

Planet - People - Prosperity

Leading progressive food producers committed to a sustainable future



75 YEARS



Stronger together

Silver Fern Farms Co-operative Limited encompasses more than 6,000 ordinary shareholders and 3,400 rebate shareholders throughout New Zealand, who together supply sheep, beef and deer to Silver Fern Farms Limited.

Our Co-operative exists to lead progressive food producers, committed to a sustainable future.

In order to achieve our vision, of innovating to meet the highest possible standards of sustainable farming practice, we have developed three strategic pillars. We want to grow our Co-operative with suppliers who align in market focus and strive towards sustainable farming practice.



PLANET

World class sustainable farm practices led by evolving consumer preferences

Leadership in transitioning towards low carbon production across our sphere of influence.



PEOPLE

Instill a culture of best in class governance

Deliver effective governance extension for current and up and coming governors

Offer scholarship opportunities that support our people and their communities.



PROSPERITY

Delivering a compelling shareholder value proposition

Transparent and authentic relationships with all stakeholders

Delivering consistent returns on equity

Ensuring the integrity of the Partnership's founding documents are maintained.

We believe it is important that farmers continue to have a say in their red meat processor, marketer and exporter, to ensure it is founded in mutual long term value creation, and achieving this can be done through your ownership in Silver Fern Farms Co-operative.

Why become a shareholder?

A strong Silver Fern Farms underpinned by a stable and loyal livestock supply base is better able to grow value with customers in global markets.

This growing of value is of benefit to our Co-operative as a sustainably profitable Silver Fern Farms returns dividends for our Co-operative to distribute to our shareholders.

We believe the regular distribution of a dividend to Co-operative shareholders combined with a patronage reward to supplying shareholders will encourage further loyal supply over time and will generate demand for shares from non-shareholder suppliers and under-shared suppliers.

Silver Fern Farms Co-operative intends to distribute the majority of future dividends that it receives to shareholders through a combination of dividends to all shareholders (both ordinary and rebate) and a patronage reward only to Co-operative shareholders who supply livestock to Silver Fern Farms. The aim is to encourage suppliers of livestock to Silver Fern Farms to also become shareholders in the Co-operative, and unlock additional value.

In addition to distributions, shareholder suppliers will receive shareholder supply benefits, which you can read more about in this booklet.

Dividend and Patronage Reward Pools

The shareholders' agreement between the Co-operative and Shanghai Maling sets a minimum payment of 30% of Net Profit After Tax (NPAT) as a dividend annually. This dividend will be split 50-50 between Silver Fern Farms Co-operative Limited and Shanghai Maling.

In turn, the intention is for the Co-operative to distribute the money dividend it receives to its ordinary and rebate shareholders through a dividend and a patronage reward. The Co-operative would make these payments once any funds required for retention within the Co-operative have been determined by the Co-operative Board.

The payment time frame will normally occur after the Co-operative's Annual Meetings which are expected to take place during the second quarter of the calendar year. The Co-operative has a financial year ending 31 December.



SHAREHOLDER BENEFITS

Planet

World class sustainable farm practices led by evolving consumer preferences

Preferential access to value-added programmes, which match consumer preferences to sustainable farm practices.

VALUE-ADDED PROGRAMMES


RESERVE



100% Standard

- Beef
- Lamb
- Angus
- Venison

100% STANDARD

Leadership in transitioning towards low carbon production across our sphere of influence

There are significant opportunities in Carbon for New Zealand grass-fed red meat producers. In 2019 we identified this opportunity to create value for shareholder suppliers and kicked off with a carbon pilot of 17 diverse farms from across New Zealand. Importantly, each one was a Silver Fern Farms Co-operative shareholder.

Thanks to funding support from MPI’s Sustainable Food and Fibre Futures Fund we were able to hold two workshops on carbon. We were able to identify and better understand all greenhouse gas emissions on farm using Overseer, and assess vegetation types on these farms and their sequestration rates.

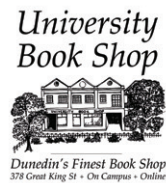
By understanding each farm in detail we could explore where additional value might sit, either by balancing total farm emissions against sequestration for carbon-neutral product claims, or creating long term partnerships between shareholders and those companies wishing to purchase carbon credits. We also worked with Toitū Envirocare throughout the project to help develop their farm carbon certification tool, and the pilot farms are all now on a path to achieve certification. This aligns with the Toitū Envirocare Carbon Reduce certification already held by Silver Fern Farms Ltd, as the first red meat processor in New Zealand with a certified carbon footprint.

