

19 January 2012

## **Sanford and NZSA reach compromise**

**Once again your combined voice has brought about change.**

Following constructive discussions with Sanford Ltd Chairman Jeff Todd and MD Eric Barratt, agreement has been reached on changes to the company's proposed director fee increase.

Members will be aware that the issue arose as a result of shareholder dissatisfaction with Sanford's performance since the last adjustment in 2008. This was the subject of an earlier NZSA email to you. Sanfords were seeking a fee increase from \$442,500 to \$550,000 (after adjusting for the extra board member recently appointed). The company has now agreed that the amount actually paid will be \$500k with the balance being available next financial year subject to a lift in performance. For legal reasons the motion cannot be amended before the meeting, but the effect of this arrangement is binding on the Sanford directors.

Although members might find it unpalatable at times, the reality is that the company must be able to pay sufficient to attract quality directors if the returns are to be improved. The NZSA accepted that current fees were too low, but strongly pressed the point that it was important that director's fees align with performance and returns to shareholders as far as possible. We believe the compromise we have reached balances those requirements.

Sanfords have also clarified a number of other issues which we will comment on in the Scrip in due course.

We said in our earlier email that we would vote against the increase unless there were changes. The company has listened and is keen to continue a dialogue with the NZSA.

As a result of the changes, the Association will now vote undirected proxies it holds **in favour** of the motion to increase directors fees at the company's AGM next Wednesday.

John Hawkins  
Chairman