topics that we cover within this report.

These are:

1. Precision Seafood Harvesting (page 47)
2. Sustainable fisheries management (QMS) (page 22)
3. Workplace health and safety (page 17)
4. By-catch mitigation (page 40)
5. Shellfish Production and Technology (SPATnz) (page 25)

Key:

- High priority issue to stakeholder group
- Medium priority issue to stakeholder group
- Low priority issue to stakeholder group

Our Resources

Resources are vital to the success of any business, no matter its form or function. Non renewable, natural, human and marine resources all contribute to the continued operation and success of our business.

This section is in place to identify the key resources that are used in running our day-to-day business activities.

These are:

- Non Renewable
- Our People
- Quota
- Aquaculture Farms

494

Vessel crew



1,109

Land-based employees



1.1m m³

Water usage



50

Vessels owned



"We are blessed to live in the part of the world that we do; let's remember to be grateful and use our resources wisely, so that we can be sustainable for many years to come."

MELODIE MUDGE,
TAURANGA FACTORY PACKER

Non Renewable

Refrigerants

Refrigerants are most commonly used for our coldstores, freezers and frozen fish holds.

There are various types of refrigerants used at Sanford; this is due to different target temperatures we want to achieve.

In an ideal world using NH₃ (ammonia) in all our operations would be the best option as it has zero ozone depleting potential (ODP) and has no effect on global warming potential (GWP). However, if humans are exposed to high concentrations it can cause serious harm. We therefore only use ammonia in areas that have the appropriate set up.

Our aim is to ensure that the refrigerants we use are:

- non-toxic;
- chemically non-reactive;
- non-flammable;
- zero effect on global warming;
- zero effect on ozone depleting potential; and
- cost effective.

The GWP refers to how much each chemical impacts global warming over a specified period of time in comparison with the same amount of carbon dioxide. We use the factors in Table 4 to calculate the amount of greenhouse gas (GHG) emissions that result from the refrigerants lost. Refrigerants account for 9% of our total GHG profile; this is detailed further on page 38.

Table 4 shows the different types of refrigerants used and the impacts they have on global warming.

Refrigerant Type	Global Warming Potential	Ozone Depleting Potential	Amount of Gas Added (kg)				
			2009	2010	2011	2012	2013
NH ₃ (ammonia)	–	–	1,556	676	5,386	6,076	2,265
R134a	1,300	–	27	–	–	–	27
R22	1,700	0.050	1,205	5,744	2,480	717	1,967
R404A	3,260	–	1,306	584	98	463	1,457
R406A	–	0.030	11	23	–	272	11
R408A	1,944	0.016	125	11	11	–	–
R410	2,000	–	–	–	–	45	–
R438A (M099)	1,890	–	–	–	522	312	68

Table 4: Refrigerant Usage

There have been a number of changes in our operations that have impacted on our figures this year; the main contributing factors are:

- The vessel Western Ranger had an upgrade in Tauranga last year which increased the freezer capacity resulting in a higher consumption of the refrigerant type R22
- The vessel San Tangaroa returned from Australia and the system required charging with the refrigerant type R22
- Three of the Tauranga purse seiners, San Tortugas, San Columbia and Waiholo have been converted to R404A with a plan to convert the Western Ranger along with the scampi vessel Christmas Creek during 2014.

One of our most commonly used refrigerant is R22 equating to 34% of our refrigerant usage. Due to its high ODP and GWP of 1,700 the plan remains to phase this refrigerant out. This is also a requirement of the Ozone Layer Protection Act which prohibits the trading or manufacture of R22 after 1 January 2015.

It was briefly noted in last year's Sustainable Development Report that we were going to investigate an alternative option to R22, such as R438A. However, due to many conflicting reports on the use of R438A (although it has a zero ODP, the GWP still remains high at 1,890), we continue to look for alternative options that have limited impact on both GWP and ODP.



Mussels in coldstore awaiting shipment, Christchurch.



Non Renewable

Eco-efficiencies are calculated using resource consumption against production to give an indication of how efficiently we are utilising these resources. Unfortunately, we did not meet our non renewable eco-efficiency targets this year.

Due to the nature of our operations, much of our resource use is out of our control. Factors such as weather patterns and seasonal variation affect our aquaculture operations and the availability of wild fish. These factors play a significant role in determining our production totals, making it difficult to set and meet targets in eco-efficiencies.

To maintain high product quality, operations continue regardless of volume, which in turn reduces the eco-efficiency of the product. With the majority of our operations being affected by lower volumes than last year, our eco-efficiencies declined.

Moving forward we hope to counteract these changes using various systems. Quarterly environmental management system (EMS) meetings are held at each site to discuss resource use, eco-efficiencies, targets and initiatives. From these meetings, we are able to gauge how we are tracking in terms of resource use versus production at each location. EMS meetings, our Culture of Continuous Improvement (CCI) system (page 21) and aquaculture's Environmental Improvement Competition (page 37) are all in place to encourage and develop ideas to minimise our overall resource use.

Electricity

- Although energy-saving initiatives progressed this year, lower production volumes had a significant effect on our electricity eco-efficiencies. Electricity is a major resource at all of our sites with it being the main source of energy powering our processing operations, coldstores and offices. A significant portion of our electricity use is related to storage capacity and does not vary with volume. Overall our electricity costs were lower this year.
- Our Tauranga operation had a significant drop in eco-efficiency due to lower catches of jack mackerel in the second half of the year. Even with the reduced catch, the factory still operated as it would at full capacity to ensure product quality was maintained, which unfortunately, decreased the eco-efficiency of the operation. It is hoped that next year we meet our budgeted catch volumes which will improve our eco-efficiencies.

- Christchurch mussel factory was our third highest electricity consumer, accounting for 13% of the total electricity usage. Unfortunately, with a lower volume of mussels processed this year, due to weather patterns impacting mussel growth and condition in the Marlborough Sounds, the eco-efficiency of the operation dropped. With a site target to reduce electricity usage by 2% next year, actions have been identified to help achieve this reduction. Through improved air flows in the spiral freezer, a LED lighting project and several other developments, gains in electricity efficiencies are anticipated.
- Havelock, at 15% of total usage is the Company's second greatest electricity consumer. Again, due to weather patterns impacting mussel growth and condition in the Marlborough Sounds, production decreased by 24%, and subsequently the eco-efficiency of the operation also decreased.
- Our Auckland factory saw a 9% improvement in eco-efficiency. Better management of the blast tunnel and freezer temperatures were the main contributors to this improvement.

Water

Total water usage for the Company decreased by 1%, with a total of 1,122,054m³ being used company wide. North Island Mussels Limited and Pacific tuna are now included and contributed 70,500 m³ (6%) towards the total. Water is a valuable resource that is used in all aspects of our operations. It is used for a variety of tasks including cleaning, ice-making and cooling, to name a few. As water is such a fundamental resource, we continually strive to improve and minimise the way we use it.

- Aquaculture remains our largest water consumer, accounting for 67% of the total; this is due to the mussel production process.
 - Despite being an aquaculture operation, Bluff has improved its water eco-efficiency by 17%. This is largely attributable to lower volumes of frozen product being thawed for reprocessing.

- This year, the Auckland factory has focused on water reduction, and as a result its eco-efficiency has improved by 5%. This was achieved through simple system improvements such as using a water blaster for cleaning rather than a hose which releases more water, enhancing ice melting procedures and a move to circulated water.
- Throughout the year our New Zealand land-based processing operations used 959,258m³ of water, the equivalent of the water contained in 383 Olympic-sized swimming pools. This is a reduction of 9% from last year.
- Water came from a variety of sources:
 - Potable (tap-water) **41%** (2012: 39.3%)
 - Bore (well-water) **58%** (2012: 60.3%)
 - Processed sea-water **1%** (2012: 0.4%)

Coal

- Although total coal used decreased this year, eco-efficiency decreased also. With total fishmeal and fish oil production down due to a focus on other areas of the business, our coal eco-efficiency decreased by 19%. Despite the volume, product must be processed when it arrives to maintain product freshness. Unfortunately, this means that the plant cannot always operate at its most efficient capacity. We are looking to change this through sourcing raw product from external sources to increase production.

Liquid Fossil Fuels

- With 93% of the Company's total fuel usage utilised through our fishing operations, fuels such as diesel and light fuel oil are a vital resource to the successful continuation of the Company.
- Although there was a slight decrease in overall fuel usage this year, we have been unable to meet our eco-efficiency target. This is due to many of our fishing operations experiencing catch reductions whilst maintaining similar fuel consumption.
- We are currently trialing various tools, techniques and alternatives in order to reduce our liquid fossil fuel consumption and improve the sustainability of our operations; refer to MoTeC and Dyneema™ (page 27), and the "Fish & Chip" Tractor (page 38) for more information.

Non Renewable

Electricity Eco-Efficiency (kWh/kg product)

2011	2012	2013			2014	
Result	Result	Result	Target	Target met	Target	Based on
0.5148*	0.4471*	0.5154	0.4471*	NO	0.4794	7% improvement on 2013 result

Eco-efficiency set on electricity used and production at New Zealand operations only, i.e. inshore and aquaculture (excludes joint ventures).

* In the 2012 report, the electricity eco-efficiency was incorrect; this has now been corrected.

Water Eco-Efficiency (L/kg product)

2011	2012	2013			2014	
Result	Result	Result	Target	Target Met	Target	Based on
19.08*	21.54*	23.58	20.89*	NO	22.64	4% improvement on 2013 result

Eco-efficiency set on water used and production at New Zealand operations only, i.e. inshore and aquaculture (excludes joint ventures).

* In the 2012 report, the water eco-efficiency was incorrect; this has now been corrected.

Coal Eco-Efficiency (kg/kg product)

2011	2012	2013			2014	
Result	Result	Result	Target	Target met	Target	Based on
0.3904	0.3912	0.4659	0.4200	NO	0.4286	8% improvement on 2013 result

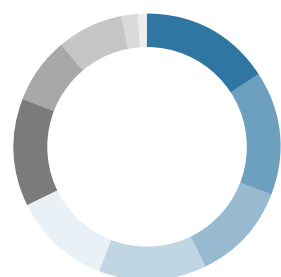
Eco-efficiency set on Timaru fishmeal operation only.

Liquid Fossil Fuels Eco-Efficiency (L/kg product)

2011	2012	2013			2014	
Result	Result	Result	Target	Target Met	Target	Based on
0.4031	0.4209	0.4463	0.4083	NO	0.4329	3% improvement on 2013 result

Eco-efficiency set on fuel used by, and landed weights from New Zealand vessels only (excludes joint ventures).

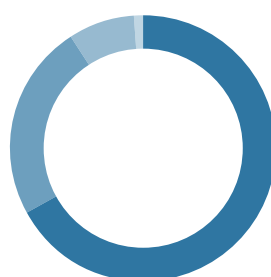
ELECTRICITY USAGE
2013 (2012)



Auckland	16%	(16)
Havelock	15%	(15)
Tauranga	12%	(13)
Christchurch	13%	(13)
Timaru	12%	(12)
Export Cold Store	13%	(12)
Bluff	8%	(8)
International	8%	(7)
San Won	2%	(3)
Coromandel	1%	(1)

Figure 2

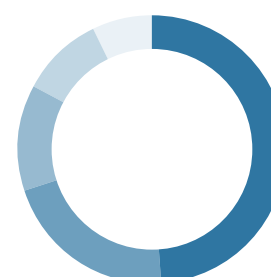
WATER USAGE
2013 (2012)



Aquaculture	67%	(69)
Inshore	24%	(23)
International	8%	(7)
Other	1%	(1)

Figure 3

LIQUID FOSSIL FUEL USAGE
2013 (2012)



Deepwater fishing	49%	(48)
International fishing	21%	(20)
Inshore fishing	13%	(12)
Scampi fishing	10%	(11)
Other vessels and vehicles	7%	(9)

Figure 4



Our People

Location	2009	2010	2011	2012	2013
Inshore					
Auckland Processing	121	116	114	114	117
Auckland Vessels	39	40	52	46	49
Auckland Service Division	16	17	14	17	12
Auckland Fish Market	37	31	38	36	33
Tauranga Processing	143	138	140	136	130
Tauranga Vessels	28	27	28	28	28
Timaru Processing	125	139	124	114	116
Timaru Vessels	14	14	9	8	7
	523	522	519	499	492
Aquaculture³					
Coromandel Lobster Operation	1*	1*	1*	1*	1
Havelock Processing	257	206	229	169	170
Havelock Farming ¹	20	25	61	70	61
Christchurch ¹	–	–	286	245	221
Bluff Processing	138	136	147	125	122
Bluff Farming	39	42	48	28	25
Bluff Vessel	4	4	5	10	11
	582*	508*	872*	665*	611
Deepwater Fleet					
Management and Administration	27	30	31	27	36
Vessels	280	344	295	319	337
	307	374	326	346	373
Australia					
Melbourne Fish Market	40	28	24	19	19
Vessel	4	4	4	4	–
	44	32	28	23	19
International Pacific Tuna Fleet	68	68	59	57	62
Head Office	43	45	46	53	46
Total staff numbers^{3,4}	1,578*	1,557*	1,863*	1,657*	1,603
Joint Ventures (all 50% owned)					
North Island Mussels Limited, New Zealand ²	–	–	–	18	67
Perna Contracting Limited, New Zealand ¹	–	–	7	13	8
San Won Limited, New Zealand	8	7	9	10	8
Weihai Dong Won Food Company Limited, China	392	386	357	378	377

Table 5: Our People as at 30 September 2013 (including joint venture employees)

Table includes permanent, seasonal and casual employees.

1. Pacifica Seafoods, Marlborough Mussel Company and Perna Contracting purchased 30 November 2010.

2. Was not operating in prior years.

3. Aquaculture staff numbers in prior years included Kaeo and Coromandel processing and farming. Our Kaeo operation was closed in December 2011, while our Coromandel operation has merged to become NIML in October 2012.

4. The 2012 total staff numbers included 14 staff who were employed by The Big Picture Auckland Limited, which was sold in mid 2013 and has since been omitted from this table.

* Total numbers have changed to include Coromandel lobster operation.

Our People

Key points

- Total staff numbers have remained relatively stable with an overall decrease of 3%. The slight decrease in staff numbers is a result of changes in several of our operations.
- Coromandel Farming and Coromandel Processing have been removed from the table as these employees are now accounted for in one of our joint ventures; North Island Mussels Limited (NIML). NIML is the Tauranga-based seafood processing and Coromandel mussel farming operation in which Sanford and Sealord own an equal share. We have been a 50% shareholder since 1 October 2012.
- Big Picture Wine, located at the Auckland Fish Market was sold in 2013; its staff have been removed from our table.
- Our aquaculture operation had a slight decrease with an overall reduction of 8% over the four sites:
 - Christchurch has decreased total staff by 10% due to continual training and up skilling, resulting in improved efficiencies.
 - Due to weather patterns impacting mussel growth and condition in the Marlborough Sounds, Havelock farming restructured its staffing positions resulting in a reduction of nine staff.
- Head Office staff decreased by 13%; these positions are currently filled by temporary staff, until suitable permanent staff can be found.
- The Australian vessel San Tangaroa relocated to Timaru and therefore no vessel crew is required.