The pilot has now crystallised into Silver Fern Farms Ltd’s Net Carbon Zero supply group, with the first Net Carbon Zero certified red meat product already on shelves in US supermarkets. We continue to explore a service offering to eligible shareholders that might include on-farm measurement, verification, and support to manage and optimise the value of on-farm carbon.



Silver Fern Farms Co-operative is proud to have partnered with the University Book Shop to offer a range of seasonal books at fantastic prices exclusively for Silver Fern Farms shareholders.

You can access the entire UBS range online or in their Dunedin store, with great deals for shareholders on handpicked books across a variety of genres. Explore the Green and Enviro section for a selection of books that reinforce the need to focus on our planet.





SHAREHOLDER BENEFITS

People

**Instil a culture
of best-in-class
governance**



**Deliver effective
governance extension
for current and up and
coming governors**

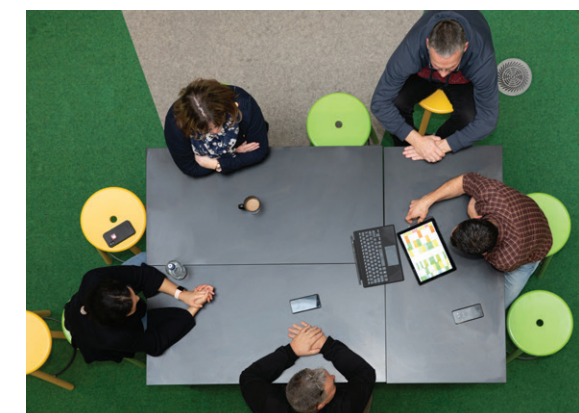
To The Core — Leadership and Governance Development Programme

This unique and award winning programme has been designed for Silver Fern Farms, Farmlands and LIC shareholders and gives participants an opportunity to learn more about governance in our co-operatives, as well as develop skills needed to operate at board level.

The programme is held in Christchurch during May/June each year, covering 3 days with a wide range of topics presented by experienced governors and the Chief Executives Officers from each Co-operative, together with presenters from external boards.



**Offer scholarship
opportunities that
support our people and
their communities**



The Robbie Burnside Governance Scholarship is supported by Silver Fern Farms Co-operative. The scholarship will cover up to 50% of the cost of the approved programme, to a maximum of \$10,000. The programmes provide the opportunity for Silver Fern Farms Co-operative shareholders to gain knowledge, skills and experience to contribute as governors of co-operative agribusinesses. There are four programmes supported through the Scholarship.

- Fonterra Governance Development Programme
- Kellogg Rural Leadership Programme
- Agri-Women's Development Trust — Escalator Programme
- Mayfield/Co-operative Business NZ Governance Development Programme.



SHAREHOLDER BENEFITS

Prosperity

Delivering consistent returns on equity

The Partnership entered into between the Co-operative and Shanghai Maling in December 2016 was underpinned by the range of commitments made to each other, and how we jointly support Silver Fern Farms Limited into the future. A key requirement of your Co-operative board is to ensure these commitments and promises are delivered.

Transparent and authentic relationships with all stakeholders

You can read all of Silver Fern Farms Co-operative’s Annual Reports since 2013 on our website, or on Unlisted Exchange (USX).

2022

2022 yielded the strongest ever financial results for the Co-operative

6

Consecutive years of profitable returns

6

Consecutive years of dividend and patronage reward to supplying shareholders

Delivering a compelling shareholder value proposition

- Preferential access to Processing Space – which typically delivers better value for your livestock
- Priority access to livestock programmes and contracts – delivering a premium
- Distributions by the Co-operative with two pools; Dividend and Patronage Reward
- Invitations to events such as domestic and international in-market tours

You can read more about Co-operative distributions on the following pages.



Ensuring the integrity of the Partnership’s founding documents is maintained

Our supplying shareholders are also the people that are eligible to become Directors of our Co-operative. They are also the ones who make the selection of our Farmer-Elected Directors through the voting system. Our farmers remain at the heart of governance of our Co-operative and are also represented on the Board of Silver Fern Farms Limited.

Recent Dividend and Patronage Reward returns

Year	Dividend per share	Patronage Reward per share	Paid out
2017	2.8c	2.9	April 2018
2018	–	3.0c*	April 2019
2019	5.4c	6.0c	Aug. 2020
2020	5.5c	5.7c	April 2021
2021	12.9c	12.1c	May 2022
2022	23.2c**	21.6c	April 2023

*Not imputed.
**Includes interim dividend 10.1c paid November 2022

Distributions by the Co-operative

There are two pools:

DIVIDEND POOL

Will pay an amount per share owned across all ordinary and rebate shares.

