

SILVER
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FARMER

UPDATE 27 AUGUST 2021

WATCH NOW:



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PLATE TO PASTURE FARMER CONFERENCE 2021

Silver Fern Farms is pleased to make available to all suppliers the videoed presentations from our recent 2021 Farmer Conference, held in July at TSB Arena, Wellington.

By now you'll have seen Silver Fern Farms' ambitious sustainability commitments. We have a clear vision of who we want to be and how we're going to get there. These targets will stretch us, but we are ready for the challenge.

We encourage you to take a look at the context around these decisions, with presentations from global experts and Silver Fern Farms' own leaders that touch on the long-term consumer trends we're seeing worldwide and the opportunities they represent for New Zealand farmers.

Among a range of outstanding presentations you can hear more about how Silver Fern Farms is ensuring we are Fit for the Future, how we are Regenerating Our Story in market, our Market Linked Livestock Programmes, and much more.

WATCH HERE

"Really good, practical insight into what we're doing as farmers"

"Very thought provoking - there's going to be a lot of thinking going on after that last session"

session one - welcome & context

Formal Welcome & Address
Hon. Meka Whaitiri



Company Performance & Strategy Update
Simon Limmer



session two - what's the future?

What's The Future?
Kate Beddoe, Chief Sustainability and Risk Officer &
Nicola Johnson, Group Marketing Manager



Keynote: The Case for Better Meat
Diana Rodgers, RD, author of Sacred Cow



Consumer Trends in Red Meat
Dasha Shor, Mintel



session three - sustainable agriculture in the future

Shifting Global Agriculture & Food Systems
Ariel Muller & Lynsey Mitchell, Forum for the Future



Panel Session: Sustainable Agriculture in NZ
Facilitator Greg McMillan



Guest Farmer Interview - Spring Valley Enterprises
Matt & Lynsey Wyeth, Dan Boulton GM Supply Chain

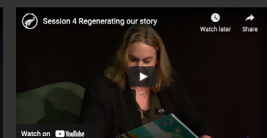


session four - fit for the future

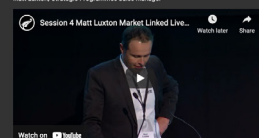
Our Customer Focus Around The World
Peter Robinson, Group Sales Manager



Regenerating our Story
Nicola Johnson, Group Marketing Manager



Market Linked Livestock Programmes - Neil Carlson
Zeni-certified Beef Launch
Matt Lutton, Strategic Programmes Sales Manager



Silver Fern Farms Fit for the Future
Dan Boulton, GM Supply Chain, Mark Leslie, GM
Operations, Dave Courtney, Chief Customer Officer



Session 4 Kate Beddoe Sustainable Chain of Care - Our
Progress and Commitment to a Low Carbon Future
Kate Beddoe, Chief Sustainability and Risk Officer





Our Regenerative Future

YOUR QUESTIONS ANSWERED

We are getting great feedback on Silver Fern Farms' position to capture the market opportunity that is linked to Regenerative Agriculture.

At Silver Fern Farms our role is to bring maximum value from the market and through to you at farm gate. The company strongly believes that NZ farm systems are already well-positioned to potentially capture market value in the regenerative space, and we want to maximise that.

We recognise that as a concept Regenerative Agriculture has a broad interpretation, and we want to be transparent around how Silver Fern Farms sees this.

We also recognise that it's early days and admit we don't have all the answers – we have more work to do to define our market approach to regenerative agriculture and then set out what that means for our farmers.

To be transparent, we want to share some of our response to the questions that have been posed to us in recent weeks.

What has Silver Fern Farms committed to?

At our recent Farmer Conference, we set out our commitment to a regenerative future.

Our working definition of Regenerative Agriculture is:

Regenerative Agriculture describes a broad range of land use practices; with a focus on regenerating top soil whilst also improving water quality, building plant biodiversity on farm, enhancing eco-system services and respecting animal welfare.

These practices are farm context specific and can be adopted over time, to ultimately produce nutrient-dense food with a lower environmental impact and positive social outcomes.

It is a holistic approach to farming that focuses on outcomes measurement and continuous improvement rather than inputs.

The company also set out our commitment to eight key farming principles, which align with the Farm Assurance

Programme and will help us continue to meet consumer expectations for premium quality red meat.

What are the 8 Key Principles?

At Silver Fern Farms we are underpinning our approach on eight principles:

1. Minimise soil disturbance
2. Optimise biodiversity
3. Manage livestock grazing practices
4. Protect and regenerate soil health
5. Optimise animal welfare
6. Nurture our farming communities
7. Protect and enhance our natural environment
8. Reduce carbon footprint

Why has Silver Fern Farms embraced regenerative agriculture – it seems like a bit of a fad?

Silver Fern Farms has a Plate to Pasture strategy, which means we're market led. We're constantly listening to what customers and consumers want from red meat, to learn how we can create the most value out of your produce.