Diversity

At Sanford we feel it is important to ensure we have a diverse team of staff. Diversity allows for opportunity in generating increased production, improving innovation and problem solving, it also opens new markets and network streams.

Figure 5 shows a breakdown of service length for the New Zealand-based team (including crew). The average length of service has increased from 6.0 years in 2012 to 6.3 years in 2013. This year we have seen a rise in the number of new comers with those fitting into the 0–1 years of service increasing from 16% to 20%. This is due to the large influx of new crew aboard our deepwater fishing vessels, as well as in our processing operations. There has been a decrease in the number of staff within the 1–5 year service range. It is important that we retain the experience within the seafood industry, and it is equally important to ensure the next generation are coming into and staying in the business. We will be reviewing the retention of our new employees to evaluate which areas of the company can be strengthened.

Table 6 shows ethnicity and gender across the Company. The percentages remain very similar to 2012, and when compared against industry figures, we continue to be more ethnically diverse.

The average age of our people increased to 40.5 years this year; last year's average was 40.3 years. Figure 6 shows the 2013 age distribution compared to 2012.

The proportion of staff through the age groups 20–29, 30–39, 40–49 and 50–59, are very well balanced with each made up of around 23% of our total employees.

	Sanford 2011	Sanford 2012	Sanford 2013	Industry*	NZ Workforce*
Ethnicity					
European	51%	53%	53%	86%	64%
Māori	22%	18%	18%	11%	11%
Pacific Island	11%	12%	13%	1%	5%
Other	16%	17%	16%	2%	20%
Gender					
Female	33%	31%	30%	34%	52%
Male	67%	69%	70%	66%	48%

Table 6: New Zealand-based crew and employees (excludes international operations)

*Source: Statistics New Zealand based on 2006 census statistics.

Note: Industry specific data includes agriculture, forestry and fishing.

LENGTH OF SERVICE 2013 (2012)

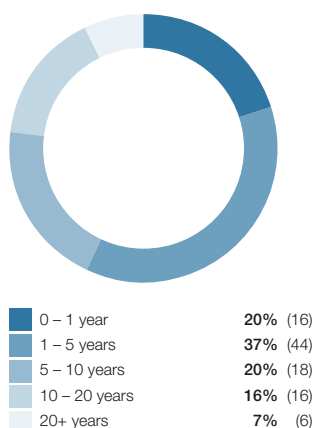


Figure 5

AGE OF NEW ZEALAND-BASED TEAM (INCLUDING CREW)

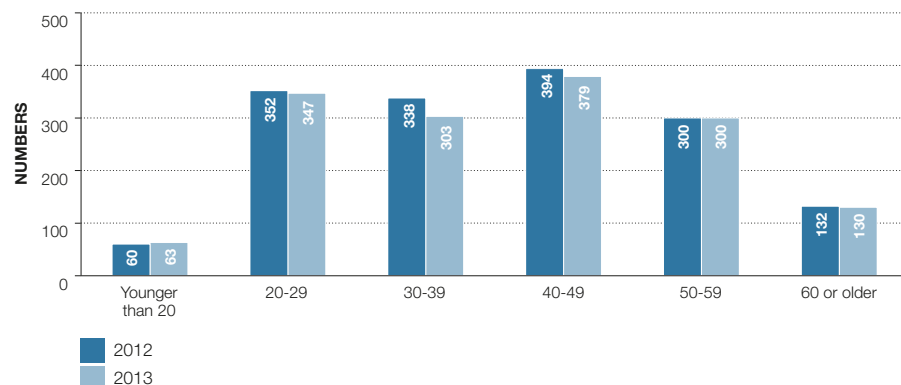


Figure 6

Our People

Leading Trainers

Moana Tongotongo

Auckland factory knife hand, Moana Tongotongo, joined the Sanford team six years ago after being recommended to the Company. Already working at Sanford was his father and brother, and almost a year later, his mother and older brother joined the Company.



MOANA TONGOTONGO
AUCKLAND FACTORY KNIFE HAND

“My message to the staff – the skills I have learnt can be taken anywhere, having that passion for the job and need to produce high quality product makes your position worth while – most of your life is at work and if you go the extra mile it will be recognised.”

Moana has grown from a shy teenager to one of the most outstanding members of the team. With his strong fish filleting skills (placed 4th in the national fish filleting competition), Moana was keen to share his talent and help educate others. As a result, Moana has recently completed a course to become a seafood registered assessor, allowing him to assess staff against Seafood NZQA Unit Standards. “It was a surprise to hear that I was going to be covered in the Sanford Sustainable Development Report. It comes as a great honour to know that all the hard work and commitment that I give to the Company is well recognised.”

“Truthfully, it was a slow start for me at Sanford, but once I adjusted to a structure I was familiar with, things started to look up. Through assisting with knife handling training I was given the chance to demonstrate the skills that I had attained over the years. It also gave me the opportunity to show my passion for training and to help other staff reach their goals.”

“With a change in mentality, my aim is to lead by example; there is no job that I would give to another if I wouldn’t do it myself. If extra hours are required I will volunteer as I feel it is important to ensure customer satisfaction; this keeps us in our daily jobs and gets you to where you are today.”

Being of Tongan descent and fluent in the language and Polynesian culture, Moana has the advantage of excellent communication skills necessary for training, up-skilling and assessing.

Women in Management

In accordance with the New Zealand Stock Exchange (NZX) Diversity Listing Rule, we continue to report the gender composition of our directors and senior executives within the Company. Reporting on gender composition raises awareness of gender diversity within the management team; a move that could promote more women into senior management positions.

- We currently have one female director, Mrs E M Coutts, out of seven (14%). Due to the retirement of Mr D G Anderson this figure has increased from 12.5% over last year’s reporting period.
- Our eight-person executive team remains as male only.
- Despite the number of females in management positions having increased from 12 to 13, the overall percentage of females in management has decreased slightly. This is due to the introduction of three new management positions, two of which were filled by males.

	2012		2013	
	Female	Male	Female	Male
Directors	1	7	1	6
Executives	–	8	–	8
Management	12	52	13	54

Table 7: Gender composition of Sanford management

MANAGEMENT COMPOSITION 2013 (2012)

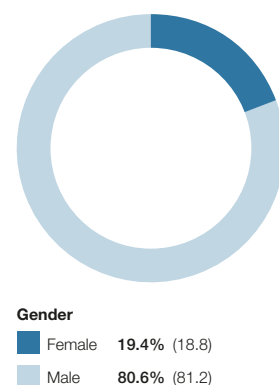


Figure 7

Health and Safety

Organisational Health and Safety (H&S) performance is indicative of the values that underpin an organisation, the business ‘culture’, and the effectiveness of H&S policies and procedures. Safety performance is also a significant influencing factor for employee engagement.

Sanford is committed to, and responsible for, providing a healthy and safe workplace for all Sanford personnel (employees and contract fishermen), external contractors and visitors. We strive for continual improvement of our H&S system through auditing and consultation involving Sanford personnel and external parties.

The aim is to encourage a culture that recognises H&S is not a burden but an aid to good business practice, improved productivity and reliability, and an engaged workforce. Every person in New Zealand should be able to go to work with the expectation of coming home again safely.

We develop and operate our facilities with the aim of preventing incidents that may harm our employees and contractors or nearby communities, or cause environmental impact. We continue to build a culture where each person understands his or her role in making Sanford a safer place to work.

An incident is defined as anything that did, or could, result in injury or illness to any person, damage to plant, or have an adverse affect on our reputation or damage to the environment. As such, incidents include potential near

misses or unsafe behaviours. With more emphasis on training and awareness, identification of hazards, near misses, unsafe behaviours and the accurate identification of root cause, the number of lost time injuries has reduced. (Refer to Figure 8 below)

Mango

The implementation of the new Environmental Health and Safety (EHS) management system using Mango (management-on-the-go) has been successful in creating a centralised and standardised EHS manual and record keeping system. This has allowed us to adopt an auditable robust system covering all operations and effectively improved the reporting structure and collation of data.

Mango has enabled each operation to have a “one stop shop” for all environmental and H&S processes; it has improved the contractor management side of the business and recording of their training and qualifications. The best part of the system is that it creates reminders when information renewal is required. Having that very timely reminder ensures nothing slips through the net.



GREG JOHANSSON
GENERAL MANAGER OPERATIONS

“At Sanford, we take health and safety seriously, especially as fishing was recently identified as one of the top five most dangerous industries in New Zealand. This is not an excuse for poor practices, but a challenge for us to prove the statistics wrong. Our vision is to ensure we have healthy people in safe and productive workplaces.”

WORK RELATED ACCIDENTS

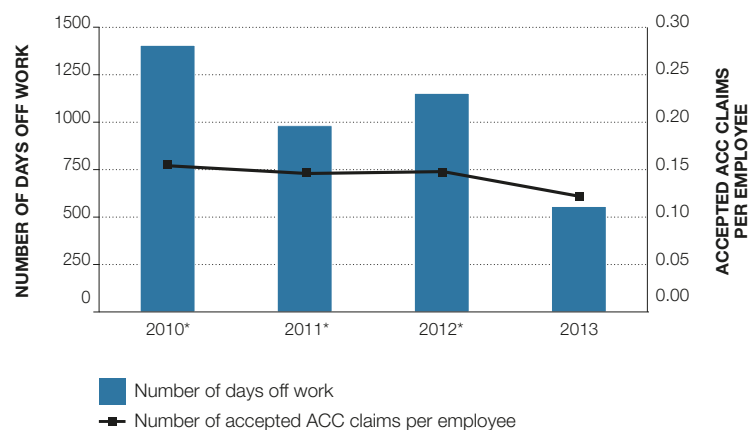


Figure 8

*The above graph now includes the first seven days of work related accidents.

Health and Safety

Sanford Resources

There is some excellent work being completed around the group to ensure the safety and well-being of our staff remains a top priority. Corporate Compliance Manager Fisheries and Marine, Dave Evans was appointed late March 2013 and has been visiting vessels and processing operations regularly to determine the current state of play around the group and to identify best practice. Dave has a direct reporting line to the board and meets with the executive team on a regular basis.



DAVE EVANS
CORPORATE COMPLIANCE MANAGER
FISHERIES AND MARINE

Partnering in Health and Safety

Sanford Limited was accepted into the Accident Compensation Corporation Partnership Programme (ACCPP) in July 2000, benefiting both the Company and employees by allowing us to manage all workplace injuries, work related illnesses and rehabilitation.

In September 2013, our Christchurch operation was selected to be audited as part of our annual ACCPP renewal. Our demonstrated commitment to H&S, and culture of continuous improvement resulted in our advancement from primary to secondary level. The secondary level has increased requirements for a national safety framework, meeting this level will ultimately result in a further-improved H&S management system and safer working environment.

Prosecutions

The outstanding prosecution mentioned in last year's report closed in January 2013. Maritime New Zealand prosecuted Sanford under the Health and Safety Act 1992 for failing to take all practicable steps to ensure the safety of the people whilst working. The employee of a contracted discharge gang was harmed on our vessel, Ocean Breeze, while unloading the fish. We pleaded guilty and were fined \$32,500 and ordered to pay \$5,000 to the victim.

This year, to strengthen our contractor management, and the risks associated with the hazards that they introduce into our working environment, we upgraded and standardised our contractor management system throughout the Company.

This encompasses some core components being implemented around all of our contractors:

- Assessment of contractor H&S systems
- Drug and alcohol policy
- Inductions
- Risk assessment
- Safety plans
- Permit to work
- Monitoring and evaluation

This will enable us to be more efficient in selecting contractors and the skills we need, ultimately providing a safer working environment for everyone.

The introduction of our new H&S work management systems has achieved a greater awareness of safe practices with the staff. This has taken significant time and effort to establish, but will put us in good shape for the introduction of the new Maritime Operator Safety System (MOSS) being implemented in 2014.

Health and Safety

Health and Safety Awareness

At Sanford we have a legal and moral obligation to provide a safe and healthy work environment to our employees and contractors. Good health and safety management practices encourage higher staff retention and increased productivity and efficiency.

We undertake many awareness classes each year onboard the vessels and on the shore. In this section, we take the opportunity to demonstrate some of the methods we use.

Auckland Hazard Identification

Auckland factory's bulkstore has recently undergone a significant change to improve workplace H&S. The idea to improve the layout of the ramp came through our Culture for Continual Improvement (CCI) programme (refer to page 21). Formerly the ramp was at a right angle to the entranceway, causing a blind corner and associated visibility hazards for forklift drivers. Replacing the previous ramp with one that led straight into the bulkstore reduced hazards, increased storage space and improved efficiency.

Hazard Identification Training

In September, the Christchurch operation started hazard awareness training to improve staff knowledge on hazard identification and management. The training took place in a controlled setting over four areas within the Christchurch site, each focusing on a different area of the business.

After familiarising themselves with the definition of a hazard, employees went through the training in pairs to encourage engagement and discussion, thereby gaining more from the exercise. They worked their way through the rooms identifying and listing each individual hazard. The training was not in place to test the staff, but rather to educate them on hazard identification and the correct process to follow if a hazard is spotted in the work place.

Physically looking for and identifying the hazards, as opposed to watching a video or sitting in a classroom, proved to be very successful with lots of positive feedback from staff, supervisors and management.

San Discovery Emergency Drill

On board the vessels we regularly train all crew of the dangers involved with being at sea. At least once a trip, the crew practice emergency drills such as man overboard, survival suit donning, and stretcher drills – how to get an immobile crew member out of a difficult location such as the fishmeal hold or engine room at the heart of the ship. These drills are in place to ensure all crew are aware of the correct emergency procedures, and also provides them with the opportunity to practice the skills needed so they can act quickly in the case of a real emergency.

In January, a fire drill was organised by the skipper, Cliff Hook, on board the San Discovery, along with the assistance of senior officers. Fortunately for the crew, it was a beautiful summer's day. All 38 crew on board the vessel took part in the training.

The drill involved sounding the general alarm which prompted crew to report to their muster stations, where a roll call was taken. After the drill, crew were given the opportunity to talk through the drill and give any feedback, this involved both positive and negative comments. During the drill, donning the breathing apparatus gear was done in good time. It was noted that some of the crew were dressed a little lightly for life rafts, which can be cold, and although taking additional clothes can compromise the speed of the drill, it is recommended if feasible to grab a jersey or jacket. Overall, the exercise was successful and highlighted the importance and realism of a potential situation to newer crew.