Silver Fern Farms Co-operative Limited shares are traded on the Unlisted Exchange: www.usx.co.nz

PATRONAGE REWARD POOL

Will pay an amount per share owned across qualifying ordinary and rebate shares up to the share standard.

Exclusive to co-operative shareholders supplying livestock direct via our livestock reps.

Eligibility is subject to current minimum supply requirements set out in our constitution (400 SU annually), and the Patronage reward is based on shares owned at 31 December.

Share standard

To receive the full benefits of the patronage reward shareholder-suppliers will need to be 'fully shared' to the share standard.

The number of shares required to be fully shared are as follows:

- > **8 shares per SU supplied for the first 5,000 SU**
- > **3 shares per SU thereafter**
- > **Maximum number of shares required is 200,000.**



A lamb/bobby/mutton = **1 stock unit**



a deer = **6 stock units** and



a cattle beast = **12 stock units.**

Our objective is that a shared supplier receiving dividend and patronage reward will be approximately twice as well rewarded as a non-supplying shareholder.

The maximum size of the patronage reward pool is at the discretion of the board, and presently sits at 35%.

Supply loyalty over time, benefitting the operations of Silver Fern Farms Limited.

The patronage reward payment on a per share basis is intended to provide a supplying shareholder, who owns shares at the share standard, with a total return (dividend + patronage reward) approximately twice the dividend payment alone.

It is envisaged that this mechanism, alongside the other priority benefits offered to shareholder-suppliers, will incentivise under-shared and non-shared suppliers to acquire shares in Silver Fern Farms Co-operative.



Glide path

If an under-shared, non-shared or new supplier wishes to acquire sufficient shares to meet the share standard, they can either buy the shares, or agree to use all reasonable endeavours to buy these shares over a three year 'glide-path' period. If this second path is chosen the under-shared, non-shared or new supplier can have automatic access to the priority benefits of a fully shared supplier, for as long as they comply with the agreement. However, dividends and patronage rewards, and associated voting rights, will only apply to the actual number of shares held.

There is no cap on the number of shares held by any shareholder, other than those stipulated in the Co-operative's constitution (5% voting cap) or under the Takeovers Code. For very large suppliers, (who supply over 58,333 SU per annum), the maximum number of shares they need to own to have full access to the shareholder benefits programme is 200,000 shares. The patronage reward will be paid on the shares owned up to the share standard, which may be above the 200,000 shares.

How distributions can work

Take a look at how the patronage reward works across some possible scenarios, using the dividend and patronage reward figures from our 2022 result.

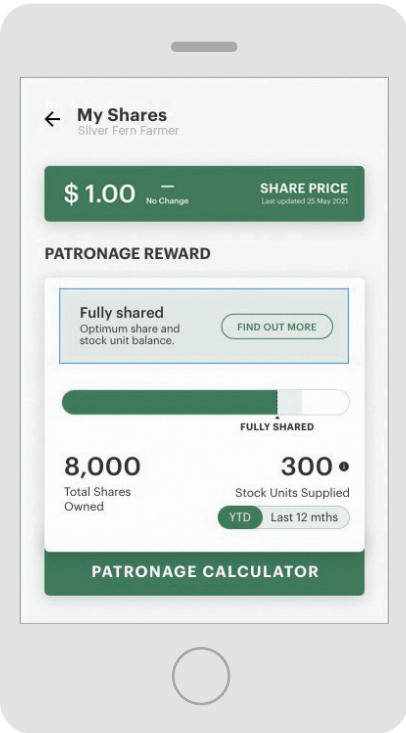
	UNDER SHARED	FULLY SHARED	OVER SHARED
Stock Units supplied (SU)	5,000	5,000	5,000
Share Standard	40,000	40,000	40,000
Shares Owned	30,000	40,000	50,000
Shares Eligible for Dividend	30,000	40,000	50,000
Shares Eligible for Patronage Reward	30,000	40,000	40,000
Example returns*			
Dividend per share	23.2c	23.2c	23.2c
+ Patronage Reward per eligible share	12.6c	12.6c	12.6c
Dividend (\$)	\$6,960	\$9,280	\$11,600
+ Patronage Reward (\$)	\$6,480	\$8,640	\$8,640
Total distribution	\$13,440	\$17,920	\$20,240
	The dividend is payable on 30,000 shares owned. The patronage reward is paid on 30,000 shares owned, below the share standard. This under-shared supplier could have increased their distribution by 33% if they were fully shared.	The dividend is payable on 40,000 shares owned. The patronage reward is paid on 40,000 shares meeting the share standard.	The dividend is payable on 50,000 shares owned. The patronage reward is paid on 40,000 shares owned up to the share standard, but not on the 10,000 over the share standard.