We know consumer concerns are increasing with respect to soil health, GHG emissions, biodiversity, agricultural intensity, water quality and the resilience and sustainability of the current food system.

Our consumer insights are telling us that "Regenerative", in time, will become the new standard for "premium" for conscious consumers in our key focus markets.

Does that mean I have to do anything different on my farm?

It depends – we know many of our consumer concerns are already well addressed by our unique New Zealand farming systems, and our farmers have a strong commitment to ongoing improvement.

Our approach and efforts to continuously improve on farm can already be verified by NZFAP. The rest will be verified by the new Farm Assurance Standard, "Farm Assurance Plus" (NZFAP+) which we see as a real move

Continued overleaf





forward to recognise and validate many of the farming practices that are already inherent in New Zealand's farming approach.

This is important as we believe that if a farmer can complete NZFAP+ certification, we can align that to the broader definition of Regenerative Agriculture.

To sum it up, the New Zealand Farm Assurance Programme (NZFAP) is an existing industry standard which sees farms audited on:

- Origin & Traceability
- Food Safety
- Animal Health & Welfare

NZFAP+ is a further standard which will audit farms in three additional areas:

- Farm Environment
- People
- Biosecurity

It is our intention to align the continuous improvement nature of NZFAP+ to be able to capture value in the market associated with Regenerative Agriculture.

When are NZFAP+ standards out? What should I be doing now?

NZFAP+ is being launched in October this year. Farmers will register to be part of this new standard, the same as they do currently for NZFAP.

Will being Regenerative be a condition of supply to Silver Fern Farms?

No. NZFAP+ is voluntary.

In order to meet the requirements for our market-based programmes we already require you to meet certain standards.

Is there a pass or fail?

Absolutely not. We're starting by acknowledging that many of our farmers are already doing much of this already, we want to recognise this and have it valued in the market.

Our focus on farm is on continuous improvement and recording the outcomes.



I'm already following these principles, why do we have to put a label on it?

Because we want to make the most of the opportunity – get ahead of our competitors, get ahead of regulation and deliver the product that consumers want.

In order to be able to demonstrate transparency and integrity to our claims and to make that claim in the market we need to be able to provide market assurance that you are meeting those principles.

Building our regenerative credentials will capitalise on our success in the grass-fed space and leverages our farmers hard-earned reputation as world leading.

Can I still use fertiliser?

Yes, you can continue to use fertiliser.

Like all farming practices there is an increasing expectation from regulators and consumers that the use is recorded and justified based on soil health, production and stock health requirements.

And what do you mean by a journey of 'doing more good for the world'?

If we are successful, we believe this is a world leading market led opportunity where farmers can get paid for their contribution to positively impact climate change, provide a positive contribution to biodiversity, water quality and soil health, and support thriving farming-communities for the generations to come.





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Toitū Enviromark Diamond Certification

Silver Fern Farms has achieved Toitū Enviromark Diamond certification, the highest New Zealand-based environmental certification. This represents another important step in Silver Fern Farms' commitment to playing a leadership role in driving sustainability in the red meat sector.

Enviromark Diamond is recognised internationally as equivalent to ISO 14001 accreditation, and to achieve enviromark diamond certification New Zealand companies in fact need to exceed some ISO requirements.

Achieving Enviromark Diamond is a massive endorsement for Silver Fern Farms' systems and the ways we are managing environmental impacts and risk.

The enviromark process with Toitū has verified our processing sites as industry leaders in environmental management. We hope this gives our communities, suppliers and customers another strong signal of our continued work to tread more lightly on the environment.

The process of pursuing the highest Toitū certification has enabled the identification of improvements that have been made at our fourteen processing sites around the country.

One example is the work we've done mapping and testing our stormwater drains, then consistently labelling the drains with bright blue fish-shaped plaques which include clear "for rain only" instructions.

We've also ramped-up environmental data collection and tracking as this lets us see improvements in real time. Better data means we can set and hold to strong targets, share quality reporting, and make informed investments to improve environmental outcomes.

Toitū Enviromark Diamond certification is described as the ultimate step in environmental management for a participating company. All certified organisations must have a robust Environmental Management System in place, strong internal



systems for compliance and continuous improvement including management buy-in.

Silver Fern Farms is one of the largest companies in New Zealand to attain Diamond certification.

Across our processing plant network there is still significant investment to be made to get to where we want them to be, including work to reduce waste to landfill, improve wastewater management and phase-out the use of coal by 2030.

We are already looking to stretch into global best practice processes and are committed to improving environmental performance across other areas of the business including our office hubs and secondary processing sites.

Silver Fern Farms recognises the serious mahi done to get us to here, and we look forward to the challenges ahead.