1. Auckland factory bulkstore old ramp.
2. Auckland factory bulkstore new ramp.
3. **Jenny Gapayan and Kaliappa** identifying hazards, Christchurch.
4. San Discovery emergency drill.

Team Wellbeing

Superannuation and Health Insurance Schemes

Sanford has its own subsidised superannuation plan in place where eligible employees can join after two years full-time continuous service. As well as the Company's superannuation plan, we have employees in the Government's retirement scheme, KiwiSaver. We encourage employees to save for their retirement, and periodically hold workshops to further educate staff on their options, as well as the benefits of these schemes.

Sanford also offers employees a health insurance plan that currently has 175 members, an increase of 5% on last years total.

SUPERANNUATION SCHEME MEMBERSHIPS

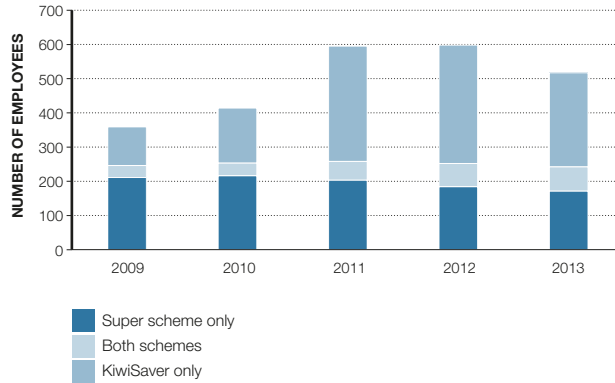


Figure 9

Training

Education has a powerful effect on human progress and is essential to economic growth and development. As a result, we are aware of the important role education plays, and throughout our Company's history, we've actively supported education through industry-specific training programmes using New Zealand Industry Training Organisation (NZITO).

The Company's commitment to further educate and train employees is highlighted in the table below:

NZITO / SITO Achievements

Year	2009	2010	2011	2012	2013
Number of staff ¹	1,137	1,055	1,401	1,184	1,109
NZQA based industry training programmes	39	41	126	51	143
Qualifications awarded	33	39	118	51	88
NZQA credits awarded	-	-	-	-	4,400
NZITO active enrolments	-	-	-	-	99

Table 8

¹ Includes New Zealand land-based employees only.

The table shows the increased number of NZQA based industry programmes completed by our employees this year. Subsequently, out of the 143 training programmes, 88 qualifications and 4,400 credits have been awarded in 2013.

Due to the merger between NZITO and the Seafood ITO (SITO) in August 2012, not all historical information has been available and we can therefore only fully report on all qualifications awarded in the last reporting year.

Training has increased in 2013 as we now have the opportunity to undertake a limited credit programme (LCP). This is a preliminary enrolment that can contain up to half of the credits from a full National Certificate. Last year we took full advantage of the LCP and have identified some key leaders such as Moana Tongotongo (page 16).

TRAINING BY OPERATION

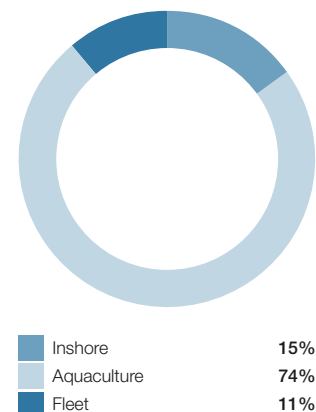


Figure 10

Training

Culture of Continuous Improvement

Now in its second year, Sanford's Culture of Continuous Improvement programme (CCI) continues to grow in all three inshore operations. Staff have really taken to the initiative with new concepts and improvements being suggested constantly. With the challenges faced in international market places it is important that organisations are world class in terms of efficiencies and the only way to achieve this is by everyone working together with an attitude of always wanting to do better; continuous improvement.

Auckland, Tauranga and Timaru have all benefitted from efficiency, safety and economic improvements since CCI was launched in 2012. Below is a snapshot of some of the enhancements that have taken place in the last 12 months.

Auckland

One of Auckland factory's earlier continuous improvement projects used a small team to improve their area of production. The team of five staff set about further developing the flow from the tray sealing area to the pack-out chiller. The team got together and were coached through the techniques about how to recognise 'waste', map it, and then come up with a solution. They realised there was an incredible amount of waste in the form of unnecessary movements, such as excess walking to do simple tasks and existing hardware layout didn't really promote timely movement of product or packaging. Through better layout, a few mechanical additions to the line, and

clarification of roles, the team realised they could greatly improve the efficiencies of the tasks at hand whilst also achieving labour savings.

Tauranga

The journey of continuous improvement is well under way in Tauranga. Often it is the simplest things that elude us while we are looking for solutions for some of the day-to-day problems we face.

One such problem Tauranga had was tipping two bins of fish into the hoppers at one time. This is done to ensure the hopper is constantly full so that the packing line always have fish. Unfortunately, when two bins were tipped

simultaneously, there was occasionally damage to the fish from the bins falling into the hopper; they needed a solution.

Using the CCI programme, a team got together to brainstorm potential solutions. Although, many ideas arose, it was Jason Wihapi, Chiller Coordinator that came up with the most viable suggestion. Jason designed a simple 'rack' for the bins to sit in when the tipper was used; this prevents the bins from falling into the hopper and damaging the fish. It also has the added advantage of self-stacking the empty bins when finished to further simplify the job. The rack has been dubbed the "JW 1" and is now being used on all of Tauranga's packing line hoppers.

Timaru

Timaru's CCI programme has generated over 50 ideas in the past year, with the majority of them being successfully implemented. One improvement that stood out was the change in method of loading ice onto one of the inshore vessels. Previously it had taken five hours, five staff and two forklifts to load up to 15 tonnes of ice onto the San Tongariro, but thanks to Dave Shand's idea, it is now much more efficient. Dave's concept utilises a conveyor belt and turbulator to mechanically load the ice into the fish hold. With the new system in place, it now takes two men and only one and half hours to complete the task.



1. Troy Henderson, Tiana Paleae and Mary Payne, CCI team, Auckland.
2. Jason Wihapi using the bin tipper (JW1) altered to tip two bins, Tauranga.
3. Loading the ice into the fish hold, Timaru.



Quota

New Zealand's Quota Management System

Our success as a company is reliant on the sustainability of wild seafood resources, which is why it is vital that these resources are continually managed to a sustainable level. New Zealand's Quota Management System (QMS) is in place to ensure that this is achieved. The QMS was first introduced in 1986 as a tool to protect depleting fish stocks. The QMS was initially introduced to manage 27 species within New Zealand's Exclusive Economic Zone (EEZ). This has since increased to manage 100 species and close to 700 different stocks.

The QMS is responsible for ensuring that fish stocks are maintained at or above the level that produces the maximum yield, whilst remaining at a sustainable rate. This is calculated taking into account the stocks productive capabilities, the population dynamics and any environmental factors that may affect the stock.

Quota Ownership

With ownership of 23.1% of the nations individual transferable quota shares and Annual Catch Entitlement (ACE) under the New Zealand QMS, Sanford continues to be New Zealand's largest seafood company – a ranking it has maintained for over 10 years.

Quota is the property right of a stock, which is represented as shares that can be bought and sold. Quota generates ACE at the start of each fishing year allowing us to fish. Through the management of ACE we are able to better prepare for our operations through the use of catch plans, allowing us to target species at the optimal times. A full table detailing quota quantity and stock sustainability of species in which we have an interest is available on our website www.sanford.co.nz.

Entity	Percentage by tonnes	
	2012	2013
Sanford Limited	23.43	23.10
Pupuri Taonga Limited (Sealord Group Limited)	19.40	19.89
Talley's Group Management Limited	12.90	13.11
Independent Fisheries Holdings Limited	6.16	8.28
Vela Quota Number One Limited	4.15	4.27
KPF Investments Limited (United Fisheries Limited)	4.47	2.26
Ngai Tahu Fisheries Limited	2.05	2.01
Te Ohu Kai Moana Trustee Limited	2.13	1.69
Aotearoa Fisheries Limited	1.53	1.48
Solander Developments Limited	1.17	1.16
All Others	22.61	22.75
Total	100.00	100.00

Table 9: Top 10 Quota Owners as at 1 October 2013

Source: New Zealand Seafood Industry Council Limited

Quota

Quota Stock Changes

As a result of responsible management and conservative harvest strategies, the total allowable commercial catch (TACC) limits have increased in a number of important deepwater species for the 2013/14 fishing year. The key increases to note are in; Chatham Rise orange roughy, scampi, Southern Ocean ling, West Coast hoki and ling.

The increases described above are a reflection of conservative approaches taken to grow or rebuild stocks where required, and subsequently provide greater economic returns to Shareholders. This is specifically relevant in the hoki, orange roughy and scampi sub stocks where continual monitoring, management and professional science processes have resulted in these increases.

Table 10 shows our material changes of quota stocks for 2013/14, and the effect it has on Sanford's ACE for each fish stock in question.

Through the TACC changes, there is a 25% increase in our orange roughy entitlement, equating to an additional 313.2 tonnes annually. The quota change that benefits Sanford the most (quantity-wise), is the 15% increase in hoki. Owning 15.4% of the total HOK1 quota, Sanford's catch entitlement increases by 3,076 tonnes.

Fishing Year	Species	Stock	2013/14 TACC (tonnes)	Percentage Change from 2012/2013	Effect on Sanford 2013/14 Catch Entitlement (tonnes)
October 2013 – September 2014	Hoki	HOK1	150,000	15%	3,076.0
	Ling	LIN5	3,955	10%	102.6
	Ling	LIN7	3,080	24%	113.9
	Orange roughy	ORH3B	4,500	25%	313.2
	Scampi	SCI2	133	33%	18.2

Table 10: Material changes to Sanford quota ownership

Source: Fishserve, www.fishserve.co.nz

Aquaculture Farms

Despite a 8.5% reduction in Greenshell mussel production this year, Sanford still remains New Zealand's largest aquaculture producer (by weight). Sanford's contribution to the total industry greenweight of mussels reduced to 37%, down from last year's 38%.

The primary cause was reduced mussel volumes this year which affected the whole industry.

Mussel volumes were impacted by a poor growing and conditioning season in the Marlborough Sounds which currently grows approximately 70% of the industry volume. Growth and condition in Stewart Island were again exceptional, with mussels sourced from Banks Peninsula also growing well. The Coromandel region had an average year of growth and condition, but significantly better than the previous year.

Coromandel farming and processing operations again went through a significant restructure with the formation of the new joint venture between Sanford Limited and Sealord Group Limited –

North Island Mussels Limited. This venture combined the farming and harvesting units of the two shareholders, as well as the processing plant to gain efficiencies from scale, and vertically integrating the business from farming through to processing.

Salmon production volumes were down over the previous year as we continued to balance seasonal growth rates to meet year-round fresh-market demand for large sized fish.

Marine Farming Awards

Congratulations to our Farming Operations Manager, Zane Charman, who was awarded the new entrant award at the 2013 Marine Farming Association. Zane was recognised for his co-ordination of a large proportion of the mussel harvest and is well respected amongst other farmers within the industry. Zane has now worked for Sanford for two years and is responsible for overseeing farms in the Marlborough Sounds as well as Banks Peninsula and Pegasus Bay in Canterbury.



ZANE CHARMAN
FARMING OPERATIONS MANAGER, HAVELOCK

“I feel privileged working in this industry and enjoy the challenges and unpredictability that on-water farming brings.”

Key Species	2012			2013		
	Total Annual Industry Green-weight (tonnes)	Sanford Annual Green-weight (tonnes)	Sanford Share (by volume)	Total Annual Industry Green-weight (tonnes)	Sanford Annual Green-weight (tonnes)	Sanford Share (by volume)
Greenshell mussels	90,177*	34,318	38%	84,729	31,398	37%
King salmon	12,389*	3,483	28%*	12,355	3,231	26%

Table 11: New Zealand Aquaculture Production Statistics.
Industry source: Aquaculture New Zealand, year ending 30 September 2013.
Sanford source: Mussels and salmon processed through Sanford operations.
* Was incorrectly reported and has been restated.

1. Marlborough Sounds mussel farm – image provided by Aquaculture New Zealand
2. 5mm mussels, hatchery-reared by SPATnz.
3. Monitoring behaviour of selectively bred Greenshell mussels – image supplied by Norman Ragg, Cawthron Institute.
4. A scientist monitoring mussel crop – image supplied by Cawthron Institute.



Aquaculture Farms

Shellfish Production and Technology

Shellfish Production and Technology (SPATnz) is a selective breeding programme between Sanford and the New Zealand Government to improve the quality and reliability of commercial Greenshell mussels.

SPATnz was formed in 2010 by four shareholders to commercialise hatchery spat¹ production and to incorporate selective breeding into our Greenshell mussels. Since this time, two of the original shareholders have withdrawn, with the third being acquired by us, making Sanford the only remaining industry shareholder. Following this, we partnered with the Government and formed a Primary Growth Partnership programme, with the Ministry for Primary Industries and ourselves each committed to contributing \$13m over seven years.

Currently we farm Greenshell mussels in the Coromandel, Golden Bay, Marlborough Sounds, Banks Peninsula and Stewart Island using spat collected on seaweed from 90 Mile Beach and caught from sites in Tasman Bay, Wainui Bay, Golden Bay, Banks Peninsula and the Marlborough Sounds. Although these farms are well established and produce quality mussels, the supply can be variable due to crop production being reliant on wild spat. This year, our Christchurch mussel factory was forced to close for eight weeks over the winter due to supply issues and highly variable raw material. This shut down period, over double that predicted, can take a huge toll on staff, inventory and customers. It is anticipated that the commercialisation of hatchery spat will result in a vastly improved and more consistent raw material supply.

Greenshell mussels are a tricky species to culture, as in nature, the vast majority of young mussels fail to survive. SPATnz is now able to spawn adults year round with the resulting spat transferred to the sea at 1–2mm. With a

SPATnz = SHELLFISH PRODUCTION AND TECHNOLOGY NZ LIMITED:

- Sanford-owned
- Co-investing with MPI in a PGP programme (\$13m each over seven years)
- Will establish methods for commercial scale Greenshell mussel spat supply via a new Nelson hatchery
- Will quantify benefits of selective breeding at commercial scale
- Owns 80% of BreedCo (the Greenshell mussel broodstock Company), Cawthron owns the remaining 20%
- Supports BreedCo to develop superior broodstock for sale to hatcheries
- Currently four staff, growing to approximately 15 by 2019

pilot hatchery to be completed in Nelson over the next 12 months, the first significant quantities of selectively bred mussels are planned for 2015, with an aim of producing 30,000 tonnes of crop per year by 2019.