* Based on the \$33.5m Co-operative distribution (2022)

Calculating your share standard

Making future Dividend and Patronage Reward Payments

You can calculate your Share Standard using the share calculator on the Silver Fern Farmer website and mobile app.



You can access Silver Fern Farmer website and mobile app at:

www.silverfernfarmers.co.nz

or by downloading the app for iOS or Android on the App Stores.

To register for the Silver Fern Farmer app contact our Customer Services team on **0800 362 362** or email service@silverfernfarms.co.nz

Ownership of the Shares must be by the same legal entity that supplies livestock to Silver Fern Farms. This is to ensure compliance with the Co-operative Companies Act. Patronage Reward is a form of dividend that “discriminates” between supplying and non-supplying shareholders, and by law this can only occur if there is an identical supply/ shareholding relationship.

Please check your holding information with Link Market Services.

To ensure that your payment is made to your current bank account on the day of payment, you are encouraged to check your bank account and other holding details currently held at our share registry, Link Market Services Limited.

Payments will only be made by direct credit into your nominated bank account. If you wish to update your bank account details, you can do so online by visiting the Link Market Services Investor Centre at:

www.investorcentre.linkmarketservices.co.nz

You will require your CSN/Holder Number and Authorisation Code (FIN) to access your holding information. Your FIN is available via your sharebroker, or via Link Market Services.

Please note: Link Market Services may charge a fee to retrieve the FIN.

Your Co-operative Board of Directors

Our Farmer Elected Directors are all selected by you, our Supplying Shareholders. They are elected for a term of three years and can stand for a total of three terms. This can be extended to five terms if appointed Chair of the Co-operative, or Co-Chair of Silver Fern Farms Limited.

Annually, we seek nominations for elected positions. All nominees must be a supplying shareholder and supplied Silver Fern Farms at least 400 stock units for each of the previous two years. Following nominations, all applicants are assessed against our Governance Skills Matrix and interviewed by our Candidate Assessment Panel which includes external specialists. This output is then provided to you to support your decision making. Our eligible voters receive one vote per share owned.

The Board also appoints Independent Directors to the Coop Board and Operating Company Board. These appointments are made following extensive searches to find the best people available, and which have the skillset that the Board identifies as essential to ensure a well balanced team.

The Board also chooses to appoint a Farmer Director from time to time to support ongoing succession planning. These people must also be a supplying shareholder. Applicants undertake the same assessment process as our Elected Directors. These appointments are for a maximum period of three years, and during this time they cannot be appointed to the Operating Company Board.

Your Co-operative Board is responsible for appointing five members to the Operating Company Board, which sit alongside the five appointments from our Partner Shanghai Maling Aquarius. Our appointees must include a minimum of two Farmer Elected Directors and two Independent Directors. There is flexibility for the fifth appointment, but to date we have ensured this has been a third Farmer Elected Director.



Current Co-operative Board of Directors



Rob Hewett
Chairman,
Shareholder Elected Director

Rob became Chairman of Silver Fern Farms Limited in December 2013. He is the current Chair of Silver Fern Farms Co-operative

Limited and was elected to the Board in 2008. Rob farms 10,000 sheep and beef stock units on a breeding/finishing unit of 1020 ha in Manuka Gorge, South Otago. He is the chairman of Farmlands Co-operative Society Limited, New Zealand Woolscours Limited (Woolworks), Fern Energy Limited, Hilton Haulage Limited and Pioneer Energy Limited, as well as a Director of T&G Global Limited and Pulse Energy Limited. Rob is a past Council member of Lincoln University and previous Chair of the Strong Wool Action Group (now Wool Impact). He is a Chartered Fellow of the Institute of Directors and a graduate of Lincoln University, holding an MCom (hons) – (Marketing) and a BCom (Ag) (Economics).



Tim Gibson
Independent

Tim is Managing Director of Tūhana Consulting Limited. He is a successful international executive with strengths in strategy development and

implementation, stakeholder management, and building high performing teams. He has been a Chief Executive in Government and held Managing Director and senior executive positions in co-operative, and public companies.

Tim's career spans roles in the New Zealand Dairy Industry, in New Zealand, Asia and Europe. It includes Managing Director, Anchor (UK) Limited; Managing Director, North Asia, New Zealand Dairy Board; and Group Director Global Strategy, New Zealand Dairy Board.

