

Planet - People - Prosperity

Leading progressive food producers committed to a sustainable future



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.

A dark, rustic plate of food is the central focus. It features several slices of medium-rare beef, some topped with a creamy sauce. Accompanying the beef are roasted potato slices and fresh green herbs. The background is a dark wooden surface, and a small bowl of spices is visible in the upper left corner.

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 Beef	 SILVER FERN FARMS RESERVE
	 Venison Global Retail	 SILVER FERN FARMS <i>New Zealand</i> VENISON
	100% Standard <ul style="list-style-type: none">• Beef• Lamb• Angus	100% STANDARD

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

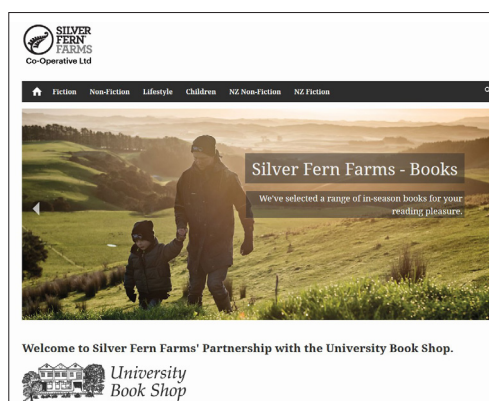
Carbon Pilots lead to Net Carbon Zero certified red meat

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.

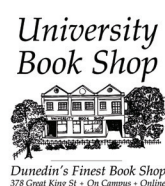
By understanding each farm in detail we could explore where additional value might sit, either by balancing total farm emissions against sequestration for carbon-neutral product claims, or creating long term partnerships between shareholders and those companies wishing to purchase carbon credits. We 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

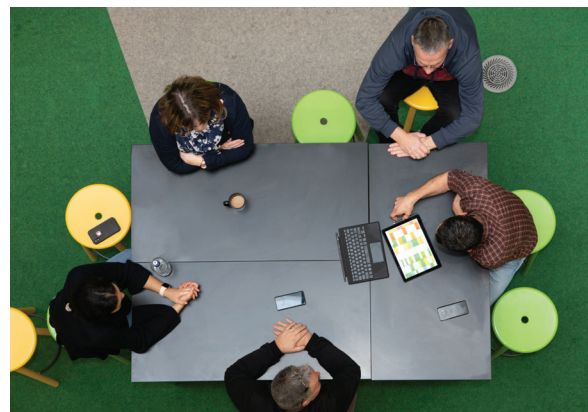
To The Core — Leadership and Governance Development Programme

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 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 Co-operative Governance Scholarships of up to \$5000 each, provide the opportunity for Silver Fern Farms Co-operative shareholders to gain knowledge, skills and experience to contribute both as governors of our Co-operative and participate in the governance of rural communities.

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).

2020 & 2021

2020 & 2021 yielded the strongest ever financial results for the co-operative

5

Consecutive years of profitable returns

5

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
- Silver Fern Farms product through Your Co-operative Store and our online retail partners Gourmet Direct.

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

*Not imputed.

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

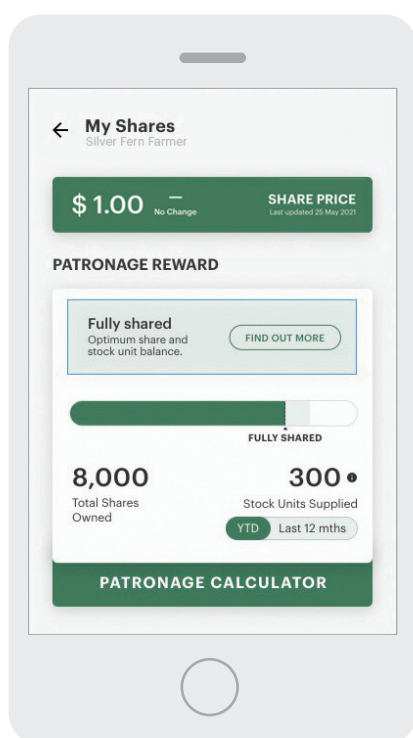
Take a look at how the patronage reward works across some possible scenarios, using the dividend and patronage reward figures from our 2021 result.

	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	12.9c	12.9c	12.9c
+ Patronage Reward per eligible share	12.1c	12.1c	12.1c
Dividend (\$)	\$3,870	\$5,160	\$6,450
+ Patronage Reward (\$)	\$3,630	\$4,840	\$4,840
Total distribution	\$7,500	\$10,000	\$11,290
	<p>The dividend is payable on 30,000 shares owned. The patronage reward is paid on 30,000 shares owned, below the share standard.</p> <p>This under-shared supplier could have increased their distribution by 33% if they were fully shared.</p>	<p>The dividend is payable on 40,000 shares owned. The patronage reward is paid on 40,000 shares meeting the share standard.</p>	<p>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.</p>

*Based on the \$8.1m Co-operative Distribution (2020)

Calculating your share standard

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.silverfernfarm.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**

Making future Dividend and Patronage Reward Payments

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.

To get in touch:

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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.