Through the production of hatchery spat, we are hoping to unlock the potential of selective breeding. With the ability to choose the parents of the spat, key characteristics such as fast growth rates, robustness and quality can be singled out to produce superior spat, thus revolutionising the commercial Greenshell mussel industry. There is no genetic engineering involved – just selection of the best parents Mother Nature has to offer.

With security of supply and availability of spat year-round, combined with the ability to use spat identified with the most desirable traits, the future of Greenshell mussels is looking stronger than ever. We are proud to be at the leading edge of taking this research and making it into a commercial reality to boost this industry.

1. Spat are juvenile shellfish.

“Smart, sustainable aquaculture will be critical to our export success into the future. For the first time mussel farming will be able to take advantage of selective breeding in the same way that our sheep, dairy and other primary exporters have done for decades to gain export premiums for their products.”

ERIC BARRATT
MANAGING DIRECTOR



Our Operations

Our Operations covers all aspects of the business from catching the raw seafood to marketing it as a packaged product. Throughout the operations chain there are a substantial amount of factors that need to be considered, managed, monitored and reported.

Of these, those we deem to be of greatest interest to our stakeholders have been included in this years report.

These are:

- Fleet Management
- San Nikunau
- Timaru Coldstore
- Foreign Charter Vessels
- Seafood School
- Compliance

13

Inshore Vessels



3

Inshore Operations



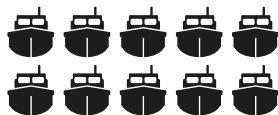
3

Pacific Tuna Vessels



10

Deepwater Vessels



4

Aquaculture Operations



“At Sanford, sustainability means treating the sea with respect and getting staff to think and act responsibly. In my position as seeding manager, I enjoy the people I work with, they all have a “can do attitude”, they contribute and take ownership and they want to do well.”

DAVE HERBERT
SEED & SPAT MANAGER, HAVELOCK

Fleet Management

Due to the variety of operations we are involved in, it is common for internal changes to occur within our Company. As detailed below, four of our vessels recently underwent fleet changes in order to maximise business opportunities.

San Enterprise

San Enterprise recently embarked for the first time across the Tasman to the hoki fishing grounds off the West Coast of Tasmania. The San Enterprise is now back fishing in the deep waters of New Zealand's Exclusive Economic Zone (EEZ).

San Tongariro

The San Tongariro has been converted back to a fresh-fish vessel from a scampi vessel this year, adding to our 12 other inshore vessels. The change has been to focus on targeting hoki year round.

San Tangaroa

The San Tangaroa returned to New Zealand from Australia this year and after survey, the vessel was converted back to a scampi vessel.

San Aotea II

This year we were very fortunate to have our second longline vessel, San Aotea II, offered a licence to fish in the South Georgia fishery, alongside our regularly licensed vessel, San Aspiring. San Aspiring had a very good season with excellent catches, but unfortunately San Aotea II did not fare as well. After a frustrating first trip, the remaining toothfish quota was transferred to San Aspiring and San Aotea II returned back to New Zealand to fish for ling.

MoTeC

MoTeC is an engine management and data acquisition system that has been used at Sanford since 2009. We first introduced MoTeC to capture data such as:

- Steaming speeds against fuel use
- Different trawl door efficiencies
- Different types and sizes of mesh for the nets
- Engine maintenance
- Vessel operating comparisons within the fleet

Having been developed over the past four years onboard our vessels, MoTeC has given us the opportunity to trial and validate other fishing technologies such as the Dyneema™ fiber lines. This has enabled us to focus on the continual improvement of reducing our environmental impacts.

Dyneema™

Dyneema™ was first introduced to Sanford in 2010. Dyneema™ is a high performance polyethylene fiber that we use to make trawling gear.

It is known to be the world's strongest fiber, resistant to abrasion, most chemicals and salt but light enough to float on water. Being light in weight and having a very low resistance, it improves the fuel eco-efficiency due to significantly less drag. The advantage of having zero stretch means the net retains its shape much better and therefore fishes consistently.

Some other benefits have been higher catch performance on the same amount of fuel, lower maintenance costs due the high durability of Dyneema™ fiber as well as a reduction in the wear and tear of other equipment such as winches and warps.

We have successfully introduced Dyneema™ net material onto two of our deepwater vessels, San Discovery and San Enterprise, and one of our scampi vessels, Albatross II.

1. San Enterprise, Timaru.
2. San Tongariro, Timaru.
3. San Tangaroa, Timaru.



San Nikunau

The San Nikunau is one of three tuna purse seiners that Sanford operates throughout the Western and Central Pacific Ocean (WCPO) area and, on occasions, in New Zealand waters.

Court Case

It was undoubtedly a challenging year for the Company following the trial in August 2012 relating to the non-compliance of MARPOL requirements. The US District Court in Washington, D.C. fined Sanford Limited US\$1.9 million for non-compliance aboard our tuna purse seine vessel, San Nikunau, while it operated in international waters within the WCPO.

The Court ordered that a further community service payment of US\$500,000 be paid to the US National Fisheries Foundation. A probationary period of three years has also been set during which time our vessels cannot enter US ports until approved audits of the Company's Environmental Compliance Plan have been completed.

Our Pacific tuna fleet was audited to ISO 14001 in January 2013 with a successful outcome, identifying only three minor corrective actions. In September 2013 the first surveillance audit was completed. This audit was conducted over a two-day period, initially at the Auckland head office and then a visit to the San Nikunau in Whangarei harbour. It was noted that the captain of the San Nikunau had a good understanding of EMS and positive observations were noted. The outcome of the surveillance audit was successful, receiving only one minor corrective action for document control. Overall, the auditors found that the EMS controls were in keeping with requirements of the ISO 14001:2004 standard, and was appropriate to the nature and scale of operations in place.



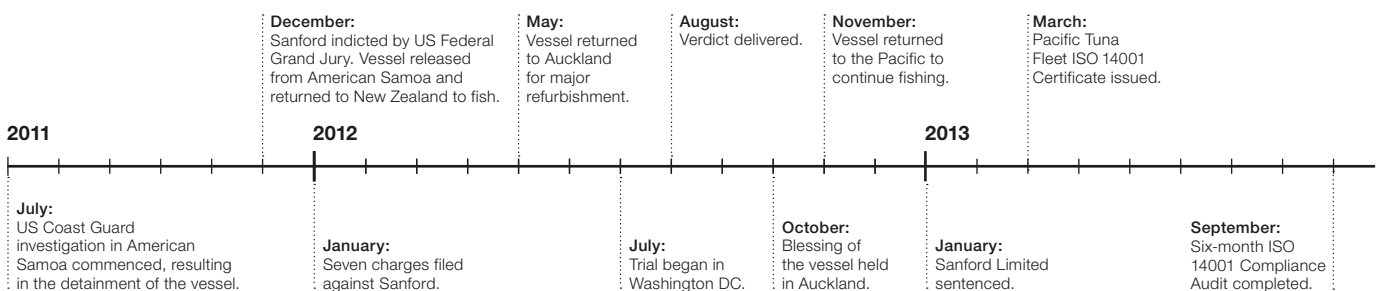
Eric Barratt, Managing Director, presenting ISO 14001 certificate to **Mike Rhodes**, San Nikunau Captain.



“This case has raised serious issues for Sanford, which has required the Company to make significant changes to ensure they will not be repeated. These new environmental management systems (EMS) are now in place across our fleet. We are pleased the court issue is behind us and we can concentrate our efforts on improving our overall environmental compliance.”

ERIC BARRATT
SANFORD MANAGING DIRECTOR

THE SAN NIKUNAU TIMELINE



Anti-Fouling

Anti-fouling is a process undertaken to prevent fouling organisms such as invasive marine pests attaching themselves to submerged surfaces. For Sanford, anti-fouling involves painting vessel hulls with a slow-releasing surface pesticide to increase vessel and fuel efficiencies, as well as acting as a critical bio-security tool.

Our vessels are steaming through many areas of New Zealand where coastal waters are in pristine condition. Within our fleet of 50 vessels, eight are routinely working on the high seas or fishing coastal waters of other countries. This encourages us to take great care and continually strive towards an exemplary level of environmental responsibility. We regularly audit our fleet to ensure that vessels operate in accordance with international best practice. This includes being vigilant in identifying and reducing the risk of spreading unwanted bio-security pests, animals and marine growths that hitchhike on the hull of our vessels as we move between or tie up in ports.

Maintaining a clean hull is an ongoing investment in good maintenance. Each of our vessels has a designated shore-side manager who works with our engineering team and external experts to select anti-fouling and hull treatments. The treatments selected are those that best reflect the vessels' fishing requirements based on the areas they are fishing in. Vessels that break through ice in the Ross Sea have a much thicker coating of anti-foul than those that fish in the inshore waters.

Our vessels are dry docked to undergo an anti-foul treatment on a rolling basis.

Over the last two years, we have actively engaged with the Environmental Protection Agency (EPA) on regulations sanctioning which product can be used for anti-fouling. Sanford was ideally placed to take part in these discussions as we came to the table with a strong desire to see the water quality maintained and improved. The decision from the EPA's reassessment was released in June and involves a staged phase out of certain anti-foul treatment.



San Waitaki in dry dock.

Fire at our Timaru Coldstore

On Sunday 12 May 2013, a fire broke out that damaged the coldstore at Timaru's North Mole. The fire started late in the afternoon; fortunately no employees were on site at the time. The damage caused by the fire was extensive with the main damage occurring in the environmental load out area. Along with structural damage, there was significant smoke and water damage to packaging and product in the coldstore. An investigation found that the fire was caused by a malfunction in the electrical switchboard. The building was originally built by Sanford in 1985. At the time of the fire it was storing approximately 1,300 metric tonnes of frozen product. Our staff worked around the clock for 72 hours to move the product from the coldstores, and due to their great effort, they managed to maintain the product cold chain and minimised the effect to the product. This was an outstanding effort under difficult circumstances, and the team involved showed great teamwork. Although we are fully insured for any damage to plant and product, a rigorous quality control plan to inspect the product has been implemented to evaluate availability for re-sale, re-packaging, disposal or the need to re-grade.

The damaged coldstore was demolished in July, with the new build commencing shortly after. We have contracted Arrow International as project managers for the re-build, and sourced local contractors and used factory

engineering staff to assist with the electrical and refrigeration areas.

The re-build project is successfully underway to return the coldstore to its pre-fire condition including the same capacity.

The cost is an estimated \$4 million and is expected to be completed in December 2013.



“In this very difficult time, it is great to see the excellent team work within the Company and community. The freezer team have worked well with the obstacle of not having a freezer on-site, and having to work at other sites. The public have understood that more trucks are around carrying product off site to other coldstores. A lot of people are doing a lot of extra work to make this work, both on this site and around Timaru. Their continued support is very much appreciated.”

SHIRLEY SCOTT
SUPERVISOR, TIMARU

1. Timaru coldstore fire damage.
2. Timaru coldstore under construction.

Foreign Charter Vessels

Foreign Charter Vessels (FCVs) play an important role in Sanford's deepwater fishing operation. Four¹ Korean-owned and foreign-crewed factory trawlers have fished for us for many years and make a valuable contribution to Sanford.

Cumulatively in the 2012/2013 fishing year, the vessels caught barracouta, hoki and squid in a mixed species bag that collectively equated to 24,000 tonnes of fish. Without access to FCVs Sanford could not catch this fish.

The commercial success of our FCVs is important not just for Sanford Shareholders but for all who depend on Sanford for employment; the shore-side contractors and suppliers whose services we purchase. These operations inject approximately \$16m into the South Canterbury, Otago and Southland regions. Export receipts from Sanford's FCVs last year were \$50m.

In mid-2011 a Ministerial Inquiry into the operation of FCVs in New Zealand waters triggered a number of changes of Government policies and law reforms with wide ranging impacts on the fishing industry.

Sanford acted quickly and decisively in response to concerns raised about foreign crew working in New Zealand undertaking a range of independent reviews and audits focussed on the conditions for crew on our FCVs. Those investigations found that while there were no issues of abuse or mistreatment of crew, overseas management and payroll systems were not up to our expectations. Having decided to become more actively involved in the management of foreign crew working on our charter vessels, Sanford was proactive in making tangible changes that would positively impact on FCV crew and vessel operations. Sanford's changes were comprehensive, targeted and led the industry ahead of much of the Government's reform. Twelve months into the implementation of the Sanford Foreign Crew Management System it has bedded in well. Foreign crew receive all their wages in New Zealand to individual New Zealand bank accounts along with transparent payroll and administration processes; this has received positive feedback from the crew.

Sanford put in place monitoring systems relating to crew welfare including setting up lines of communication with interpreting services to ensure effective communication opportunities are available to all crew on our charter vessels.

While generally supportive of the Government's Ministerial Inquiry recommendations, Sanford, along with a number of others in the New Zealand fishing industry, opposed sweeping changes to law, which would negatively affect fishing operations of New Zealand owned and crewed fishing vessels

We believe our current systems ensure the equitable treatment of foreign crew and compliant operation of our FCVs.

The challenge of every fishing company is to be quick on their feet and responsive to dynamic changes in global markets, the environment, labour supply and business opportunities. To do this well within a regulatory environment, government processes need to be equally receptive to adapting so as to ensure the continuity of operations.

1. Dong Won 701 (FCV) crew relaxing after a days work.
2. Dong Won 701 (FCV) leading hand and deck hand.



Auckland Seafood School



Salmon Tataki with citrus and soy dressing, photo by Jason Burgess.

The philosophy behind the seafood school is to increase awareness of the benefits of seafood as a natural healthy source of protein as well as to increase awareness of the range of seafood regularly available on the local market.

The school first opened in June 2004 to encourage the incorporation of seafood into everyday meals, making use of the variety of species available in New Zealand waters. The school runs several cooking classes per week, each showcasing New Zealand's array of seafood in a fun and social environment. As New Zealand is blessed with many different species of fish, the seafood school seeks to introduce, test and taste species that participants may not have tried before. The chefs seek to provide alternative options in their classes with an emphasis on including lesser-known species.

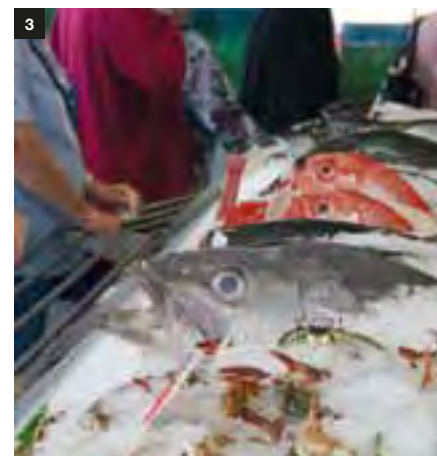
Understanding the increased demand for sustainable products and the need for consumers to understand where the product has come from, we ensure our chefs and staff are informed and up-to-date on industry sustainability and product origin. The aim is to demonstrate that we have responsibly sourced our fish, and additionally we aim to encourage consumers to think before they buy and to educate them on organisations such as the Marine Stewardship Council (MSC) (refer page 33).