Tim is Chair of the Port Otago Ltd (port and property); and a Director of Skills Consulting Limited (workplace training); Silver Fern Farms Ltd (New Zealand's largest meat processing and sales business); ManageMyHealth Global Ltd (online health management services); Tūhana Business & Human Rights Limited (consultancy and advisory services); and Omniece ("intelligent eye" livestock monitoring).



Adrian Ball
Board Appointed Farmer
Director

Alongside his wife Pauline, Tirau farmer Adrian runs Dennley Farms, a 196 ha fully integrated dairy and dairy beef finishing

farm supplying finished cattle to Silver Fern Farms. He is also the Chairman of Rahinga Dairies in Dacre, Southland.

Adrian and his wife were the recipients of the 2019 Gordon Stephenson Trophy which is part of the Ballance Farm Environment Awards. They were the 2019 National Ambassadors for sustainable farming and growing. He has also recently completed a strategy specialisation certificate at the Harvard Business School and an Advanced Directors course at the Institute of Directors New Zealand.



William Beetham
Shareholder Elected Director

William farms in Wainuioru, situated 15 minutes east of Masterton in the Wairarapa. He is the Managing Director of Beetham Pastoral Ltd, operating

two farms over 1,250 ha effective with semi-intensive sheep and beef finishing. He is a Director of the Food and Fibre Centre of Vocational Excellence and former Board Member of Federated Farmers and Chair of the Meat and Wool Section.



Anna Nelson
Shareholder Elected Director

Together with husband Blair (Munta) and family, Anna runs a 1450 ha sheep and beef breeding and finishing farm in Aria in the King Country.

Anna is originally from Cheviot and has a Veterinary degree from Massey University. She is currently a catchment coordinator at King Country River Care. Anna completed the Kellogg Rural Leaders programme in 2016.



Rodney Booth
Shareholder Elected Director

Rodney is joint owner and Managing Director of Dunfield Farming Limited, a 400ha finishing property at Hororata, Canterbury. He was responsible

for the development and transformation of the property from dryland to fully irrigated several years ago. Dunfield is predominantly a beef finishing property. Rodney's farm business has recently become one of the earliest to gain a gold standard in the NZFAP Plus accreditation programme.



Gabrielle Thompson
Shareholder Elected Director

Gabrielle graduated from Massey University with a Veterinary degree in 2000. Gabrielle developed her own companion animal clinic in

2004, growing to five clinics around the lower South Island over a 10-year period before selling these clinics to a nationwide company. Gabrielle and her family own and operate a 530 ha arable and store lamb farm at Dorie, Mid Canterbury. She is a chartered member of the Institute of Directors. She is a member of the Lincoln University Council.



Cassandra Crowley
Independent

Cassandra is a chartered accountant (Fellow), barrister and solicitor of the High Court of New Zealand and a member of the Institute of Directors.

In addition to her commercial advisory work, she holds non-executive directorship roles across several sectors of the New Zealand economy. These roles include chairing audit, finance and risk committees and overseeing digital transformation. She is a past president of Chartered Accountants Australia and New Zealand and has been recognised for her leadership and governance contributions with the Supreme Award for Excellence in Governance from Women on Boards.

Your Shareholder Relations Manager



Clark Taylor

Clark ensures all aspects of the Co-operative's business requirements are fulfilled.

One of his critical functions is to work closely with the Board and the Silver Fern Farms Executive Team to ensure that our fully shared suppliers are receiving the level of access to our Shareholder Benefits Programme they deserve.

Clark joined the Co-operative in August 2017, following a 37-year career with Bank of New Zealand, in senior leadership roles including leading the agribusiness, commercial banking and private banking sectors across the Otago/Southland region.

To get in touch:

Silver Fern Farms Co-operative
283 Princes Street
PO Box 941, Dunedin 9054
New Zealand

Clark Taylor – Shareholder Relations Manager
freephone: 0800 362 362
tel. +64 29 914 5060
email. clark.taylor@silverfernfarms.co.nz

To buy or sell Silver Fern Farms Co-operative Limited shares:

Silver Fern Farms Co-operative Limited shares are traded on the Unlisted Exchange:

www.usx.co.nz

Our company code on the Unlisted Exchange is 'SFF'. On the Unlisted Exchange you can see company announcements, and trading information.

All trading on Unlisted is conducted by seven Unlisted registered brokers:

- Craigs Investment Partners
- Forsyth Barr
- Hamilton Hindin Greene
- Hobson Wealth Partners
- Jarden NZ
- JB Were; and
- Tribe Financial.

To buy or sell Silver Fern Farms Co-operative Limited shares via Unlisted you need to be registered with one of these sharebrokers.