Seafood is an important component of a healthy diet, especially for children. It supports growth and development while offering heart-healthy omega-3 fatty acids, lean protein, vitamins and minerals. To demonstrate these benefits, the seafood school runs kids cooking classes in the school holidays. The cooking classes, and the opportunity for a guided tour of the Auckland Fish Market, promotes a better understanding of what species and what quantities of seafood are best for children to eat. The classes diversify children's diets with a variety of sustainable seafood options as well as acting as an educational tool.

The school works closely with Seafood NZ providing recipes and photos, assisting with preparation and cooking information, links with social media pages and regular contact and support. We will continue to develop the relationship and ideas as there is strong synergy between what we are both trying to achieve – seafood education.

We produced our first cookbook in 2009 which contained 79 seafood inspired recipes. With this having now sold out, our new cookbook is due for release late November, it features over 250 recipes, including all of the seafood school favourites.

1. Chef **John Campbell** demonstrates, photo by Dani Clode.
2. Cooking in action, photo by Dani Clode.
3. Auckland Fish Market tours and lunch, photo by Dani Clode.



Compliance

We manufacture our products following best practices for food safety and product quality. Risk Management Programmes ensure production of safe food products through strong governance and compliance in accordance with the Ministry for Primary Industries Seafood Code of Practice. Product quality is managed through the Company product specifications and quality index.

WisePeripherals

With growing global awareness surrounding product quality and sustainability, traceability is increasingly becoming an important factor for consumers when selecting a product. WisePeripherals, an application that runs in conjunction with our existing inventory system, gives us the ability to trace our seafood back to its source; providing assurance about our products.

TRACEABILITY

Each finished product produced in a Sanford processing premise has the following details recorded in the system, and can easily be traced back:

- Fishing area
- Fishing trip
- Lot number
- Net weight
- Producer name
- Product code (includes size grade and quality grade)
- Production date

The system was implemented in our land-based sites last year, and has been introduced on our deepwater freezer trawlers and longline vessels between April and October this year. The vessel system is stand-alone, and records and reports on the production information while at sea. As product is discharged from each vessel, the data is “replicated” to our main Wisefish system at head office.

The vessel implementations provided many challenges. The installation, testing and training of all crew taking place during the hectic three-day vessel turnaround period. With limited phone coverage and no remote access to the systems on-board, there were also challenges with supporting crew while at sea and fast and creative thinking was required to resolve any issues. The implementation process was streamlined and improved as each vessel ‘went live’ and was relatively smooth for the last few vessels.



Kesomi Paasi second mate/bosun, using WisePeripherals onboard the San Aotea II.

Environmental Management System

Our commitment to the environment is shown by the renewal of our ISO 14001 environmental management system (EMS) certification that covers our New Zealand sites and New Zealand-based vessels.

It was noted last year that in our continual improvement plan we are to ensure that all of our 100% owned entities were certified by the end of 2013. Unfortunately, due to other operational demands, Sanford Australia was not certified to ISO 14001. This is now re-scheduled this for completion by September 2014.

Our Pacific tuna operations have met the arranged timeline, having undergone their first audit in January and surveillance visit in September. Details of the audit can be found on page 28.

On 1 October 2012, we announced that Sanford and Sealord had each taken a 50% shareholding in a new company, North Island Mussels Limited (NIML), and as part of our strategy to work with our joint venture partners we have now included NIML on our schedule to investigate options implementing an EMS.

Operation	Status	Expected date to become ISO 14001 accredited
New Zealand land-based	Fully implemented	–
New Zealand vessels	Fully implemented	–
Pacific tuna vessels	Fully implemented	–
Sanford Australia	To be completed	September 2014
Joint venture fish processing operation, China	To be completed	September 2014
Foreign charter vessels	To be completed	September 2014
Joint venture mussel farming and seafood processing operation, NIML	To be completed	September 2014

Table 12: ISO 14001 Accreditation

Compliance

Marine Stewardship Council (MSC)

With a vision to safeguard seafood supplies both now and for future generations, MSC is an organisation dedicated to achieving sustainable seafood. Through their many initiatives, they provide consumers with the reassurance that they are buying seafood caught in a sustainable manner. Together with various partners, MSC is working towards transforming the world's seafood markets through the promotion of sustainable fishing practices. MSC's main programme is fishery certification, which is then linked to MSC's Chain of Custody certification.

At Sanford, seafood is the heart of our business, meaning the sustainability of fish stocks and the future of Sanford are inextricably linked. We recognise that the sustainability of global marine environments is a complex issue that encompasses the natural environment, people and the economy. Therefore, our commitment to MSC and its initiatives are an important part of our approach to ensuring we are supporting a sustainable supply of seafood.

MSC Fishery Certification

Today we currently have five fisheries certified. Two fisheries, New Zealand ling and hake are under assessment, and orange roughy is due for assessment.

As depicted in Figure 11, 17% of our total sales are MSC-certified. This is up on last years 15% due to the higher sale of albacore and toothfish.

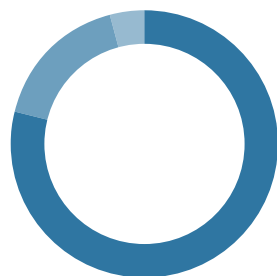
MSC Chain of Custody

Sanford is committed to conforming to MSC Chain of Custody requirements and has implemented a MSC Management System to ensure that the Chain of Custody is maintained throughout the group. Certified since August 2001, we demonstrate our long-term commitment in safeguarding seafood supplies. Sanford's MSC Management System is effectively managed by ensuring MSC Chain of Custody policies and procedures are reviewed and developed on an ongoing basis to meet MSC requirements. Reviewing the traceability element is important in keeping illegally fished seafood out of the supply chain by linking seafood sold in shops and restaurants to a certified sustainable fishery.

“The New Zealand hoki fishery is the largest fishery in New Zealand. We supply clients across Europe, the Americas and Asia with MSC-certified sustainable hoki. MSC certification of the New Zealand hoki fishery has confirmed for us both the need and the benefit for our long-term commitment to sustainable seafood supplies.”

ERIC BARRATT
MANAGING DIRECTOR

MSC STATUS OF SALES 2013 (2012)



Not Certified	79%	(81)
MSC Certified	17%	(15)
Under MSC Application Process	4%	(4)

Figure 11

Our Impacts

In all of our operations we try our best to keep our impacts minimal, especially when it comes to the environment. Although no matter how hard we try, it is not feasible to successfully operate our business without causing an impact.

This section highlights the impacts, both positive and negative that we have on the following categories:

- Communities
 - The Environment
 - Protected and Vulnerable Species
-



"Sustainability to me means living within the means of our natural environment, taking what we need to live now, without jeopardising the potential for future generations to meet their needs."

DEBBIE WILSON
EXPORT COLD STORAGE OFFICE ADMINISTRATOR

\$198,000

Community donations



88,304t

GHG emissions



Communities

Contributions

Sanford values the communities in which we operate and continues to invest in their strengthening, through assistance programmes of both money and time. The following table outlines the value of all Sanford's charitable donations and investments into our communities. Contributions are up 25% on last year's total due to our increased involvement with Kiwi Can.

Type of Contribution	2009 (\$000)	2010 (\$000)	2011 (\$000)	2012 (\$000)	2013 (\$000)
Auckland Seafood Festival	75	100	80	-	- ¹
Charitable Donations	33	28	72	51	42
Investment in Kiwi Can	226	172	167	107	156
TOTAL	334	300	319	158	198

Table 13: Charitable Donations and Community Investment

¹ This year, an event management company operated under licence at our Auckland Seafood Festival; which was a change from previous years. We still contributed towards the festival in the way of ownership, sponsorship and time; including running events such as the filleting competition. We are happy to advise that the festival raised a total of \$46,610 towards charities. Through the Lions Club, the main beneficiaries were the Child Mobility Fund and Disaster Relief Fund (Samoa).

The Auckland Seafood Festival was held over Auckland's anniversary weekend to celebrate New Zealand seafood. For three days Halsey Street Wharf in Wynyard Quarter Auckland, was transformed into a seafood extravaganza as an array of New Zealand's best seafood, local beer and wine, amazing Kiwi musicians and entertainers, master cooking classes, celebrity chefs, and even a dash of education for the kids all came together.

Once again we were proud to see Ant Palmer from our Tauranga operation take out first place in the nation's filleting competition held at the festival, a title he has held for three consecutive years. Ant was closely followed by Suipeli Tongotongo from Sanford Auckland.

With 10 contestants this year, it was great to see Sanford staff gaining both first and second place.

Along with being the owner of the Auckland Seafood Festival, Sanford is proud to be a platinum sponsor of the Havelock annual Mussel Festival. Now entering its tenth year, the mussel festival is a fun day out for the Havelock community and surrounding districts, with proceeds donated back into the community. As well as having a stall serving up an assortment of aquaculture delights, various Sanford employees assist with the festival directly as employees, or are members of organisations who contribute to the festival.

1. **Ant Palmer**, Tauranga.
2. **Ted Culley**, boss drop fundraising event - image supplied by The Marlborough Express.



Kiwi Can

The Foundation for Youth Developments 'Kiwi Can' programme continues to be the main recipient of Sanford's community contributions. Kiwi Can is an organisation centred on educating youth on essential life skills and values in an interactive manner. With one lesson weekly, Kiwi Can is a fantastic programme that Sanford has been proud to support for 13 years.

In May, Aquaculture Manager Ted Culley took his involvement a step further by abseiling off a three storey building in the centre of Blenheim. In doing so, Ted raised a whopping \$10,000 for Marlborough's Foundation for Youth Development. "Youth is our future," he said. "The Foundation selects people who have potential but need help, because they've gone through tough times maybe, and gets them on track."



Communities

Sanford Science and Technology Fair

Since 2005 Sanford has been pleased to be the principal sponsor of the Sanford Science and Technology Fair, held in Timaru. The Fair is an annual event for students from years 7 to 13 from all schools in the central South Island area. The best projects from local schools are entered into the Fair. These vary widely in concept and presentation but all blend science, technology and enterprise. Sanford is proud to support this event as it encourages youth to get creative with science.

Volunteering

As well as financial contributions, Sanford encourages donations of time, resources and effort.

In August, a team from the Christchurch site headed out to Koukourarata (Port Levy) on Banks Peninsula to assist through a morning of tree planting.

With the Koukourarata Trust being Christchurch's mussel growing partners, they saw the ideal opportunity to give something back to the people of the area, by way of involvement in their planting programme. The Trust has a goal of planting 10,000 native trees in the area to restore the gullies and hills to their original native vegetation. The team embarked on a morning of planting to help contribute to this goal, and managed to plant some 250 trees in one of the gullies.

Fire Brigade

Sanford Bluff has five staff who are all volunteer members of the Bluff Fire Brigade. Seth Ramsay, Rangī Goodman and Riki Gillan are all senior firemen with 67 years service between them. Logan Fraser has been a volunteer for the past five years and Emma Kini is the Brigade Secretary. All members carry pagers and even though Bluff is a small town, there can be numerous call outs, day and night. Practices are held bi-monthly and competitions are run 10 times a year.

Volunteering in the Pleasant Point Brigade is Darryn Shaw, Deepwater Manager based in Timaru. During the coldstore fire (page 29) when volunteer brigades from surrounding districts were called into assist, Darryn's role as Deputy Chief of his brigade came as a great advantage as he was able to be the key liaison between the incident commander and Sanford's staff during the fire and salvage operation.



1. Christchurch team planting trees at Koukourarata.

Environmental

Solid Waste to Landfill

Solid Waste Eco-Efficiency (m³/tonne product)

2011	2012	2013			2014	
Result	Result	Result	Target	Target Met	Target	Based on
0.1333*	0.0722*	0.0710	0.0686*	NO	0.0696	2% improvement on 2013 result

Eco-efficiency set on waste data and production figures from New Zealand operations only, i.e. inshore, aquaculture and deepwater (excludes joint ventures).

* In the 2012 report, the waste eco-efficiency was incorrect; this has now been corrected.

Key Points

- The Company's waste has increased by 80% this year, with a total of 8,357m³ going to landfill. This substantial increase is attributable to the inclusion of North Island Mussels Limited (NIML) in this year's KPI figures.
 - NIML's waste makes up 48% of the Companies total waste to landfill. As NIML is an aquaculture operation marine waste such as over-catch, styela and sponges are required to be landfilled. If NIML were not included, total waste would decrease by 3,993 tonnes.
- The International Convention for the Prevention of Pollution from Ships known as MARPOL, updated their requirements in January 2013 in relation to garbage management. As a result, it prohibits the disposal of almost all kinds of garbage at sea. This new requirement gave us an opportunity to better manage our waste to landfill and now we fully record this information as part of our environmental management system. Due to these changes the eco-efficiency for our deepwater vessels decreased by 99% and scampi vessels by 49%.
- The eco-efficiency was down at Tauranga by 26% due to the production target not being met. The catch rates of jack mackerel, a large contributor to the throughput at Tauranga, were much lower than anticipated.
- Another contributing factor to our waste eco-efficiency target was the Timaru coldstore fire (page 29). As a result, an increased amount of packaging was destroyed during the evaluation process. The eco-efficiency at Timaru decreased by 28%.
- Aquaculture operations, being our biggest waste contributor to landfill have successfully improved on their waste eco-efficiencies again this year.
 - Christchurch improved eco-efficiencies by 8% largely due to the increased composting of mussel waste.
 - Havelock has improved eco-efficiency again this year by 2%.

WASTE TO LANDFILL 2013 (2012)

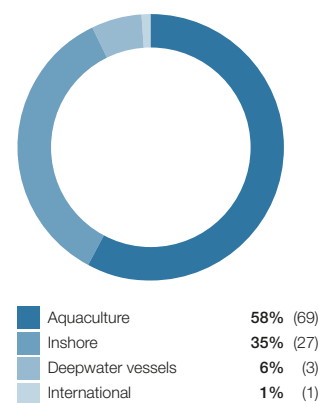


Figure 12

Environmental Improvement Competition

Earlier this year our Christchurch and Havelock mussel operations joined forces to launch their inaugural Environmental Improvement Competition. The competition was initiated to get staff thinking about the environment and about what changes could be done around the work place to minimise impacts to the environment. The competition was open to all Christchurch and Havelock staff and encouraged all ideas, big or small, with the only criteria being that the entries needed to be implementable.

Altogether there were 67 entries, ranging from installing motion sensing lights to using wind turbines to power forklifts.

Rey Dela Cruz, Christchurch mussel factory's night shift supervisor came up with the winning entry based around improving the nightly cleaning of the half-shell mussel cooker. By changing the chemical used and altering the cleaning process Rey's concept would improve the previously labour intensive task.

Rey's idea has since been successfully implemented and benefits include reduced chemical, water and electricity usage, less demands for staff with fewer health and safety risks, not to mention savings of \$25,000 per year.



1. Rey Dela Cruz and Terry Denley, Christchurch.

Environmental

Greenhouse Gas Emissions

Emissions Eco-Efficiency (kg/kg product)

2011	2012	2013
Result	Result	Result
0.80*	0.73*	0.86

Eco-efficiency set on total production including Pacific tuna vessels but excludes Australia and China.
 * In the 2012 report, the greenhouse gas eco-efficiency was incorrect; this has now been corrected.

EMISSIONS BY SOURCE 2013 (2012)

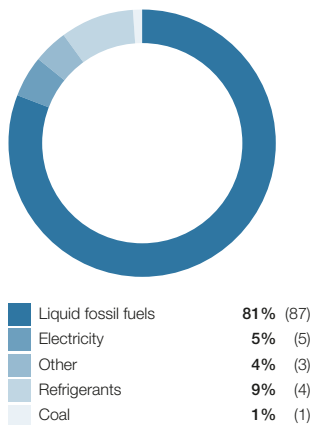


Figure 13

The 2013 GHG eco-efficiency has declined this year due to operational targets not being met. Figure 13 shows the majority of our greenhouse gas emissions (GHG) are attributable to the amount of liquid fossil fuel (LFF) used. Due to LFF accounting for a large portion of our GHG emissions total, we have once again decided not to set a separate eco-efficiency target for GHG emissions. Our LFF target can be found on page 13. Another contributing factor to our GHG emissions is the use of refrigerants. GHG emissions resulting from refrigerant use has increased 140% from last year, due to the increased use of R404a. The use of alternative refrigerants is being reviewed to ensure we minimise our impact on the environment (page 11).

EMISSIONS BY SCOPE 2013 (2012)

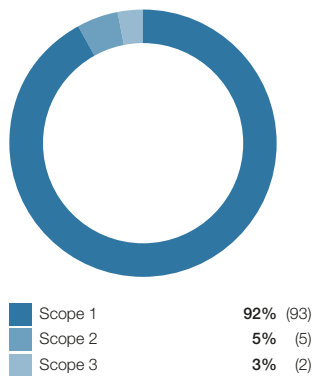


Figure 14

Figure 14 details our emissions by scope as per international best practice. A brief description of what we include in these scopes is as follows:

- **Scope 1.** Direct emissions from operations over which a company has direct control, such as Sanford-owned operations that use fossil fuels and refrigerants. Due to improved reporting methods, the inclusion of natural gas has been added to scope 1.
- **Scope 2.** Direct emissions from electricity consumed
- **Scope 3.** Indirect emissions attributed to our business but over which we have no control such as taxis, travel, landfill management and line losses for purchased electricity and distributed natural gas.

The “Fish & Chip” Tractor

In a bid to explore all methods to reduce the impacts to the environment, Sanford Havelock had a brainstorming session in its EMS meeting for energy efficient ideas.

Zane Charman sounded out the idea of a chip-oil fuelled tractor. With credit to the engineering team, off they went to the local fish and chip shop, and with a scoop of chips and a bucket of discarded oil, they set out to make the idea happen.

Despite a few minor glitches in the winter with the oil turning hard, making a slow start on the cold mornings, it's a pioneering idea by the Havelock team.

“It is a project that is ongoing, and whilst the savings in terms of dollar's versus effort might not be huge, it is more about encouraging staff to come forward with ideas, innovate and give things a go.”

ZANE CHARMAN
HAVELOCK FARMING OPERATIONS MANAGER



1. Fish and Chip tractor running on chip-oil, Havelock.

Environmental

Spills

The table below captures and details all of the spills and leaks that resulted in fuel entering the ocean throughout the reporting period. As a Company we seek to be proactive in all aspects of the business and therefore a great deal of time, effort and capital is spent on mitigating the risk of spills. As part of our emergency response obligation and capability, it is vital that we have the correct skills and equipment to be reactive.

As part of our Safe Ship Management System, training, practice emergency drills, systems audits and prevention plans are common practice with all of our vessels and crews. In the event of a spill, we need to be assured we can remedy it as soon as possible, and to the highest possible standard.

Regrettably we had seven spills this year, although the total volume discharged was substantially less than that of last year. With a total of 218 litres discharged this year, we were down on last year's total of 5,257 litres by over 95%. We acknowledge that 218 litres is still 218 litres too many, but it is encouraging to see such a significant reduction.

Of the seven spills that occurred this year, the only comfort we could take from them was that five of these were deemed to be unforeseeable, with several pin-sized leaks in vessel hulls and burst hoses. There were only two spills that resulted from human error, and both of these spills resulted from the overfilling of fuel tanks.

Following the Pacinui spill in January, revised procedures for vessel refueling have been implemented, using input from crew. The San Hauraki spill in April occurred due to miscommunication between crew members which resulted in an on-land tank overflowing with a small quantity running into the harbour. A full clean-up was conducted resulting in no adverse affects to the environment. From the lessons learnt in this incident, an updated Marine Oil Spill Contingency Plan has been implemented on board the vessel.

Infringements and Prosecutions

All of these spills were reported to the appropriate regional councils. Four were issued with infringement notices. Both of the Ocean Breeze spills, the Pacinui spill and the San Hauraki spill all received infringement notices on the basis of breaching Section 338 of the Resource Management Act 1991.

Although infringements were issued Sanford received no prosecutions for these spills.

Last year we reported on a major spill occurring from the San Enterprise with Sanford due to be prosecuted under sections 338 (1B) and (15B) of the Resource Management Act 1991. The spill that occurred in May 2012 with over 3,000 litres of light fuel oil spilled into Timaru Harbour has now been finalised with Sanford incurring a \$30,000 fine, plus \$38,728 (clean-up) expenses. Sanford was described by the Judge as "a responsible corporate citizen" that quickly identified the source of the leak and put considerable efforts into the clean-up.



The weir and disc skimmer in action.

Spill Drill

On 23 October 2013, Sanford along with Port Marlborough, Marlborough District Council and Maritime NZ, conducted a Marine Spill Drill in Nydia Bay.

The process is complex involving many parts of equipment and stages. The day was successful, demonstrating excellent teamwork from all parties involved. It was reiterated by the Deputy Harbour Master that during any major spill, the industry and the oil response team would have to work together to clean and protect certain areas. An opportunity like this is valuable in ensuring we work well as a team to provide a quick response.

Date	Vessel	Cause	Type	Location	Amount (L)
October 2012	Ocean Breeze	Mechanical fault	Hydraulic Oil	Lyttelton Harbour	6
October 2012	Ocean Breeze	Small crack in fuel tank	Diesel	Lyttelton Harbour	150
January 2013	Pacinui	Fuel tank overflowed	Light Fuel Oil	Timaru Harbour	35
February 2013	San Nikunau	Small leak in fuel tank	Diesel	Tauranga Harbour	1
February 2013	San Nikunau	Small crack on welding in stern	Diesel	Tauranga Harbour	1
April 2013	San Hauraki	Fuel spilt while transferring fluids	Oily Bilge Water	Bluff Harbour	5
May 2013	Christmas Creek	Unknown – several possible causes	Diesel	Tauranga Harbour	20
2013 Total					218
2012 Total					5,257

Table 14: List of spills

Protected and Vulnerable Species

As a nation, we are fortunate enough to be home to a vast array of seabirds, including most of the world's albatross, petrel, shag and penguin species. Many of these species are considered threatened, with fishing related fatalities considered a key threat. Seabirds like catching fish as much as Sanford crew; so it is only natural that they are attracted to our vessels while fishing at sea. Although the birds are attracted to the idea of scoring an easy meal, it places them at risk of being caught on baited hooks or tangled in fishing gear.

INCIDENTAL CATCH
SEABIRDS

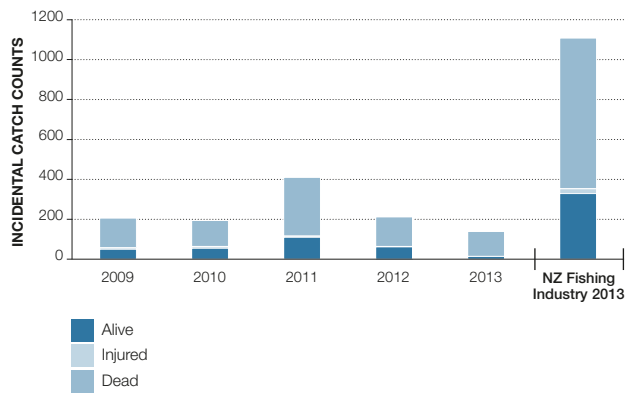


Figure 15
Source: MPI Database (2009 data from Sanford).

INCIDENTAL CATCH
MARINE MAMMALS

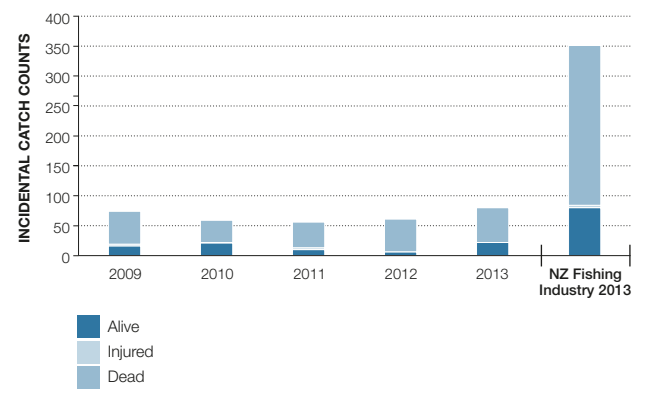


Figure 16
Source: MPI Database (2009 data from Sanford).

It is important for us to benchmark our performance in relation to seabird and marine mammal mitigation. We therefore graph our incidental catch counts (see Figures 15 and 16) so we can evaluate our progress against the NZ fishing industry and assess the effectiveness of our mitigation methods.

Due to our continued mitigation efforts, the graphs demonstrate that marine mammals have remained similar to the previous years and the total incidental catch of seabirds has significantly dropped again this year. At Sanford we take protected species by-catch minimisation extremely seriously and are constantly promoting awareness, making alterations and trialing different methods all aimed at reducing the incidental catch rate.

Protected and Vulnerable Species

Seabird By-Catch Mitigation

Raising Awareness

Aligning with this, Sanford has teamed up with Interislander to help increase public knowledge on the importance of New Zealand's seabirds, with a focus on recreational fishers. All three Interislander ferries now proudly display a large seabird educational panel, along with brochures providing more information and advice for recreational anglers on keeping seabirds safe while fishing. Due to the canyon system beneath the Cook Strait, it is a prime location for seabirds, and consequently for raising seabird awareness.

The Interislander marketing team has been impressed with the interest in the initiative and have already needed to print more stock.

Seabird Preventative Practices

The San Kaipara is Sanford's small long line vessel that fishes primarily for snapper within the sheltered waters of the Hauraki Gulf. She is 18m length and has a crew of four. Her normal voyage is three nights out before landing the fresh fish that is air freighted on the day of landing.

While the Hauraki Gulf does not have the high seabird numbers that our skippers further south are likely to experience, it has some of the rarest birds in New Zealand.

The San Kaipara has tori lines which are streamers that fly behind the vessel and scare birds. We take great care not to catch black petrel, an endangered seabird that last year was classified as the most at risk from fishing related mortality. Crew regularly attend seabird courses to upskill their knowledge about what they can do on vessels to prevent seabird captures. These courses include information on the habits and lifestyle of the sea birds like black petrel to give them an understanding of special birds in the Gulf.

Black petrels are seasonal travellers. Once hatchlings have fledged after 100 days with their parents, they fly to South America.

Males return to the same burrows every year and normally mate for life, but a 12% annual divorce rate has been recorded.

The only recorded breeding sites are on Little and Great Barrier Islands.



Image of a mollymawk (albatross).

San Kaipara carried Susan; an observer who came on board to audit the speed at which the fish hooks sink to depths beyond the range of diving seabirds. Research carried out by a seabird specialist shows that black petrels from Great Barrier Island dive to a maximum depth of 28 meters but normally go to about 16 meters.

The challenge for our fishers is to set their hook line at a speed fast enough so that birds don't get entangled – the fishers are experts in their job and with the help of scientists and physics have calculated just how quickly their baited hooks need to sink.

Susan clipped time depth recorders along the backbone of the longline, and recorded the depth the weight dropped at 5, 10 and 15 meters underwater, as well as the distance from the point the weight left the vessel to when it sunk to the desired depth. The recorders were spaced between the weights and recorded the variability in sink rates along the line.

We also dye the bait so that foraging seabirds are less likely to see it. We know that international best practice for sink rates is 0.3 meters a second and for lines to be at least 10 meters deep by the time the hooks get to the end of the airborne extent for the tori line – on both counts the San Kaipara's on the water performance was excellent.

Net Restrictors

Further south, the crews on Sanford's scampi vessels are trialing net restrictors on their triple-rig vessels. The trials are part of a project to reduce the number of seabirds incidentally caught at the scampi fishing ground.

Due to the nature of scampi fishing, the scampi fishery is ranked to be the second highest for seabird by-catch in New Zealand's trawl fisheries. To help improve this, four Sanford employees attended the Scampi Seabird Mitigation workshop early last year.

As a result of this workshop, Vessel Manager, Simon Gibb suggested the concept of restricting the opening of the net. The use of a net restrictor prevents the mouth of the net from opening wide during shooting and hauling, and consequently should reduce the number of seabirds caught. Skipper John Finlayson put this suggestion into practice and developed the idea further. We now have two or three vessels trialing the net restrictors at any one time and have been doing so since April 2012.

As Simon describes it, the opening has gone from a "big yawning mouth to a tight little grin" decreasing the opening by approximately 80%. Although it is difficult to prove the effectiveness of the restrictor, Simon believes that reducing the net opening so significantly, must reduce the risk of bird capture, particularly as the centre net is a problem area.

Our Outputs

Sanford is proud of the outputs that result from Our Resources, Our Operations and Our Impacts. All areas of the Company follow rigorous processes and procedures to ensure all of our products are produced to the highest possible standard whilst meeting stringent health, safety and environmental criteria.

One of our key focuses this year has been the development of new fishing technologies. The knowledge we gain from research and development assists us in striving to be a leader in the New Zealand seafood industry.

Our Outputs include:

- Products
- Financial Position
- Iwi Collective Partnership
- Industry Leadership



"At Sanford I enjoy working with a great bunch of people, as well as bringing about positive changes that increase efficiencies and streamline processes."

FIONA SPENCER
CHRISTCHURCH ACCOUNTANT

\$20.4_m

Profit for the year

\$463_m

Revenue

78,953_t

Total production

Products

Sanford focuses on product quality through a process of continuous improvement. Product quality is critical in business because it ensures customer satisfaction and improves the perception of the Company's brand.

Production Performance

Key Points

Overall production was down 12% on last year's total. This reduction was made up from the following:

- Total aquaculture production was down 21% due to slow mussel growth and conditioning, therefore less raw product.
- Overall deepwater frozen-at-sea (FAS) production decreased by 10% due to the San Tongariro vessel conversion back into a fresh-fish vessel, catch performance of the San Aotea II whilst at the South Georgia fishery not going as planned, and the San Enterprise fishing in Australia (refer to page 27)
- Inshore production was down by 14%; the main contributor to this was the lower-than-expected catch of jack mackerel for the second half of the year. This had a flow-on effect to our Tauranga operation, which was down 21% on production volume this year.

Apart from exporting our product, another important part of our business is the Auckland Fish Market.

The Auckland Fish Market has been part of Sanford since 2004. Fish is supplied to the market from our vessels, as well as other catchers and suppliers from New Zealand. Fish is laid out on display in a chiller for inspection by potential buyers from 5 a.m. every weekday.

Availability of fresh seafood in Auckland has improved significantly since the auction started, and now sells over 50 different species of fin-fish, shellfish and crustaceans.

Registered buyers arrive at the Auckland Fish Market or go online to purchase bins of fish in a 'Dutch' style auction (auctioneer begins with a high asking price, it is then lowered until a participant is willing to accept the auctioneer's price). Fishmongers, restaurateurs, supermarkets, fish and chip shop owners, agents purchasing on behalf of clients – all head to the auction looking for the freshest and best value seafood. It is a one-stop shop for all their seafood buying needs.

The market has always had the ability to store live fish, however the challenge is ensuring we have a secure supply. With the trials of our new venture 'Precision Seafood Harvesting' (page 47); this has increased the volume of live fish to sell in the auction.

Interest in this part of the market has increased, with suppliers feedback and price being very positive indicators that there is a demand for this product.



“Fish health and welfare is important to the Auckland Fish Market. Having a Bachelor degree in Aquaculture and Marketing, has enabled me to observe the well-being of the live fish to ensure they are kept happy and stress free.”

MIKE SPRAGUE
AUCKLAND FISH MARKET MANAGER

1. Auction floor, Auckland Fish Market.
2. Live trevally, Auckland Fish Market.
3. Auction, Auckland Fish Market.



Financial Position

Summary

While the Company's full-year results for 2013 are disappointing given the Board's higher expectations 12 months ago, a stronger market outlook and improved operating projections indicate a strong prospect of improved returns in future years.

Profit for the year of \$20.4m was slightly above last year's result of \$19.7m and was achieved once again in the challenging exchange rate environment of the strong New Zealand dollar. EBITDA decreased 5% from \$50.1m to \$47.4m with a number of sectors failing to perform to expectations in the second half of the year.

The inshore operation had a challenging last six months with the result below expectations. The year started well with good catches and strong demand for most species, especially skipjack tuna, where prices were greater than expected. A fire in the Timaru coldstore in May affected the timing of sales and expenses for the Timaru operation. Tauranga also had a difficult last quarter with jack mackerel catches well below previous years.

The performance of the Pacific tuna operation mirrored the results from the previous year, with the final contribution below expectations. Tuna prices reached a new record high at the start of the year. These higher prices were not sufficient to offset the lack of catch, with two of the three vessels being out of operation for extended periods again this year.

The aquaculture operation delivered an improved performance on last year, but was still below expectations, despite a good result from salmon operations. The primary cause was reduced mussel volumes.

Please refer to the 2013 Annual Report which contains detailed data for the 2012/2013 financial year. This report and previously published Annual and Sustainable Development Reports are available on our website at www.sanford.co.nz.

Financial Summary	2013 \$000	2012 \$000	2011 \$000	2010 \$000	2009 \$000
Revenue	462,644	459,957	463,954	421,087	433,091
EBITDA*	47,357	50,099	49,244	49,057	68,366
Depreciation and amortisation	(16,301)	(15,797)	(16,255)	(13,754)	(13,509)
Impairment	(4,226)	(2,610)	–	–	(1,383)
EBIT	26,830	31,692	32,989	35,303	53,474
Net interest	(8,171)	(10,196)	(10,607)	(5,780)	(6,788)
Net currency exchange gains	10,349	7,385	10,196	7,836	8,387
Net gain (loss) on sale of investments, property, plant and equipment and intangible assets	152	(150)	52	409	(35)
Profit before income tax	29,160	28,731	32,630	37,768	55,038
Income tax expense	(8,760)	(9,074)	(10,320)	(12,743)	(15,899)
Profit for the year	20,400	19,657	22,310	25,025	39,139
Non controlling interest	(39)	(42)	(24)	(21)	(64)
Profit attributable to equity holders of the Group	20,361	19,615**	22,286	25,004	39,075

Table 15: Five-Year Financial Summary

* Earnings before interest, taxation, depreciation and amortisation, impairment of investment, total currency exchange gains (losses) and profit of investments and long term assets.

** The 2012 profit has been restated in relation to the adjusted purchase gain recorded by NIML (refer to Note 13 in the Annual Report for more information).

\$94 million
paid to employees
and vessel crew

These payments are often a major contribution to the local communities in which we operate.

\$12.6 million
New Zealand income
taxes paid

The amount of the Company's profit paid in tax to the New Zealand Government, excluding tax on employees' wages and salaries.

\$555 million
total equity

The amount of total equity has remained consistent with prior years as shown in Figure 22.

\$225 million
on domestic purchases

Purchases from New Zealand suppliers are indicative of the Company's contribution to the domestic commercial economy.

3.7%
return on average
total equity

Slightly higher earnings this year has resulted in a similar return on average total equity.

\$204 million
balance of export earnings
over imported supplies

An increase of nearly 4% as shown in Figure 20.

Financial Position

Figure 18 shows the performance of Sanford's share price against the NZX 50 and the Total Shareholder Return (TSR) of Sanford stock. The TSR includes any dividends paid by the Company which have remained at 23 cents per share for 2013.

The current level of the USD exchange rate continues to be a significant challenge to the Company's earnings. The strong NZ dollar exchange rate resulted in lower NZ dollar receipts, resulting in a negative effect on earnings and the share price. Figure 19 shows that the Sanford share price generally moves in the opposite direction to the USD exchange rate.

CASHFLOW PAYMENTS 2013 (2012)

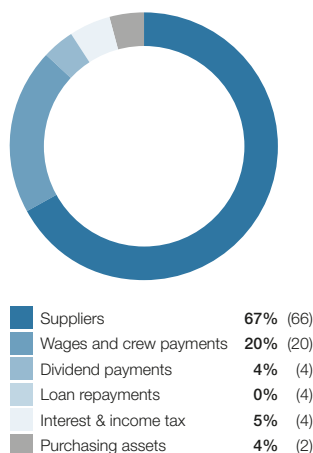


Figure 17

67% of our total payments is spent on paying for supplies such as fuel, maintenance, seafood purchases and transporting of products.

BALANCE OF EXPORT EARNINGS OVER IMPORTED SUPPLIES (NZ\$M)

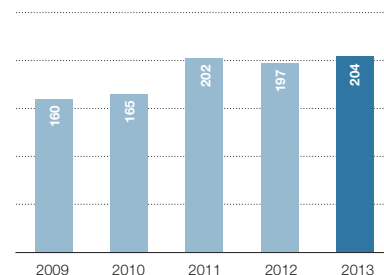


Figure 20

The balance of export earnings over imported supplies.

SANFORD SHARE PRICE PERFORMANCE RELATIVE TO NZX50

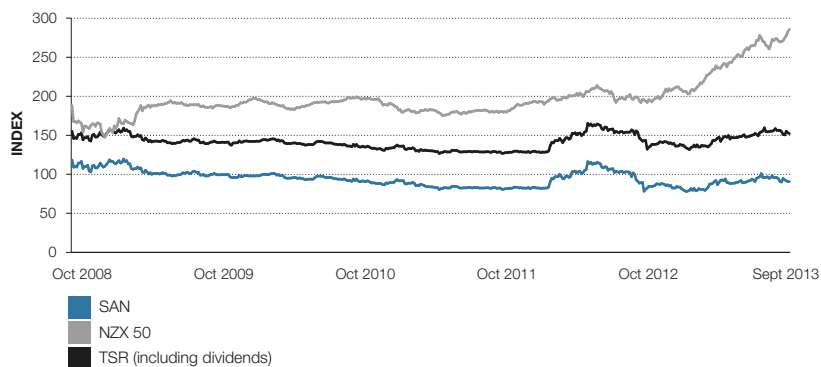


Figure 18

SANFORD SHARE PRICE PERFORMANCE RELATIVE TO US\$/NZ\$ EXCHANGE RATE

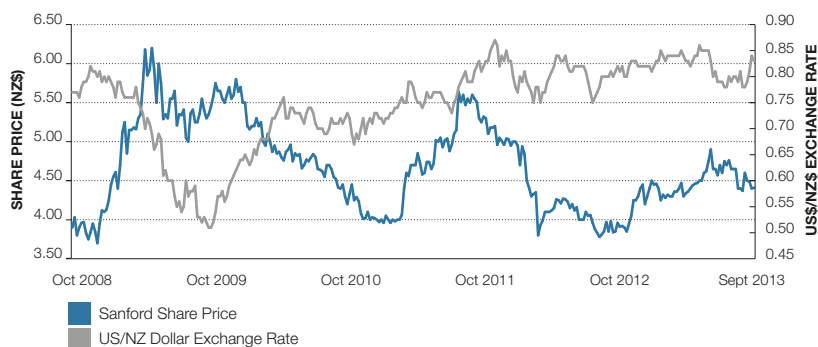


Figure 19

EARNINGS PER SHARE (NZ CENTS)

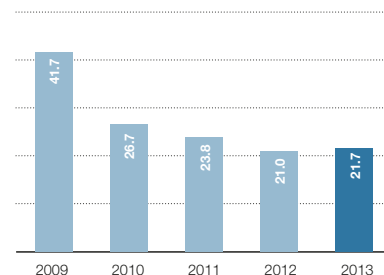


Figure 21

The 2009 value included a one-off gain.

TOTAL EQUITY (NZ\$M)

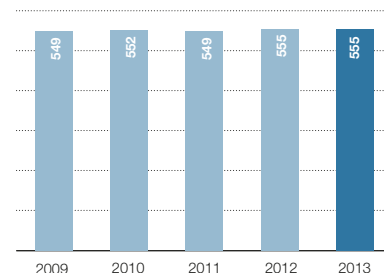


Figure 22

The strength of Sanford's balance sheet is one reason that enables the Company to maintain sustainable growth.

Iwi Collective Partnership

Sanford has an agreement with the Iwi Collective Partnership (ICP), a group of 12 North Island Iwi who have pooled their annual catch entitlement (ACE). Our partnership not only provides access to significant deepwater ACE, but the agreement also provides opportunities to build capability within the seafood industry.

The following story tells the success of Vincent Stewart, the recipient of the 2012 ICP scholarship, and his journey within the fishing industry after being awarded with a scholarship programme.

On the waka

Ask Vincent Stewart how his sea-legs are when he's on fishing boats and there's a laugh.

"Pretty average. I'm not too bad compared to some people. You get used to it after a while."

With no immediate family background in the fishing industry, he's been on a steep learning curve in all things to do with the sea after landing a job at Sanford. It's been a fast track from his interest in marine biology at school to studying science at Bay of Plenty Polytech and Waikato University to a crash course in seafood with many of the leading companies in the industry.

"I did marine science at school and that was one of my main interests."

Vincent (Ngati Awa) won a scholarship offered by Sanford and the Iwi Collective Partnership. This gave him the opportunity to spend eight weeks of paid work experience, which included everything from working as a deck-hand on a commercial fishing vessel to recording scientific information about various fish stocks.

"On the San Rakaia, I was a deck-hand for two weeks, which meant that my job was a lot of manual labour pulling in nets, sorting through different fish species and shoveling

ice. I learnt how fish are caught, hauled in and stored for preservation during the trip as well as knot tying and mending nets.

"At Sanford's factory in Tauranga I was put to work helping with sampling fish that had been caught. We sampled three species of jack mackerel, which meant taking 200 fish and recording their length and combined weight. We also took otoliths (age rings) from bluenose, snapper and tarakihi.

"The manager of Ngati Porou Fisheries, Mark Ngata, and Operations Manager, Tony Pereira, gave me a good insight into how the quota management system works and how quota between Iwi is traded."

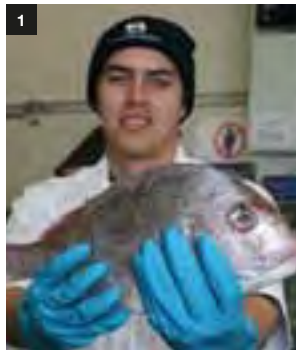
He also worked on mussel farms, maintenance vessels and a salmon farm in Stewart Island.

Sanford was so impressed with his stint with them a full-time job was offered after graduation. His title is Continuous Improvement Coordinator, which covers everything from improving work-place safety to providing NIWA with scientific data to help them manage fisheries stocks.

"I've been there for a while now and it's getting easier as I gain more experience. It's going great; they've provided me with a good job to get into the fishing industry."

And his favourite kaimoana? "Any raw fish. Can't beat my mum's raw fish."

- 1. Vincent Stewart, Auckland.
- 2. Sanford and the Iwi Collective Partnership.



Industry Leadership

World Ocean Council

Sanford remains as New Zealand's only company to become a member of the World Ocean Council (WOC), a step in the right direction for distinguishing ourselves as leaders in 'Corporate Ocean Responsibility'. WOC is a global alliance of leadership companies working towards a vision of healthy, productive and sustainable oceans. WOC is made up not only of fishing companies, but also includes shipping, oil and gas, aquaculture, tourism, renewable energy, ports, as well as the maritime legal, financial and insurance communities, and others.

Since becoming a part of the international industry leadership alliance that the WOC has formed, we have been working with colleagues in other leadership companies towards achieving the shared WOC goal. In April 2013, Sanford was fortunate to send a representative to attend WOC's Sustainable Ocean Summit (SOS) in Washington, D.C.

The summit was attended by approximately 220 ocean business community delegates from across the globe with an aim to catalyse the growing interest for more effective leadership, collaboration and business value in addressing shared ocean environmental challenges.

Some of the key sessions in the summit included, ocean policy, bio-fouling, port waste management, sea level rise, marine spatial planning and marine ecosystem management. In summary, SOS was a great opportunity to continue building Sanford's international relationships with other like-minded sustainable organisations. Ongoing membership with the WOC allows Sanford to continue communicating and collaborating with forward-thinking solution-driven businesses with an aim to improve the future for all ocean business communities.

Industry Leadership

Chatham Rise

Sanford, as part of the Deepwater Group, is challenging a proposal to mine in an underwater benthic protected area off the East Coast of the South Island. The Chatham Rise is New Zealand's most productive deepwater fishing area that runs between Christchurch and the Chatham Islands, an area on the Chatham Rise is protected under the Benthic Protected Areas law. Although this protection is in place, the future of the seabed is currently under threat.

In 2007 Benthic Protected Areas (BPAs) were passed into law, an initiative from the fishing industry involving the protection of the largest area of seabed in the world. Under the BPA plans, the deepwater fishing industry agreed to zero bottom trawling or dredging in 17 different areas within New Zealand's Exclusive Economic Zone (EEZ) in a bid to protect our marine environments. BPAs now account for 32% of the EEZ, the majority of which are in pristine condition and through this protection are guaranteed to stay this way.

Despite the BPA, a New Zealand company, Chatham Rock Phosphate Limited (Chatham Rock), lodged a proposal with the Environment Protection Authority in August to mine for phosphate in the Chatham Rise. Chatham Rock is seeking to extract phosphate for fertiliser use by vacuuming up large tracts of the Chatham Rise seabed, and returning the debris to the sea. Seabed mining at this depth has never been done before anywhere in the world, risking an entire eco-system to experiment with untested techniques. Chatham Rock agrees that everything in the direct line of the drills will be killed. What no one knows is the long-term effect of dumping the dirty cloud of debris back into the sea after the phosphate has been extracted.

Along with destroying the seabed, the mining of Chatham Rise could potentially have a disastrous affect on New Zealand's hoki stocks. Scientists believe that the Chatham Rise is New Zealand's only known juvenile hoki nursery. Evidence shows that all young hoki migrate from the spawning grounds off the

West Coast and Cook Strait to the Chatham Rise. Last year hoki fishing made \$195m in export earnings adding significant value to the New Zealand economy. To ensure the continued success of this species, it is vital that this area is protected.

Through the BPA, the fishing industry persuaded the Government to "fence off" a significant chunk of our seabed in attempt to preserve these "parks". We protect these areas for a reason. They represent a full range of marine seabed habitats and ecosystems, and protecting this helps us secure a sustainable seafood industry. It makes a mockery of our attempts to protect these benthic habitats if Chatham Rock is permitted to mine in this area with no guarantee that any economic benefits will stay in New Zealand, and no certainty that the fish stocks will not be damaged.

We hope the Environment Protection Authority will see sense and say unless they have better baseline monitoring and research that shows this is safe, it's not worth risking the hoki nursery.

Precision Seafood Harvesting

Precision Seafood Harvesting is a revolutionary new technology that has been developed in order to enhance the sustainability and value of our commercial fish harvesting operations. Current fishing methods use trawl technology; nets that drag behind the vessel and have poor selectivity resulting in by-catch of fish that are too small for commercial harvest or species for which vessels do not have quota. Trawling also produces seafood quality outcomes that have fallen below those being achieved by long-line harvesting and aquaculture.

In a bid to improve the performance of harvesting with respect to by-catch and quality, Sanford, Sealord and Aotearoa Fisheries formed a partnership to invest \$26 million into the Precision Seafood Harvesting project. This project is also being funded under a Primary Growth Partnership with the New Zealand government, which is matching industry investment.

The Precision Seafood Harvesting programme was set up in April 2012 and will run for six years to commercialise this new technology. As part of the programme, the Partnership has been working with scientists at Plant & Food Research to develop and trial the new technology on company owned commercial fishing vessels. Using underwater cameras to analyse trawl fishing methods, the scientists are working to develop methods that will allow any species that can't be selected out underwater, to be brought to the surface alive where they can then be returned unscathed.

The Precision Seafood Harvesting objectives are to allow vessels to target specific species and sizes by replacing components of the traditional trawl nets. Using a large, flexible PVC liner, fish will be sorted for the correct size and species before being landed on board the vessel. The liner is complete with 'escape portals' allowing smaller fish to swim free unharmed. Not only does this break-through technology land fish alive, it also means fresher, more sustainable fish for customers.

All three partners have been successfully trialing the new method for six months with very positive results. Sanford's General Manager Operations Greg Johansson believes that this new technology is just the start of a more sustainable industry and will lead to opportunities to further enhance fishing practices, be it vessel layout or supply chain management. He also believes these improvements will have significant flow on effects, not just for the fishing grounds, but throughout the industry. This will increase the value of all New Zealand seafood products when the global markets see that we're taking a big step forward by using a more environmentally-friendly way of harvesting.

"This is the biggest step forward for commercial fishing in 150 years. What we've developed in New Zealand has huge benefits for fish stocks, the environment, consumers and New Zealand's seafood industry. In the process we're set to change the global fishing industry for the better"

– Eric Barratt, Managing Director



1. New Precision Seafood Harvesting technology.
2. Live snapper on the deck, trialing new Precision Seafood Harvesting technology.



Assurance Report



Independent Limited Assurance Report to the Directors of Sanford Limited

We were engaged by the Board of Directors of Sanford Limited (“Sanford”) to perform a limited assurance engagement in relation to Sanford’s Sustainable Development Report for the period 1 October 2012 to 30 September 2013 (“the Report”). Our assurance engagement involves providing a limited assurance conclusion on:

- The “Selected Sustainability Information”, as defined below, prepared in accordance with the Global Reporting Initiative (“GRI”) G3.1 reporting principles and guidelines; and
- The self-declared GRI application level assertion of B+, presented in accordance with the GRI application level requirements for B+.

Selected sustainability information

The “Selected Sustainability Information” covers the collation and presentation of the significant indicators and claims made in the Report.

We have not been engaged to provide assurance over any comparative indicators outside of the reporting period.

Management responsibility

Management is responsible for the preparation and presentation of the Report in accordance with the criteria set out in the GRI G3.1 guidelines, for each of the principles of materiality, stakeholder inclusiveness, sustainability context and completeness. Management is also responsible for determining Sanford’s objectives in respect of sustainability reporting and for establishing and maintaining appropriate performance management and internal control systems from which the information is derived.

Our responsibility

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements ISAE (NZ) 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. This standard requires that we comply with the requirements of Professional and Ethical Standards issued by the External Reporting Board of New Zealand, and implement quality control procedures that are applicable to the engagement.

Assurance approach

We planned and performed our work to obtain all the evidence, information and explanations we considered necessary in relation to the above scope. A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate.

Our procedures included:

- Enquiries of Sanford personnel to understand the process for deriving the “Selected Sustainability Information”;
- Analytical review and other testing to assess the reasonableness of the information presented;
- Comparing the GRI index table, referenced in the Report, to the requirements of the GRI G3.1 guidelines; and
- Overall sense check of the Report against our findings and understanding of Sanford.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

**Use of our report**

Our assurance report is made solely to the Directors of Sanford in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Sanford those matters we have been engaged to state in this assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than the Directors of Sanford for our work, for this assurance report, or for the conclusions we have reached.

Independence

KPMG has also provided financial statement audit and other advisory services to Sanford. The Partners and employees of our firm may also deal with Sanford on normal terms within the ordinary course of trading activities. These matters have not impaired our independence in respect of this engagement. The firm has no other relationship with, or interests in, Sanford.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that:

- The "Selected Sustainability Information" has not, in all material respects, been prepared in accordance with the GRI G3.1 reporting principles and guidelines; and
- The self-declared GRI application level assertion of B+ is not presented in accordance with the GRI application level requirements for B+.

Our assurance engagement was completed as at 25 November 2013 and our conclusion is expressed as at that date.

A handwritten signature of the KPMG firm, appearing as 'KPMG' in a stylized, cursive script.

KPMG
Auckland

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.

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 eco-systems 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 fish stocks is ratcheted, i.e. the rate increases in line with the percentage 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.

EBIT

Earnings before interest and taxation.

EBITDA

Earnings before interest, taxation, depreciation and amortisation, impairment, total currency exchange gains/losses and profit on disposal of investments and long-term assets.

Exclusive Economic Zone (EEZ)

The EEZ comprises 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.

Environmental Management System (EMS)

EMS is a framework that helps a company achieve its environmental goals through consistent oversight of its operations. A company's EMS is tailored to its specific business and goals.

Fishery Management Area (FMA)/Fish Stocks

There are 10 FMAs within the EEZ which form the basis for each fish stock in the Quota Management System. For some stocks FMAs are amalgamated. The fish stock is the combination of the species and area. For example, snapper in FMA 1 is fish stock SNA 1.

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, issuing fishing permits, vessel registrations, registration of ACE transfers and processing of fishing returns.

Global Reporting Initiative (GRI)

GRI is a comprehensive sustainability reporting framework that enables all organisations to measure and report their economic, environmental, social and government performance – the four key areas of sustainability.

Greenhouse Gas Emission (GHG)

A greenhouse gas (sometimes abbreviated to GHG) is a gas in an atmosphere that absorbs and emits radiation within the thermal infrared range. This process is the fundamental cause of what is known as the greenhouse effect.

Individual Transferable Quota (ITQ)

ITQ is the fundamental proportional property owned in any commercial fish stock in the QMS and generates 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.

Iwi Collective Partnership (ICP)

The ICP is a formally constituted body of 12 North Island Iwi who have pooled their quota and in respect to their deepwater ACE, have formally agreed to engage with Sanford over its use.

Lost-time injury frequency rate (LTIFR)

LTIFR is measured as the number of lost-time claims per million hours worked and allows analysis of the number of such claims irrespective of the size of the workforce.

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.

Ministry for Primary Industries (MPI)

A new Ministry formed from the merger of the Ministry of Agriculture and Forestry, the Ministry of Fisheries and the New Zealand Food Safety Authority. Some of its key functions include: being the Government's principal adviser on fisheries and aquaculture management, providing or purchased services to maintain the effective management of New Zealand's fisheries, protecting consumers of New Zealand food (whether here or overseas) and providing effective food regulation for food produced or consumed in New Zealand, including imported and exported food products.

Quota Management System (QMS)

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

Seafood New Zealand (SNZ)

Seafood New Zealand provides a range of services that add value to the New Zealand seafood industry by providing one voice on whole-of-industry matters. Seafood New Zealand's core services support these industry sectors by: retaining and advancing cost-effective access to our international and domestic seafood markets, protecting and promoting the New Zealand seafood industry and its reputation and protecting and promoting the opportunity and right to produce seafood.

Southern Seabird Solutions Trust

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 fish stock, determined before taking into account interests in the fisheries.

Total Allowable Commercial Catch (TACC)

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

Western and Central Pacific Fisheries Commission (WCPFC)

The WCPFC comprises 25 members along with 8 participating territories that have established a Commission for the conservation and management of highly migratory fish stocks in the Western and Central Pacific Ocean.



Sanford welcomes your comments on our 2013 Annual and Sustainable Development reports

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 or you can fax to +64 9 309 1190, or email to info@sanford.co.nz.

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) How did you access the Annual Report? Printed Website

4) How did you access the Sustainable Development Report? Printed Website

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

Annual Report	<input type="checkbox"/> Printed	<input type="checkbox"/> Website	<input type="checkbox"/> Not at all
Sustainable Development Report	<input type="checkbox"/> Printed	<input type="checkbox"/> Website	<input type="checkbox"/> Not at all

If you wish us to action this request, please complete 8) below.

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

7) What stakeholder group do you belong to?

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<input type="checkbox"/> Contractor/supplier	<input type="checkbox"/> Community member	<input type="checkbox"/> Other (please specify)

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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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Board and Management Directory

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 E F Barratt, Managing Director
 E M Coutts
 M G Cowsill
 P J Goodfellow
 W B Goodfellow
 P G Norling

Management Team

E F Barratt Managing Director
 V M Hunt Executive Assistant

Finance and Administration

D C McIntosh General Manager
 S D Houliston Financial Controller
 N L Evans Environmental & Sustainability Manager

Marketing and Development

V H Wilkinson General Manager
 A C Stanley Product Development Manager
 K M Thompson Quality Manager

Marketing

M J Comber Senior Market Manager / Market Manager Europe
 P B Cox Market Manager Americas
 H I Kwon Market Manager Asia
 J Pearce Market Manager Fresh Chilled & Oceania
 A Leal Market Manager Pacific / Middle East & South America
 D K Cawdron Logistics Manager
 D A Stewart Shipping Coordinator

Australia Seafood Segment

A E Nicholls Australia, General Manager

New Zealand Seafood Segment

G L Johansson General Manager Operations
 D C Evans Corporate Compliance Manager Fisheries and Marine
 A E Undorf-Lay Industry Liaison Manager

Inshore Fishing and Processing

S L Walsh Manager
 R S Zhang Accountant

Auckland

M J Sprague Auckland Fish Market Manager
 J M Cooper Auckland Seafood School Manager
 J H Fitzgerald Vessel Manager
 M E Hall Production Manager
 B D Stubbs Services Manager

Tauranga

S D Keeves Manager
 D C Cowdrey Vessel Operations
 D N Anderson ECS Coldstores Manager

Timaru

G J Day Manager
 J W Routhan Logistics Manager
 I Ryder Processing Manager
 S Brown San Won Limited Manager

Deepwater Fishing

D J Shaw Manager
 J P Martyn Accountant
 S C Coles Charter Manager
 A D Adamson Quota Manager
 S Collier Freezer Vessel Manager
 S J Gibb Freezer Vessel Manager
 L A Cowan Freezer Vessel Manager
 M T Harvey Freezer Vessel Manager
 D V Jurasovich Freezer Vessel Manager
 D M Craig Engineering Manager

Aquaculture

E J Culley Manager
 B W Champion Accountant

Havelock

W R MacDonald Manager
 A M J Tenerau-Love Shift Manager – Dayshift
 S I Lamb Shift Manager – Nightshift
 S S Dyer Plant Engineer
 Z Charman Farming Operations Manager
 D A Condon Spat Catching & Development Manager
 P Hawke Harvesting Coordinator
 D Herbert Seed & Spat Manager
 J Higgins Farm Support Services Manager
 R Roberts SPATnz Manager

Christchurch

T J Denley Manager
 G D Boyd Factory Manager
 M K Stark Engineering Manager

Bluff

T M Foggo Manager
 W J Crighton Assistant Manager
 S Ramsay Fish Factory Manager
 R Goodman Operations Manager
 N W Smith Salmon Portioning Factory Manager
 P J A Nicholson Salmon Farm Manager
 R Parry Mussel Farm Manager
 P M Buxton Hatchery Manager

Pacific Tuna

M C de Beer Pacific Tuna Manager



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