[Read more about Toitū and Enviromark Diamond Certification](#)



Daffodil Day Street Appeal Cancelled

The Cancer Society's iconic Daffodil Day street appeal, scheduled for this Friday 27 August, has been cancelled due to Covid-19. Each year the Cancer Society heavily relies on Daffodil Day, as its biggest fundraiser - it normally brings in around \$1 million to support the 1 in 3 New Zealanders who are affected by cancer.

The Cancer Society is committed to reducing the incidence and impact of cancer in our rural communities.

If you would like to help this Daffodil Day, please donate by scanning the ANZ QR code with your phone's camera (for every \$1 donated it will be matched by another \$2), or visiting

www.daffodilday.org.nz

Cancer doesn't stop, and with your help, we won't either.

- Cancer Society of New Zealand



Winter Stock Presentation Reminder

Although we are currently processing under increased Covid-19 protocols, it's still timely to remind our suppliers about the importance of stock presentation.

Mud, dags, and dirty animals are the enemy of product quality. This is because contamination is easily transferred from the hide/pelt and onto the carcase during processing.

Our focus is to ensure all carcasses meet A and B presentation standards, which ensures extended product shelf life and lifts quality.

From a market focus point of view, clean stock are particularly important for our programmes for this reason.

MPI processing standards for export certification are also more stringent in order to protect New Zealand's reputation for producing safe food. AssureQuality's assurance and

verification checks allow them to reach into plant to reduce chain speeds, or in extreme cases they can stop a plant from exporting until they can lift standards.

We do not want this to happen at any of our plants as it would severely impact on our ability to service suppliers and customers.

We have educated our people in animal assembly yards around stock presentation to avoid dirty stock going into plant and triggering this response. We do put stock through the washing systems at plants, however some stock arrive in condition that even those systems won't bring them up to standard.

It is critical that presentation is addressed before the stock get onto the transporter. So please remember

to crutch and belly sheep, and ensure cattle and deer meet the standards before they get on the truck. If in doubt, talk to your Livestock Representative.

[View Silver Fern Farms' full Presentation Standards here.](#)



Please also ensure animals are taken off feed and empty before cart, avoiding contamination risk at plant.

All of the above issues impact our food safety and hygiene standards, risk our market access, and have the ability for regulators (MPI) to slow our processing speed down.

We thank you in advance for working with us to minimise these risks.

Deer Presentation - This time of year particularly deer should be kept away from wallow holes. When an animal is muddy or dirty where opening cuts are made this can cause issues for keeping a carcase clean and free from contamination.

The current chilled window for Venison is highly important and we need to avoid ending up with carcasses that fall outside the required standards.

Calf Processing

Reminder: No calves are to be sent for processing if they are within the meat-withholding period of any animal remedy or treatment given to the calf, or the dam before the calf is born, or any cow that has been used to supply milk to that calf.

Please ensure that calf holding facilities and associated steps and ramps are kept clean and in good repair. Dirty and slippery facilities can lead to animal welfare and driver health & safety issues associated with the driver or calves losing their footing and falling.

MARKET UPDATE



Beef

Reports from North America point to a firm US market into 2022, supported by US cattle futures.

This firm forward view reflects a strong demand outlook both domestically and into key export markets. The US beef herd is entering a stock rebuilding phase which will see a likely increase in demand for lean imported beef, including good demand for our chilled programmes (steak and secondary cuts).

Export restrictions imposed by the Argentinian government to 50% of the average monthly total is likely to have a significant impact on global exports. Argentina was the fifth largest beef exporter in 2020 and second largest supplier to China.

Logistics remain a watch point, but some good news this week with Meishan terminal at China's Ningbo port resumed operations on Wednesday, after shutting down for two weeks due to a Covid-19 case. The closure of the terminal has caused logjams at ports across China's coastal regions and further strained global supply chains amid a resurgence of consumer spending and a shortage of container vessels. Meishan terminal accounts for about a fifth of traffic at the Ningbo port, one of China's top two container ports.

Chilled shipments remain a concern with longer transit to market reducing shelf life on arrival to markets. Frozen movements have improved as demand on shipping capacity has reduced to off-season levels.



Sheepmeats

At our lowest production time of the year we are focusing on clearing inventory levels as much as possible for the start of the new season.

This has been made possible despite the challenges thanks to our good relationships with Kotahi and shipping companies.

As always it is vitally important to use this period to prepare for the start of the new production season and from that perspective we're in a good space.

Operations are assessing plans for 2022 in terms of market developments that we may

wish to undertake, in the form of specialty programmes which we can link back to farmer suppliers

The other focus at the moment is around the Northern Hemisphere Christmas chilled lamb, around which there is some added uncertainty this year with Covid-19, logistics issues, and rising prices for lamb which are underpinning current schedules.

This pushes shelf price of lamb at Christmas beyond levels previously seen, and may impact on retailer appetite for promoting lamb at Christmas.

Added to this, the high cost of air freight makes chilled lamb less attractive at that time.



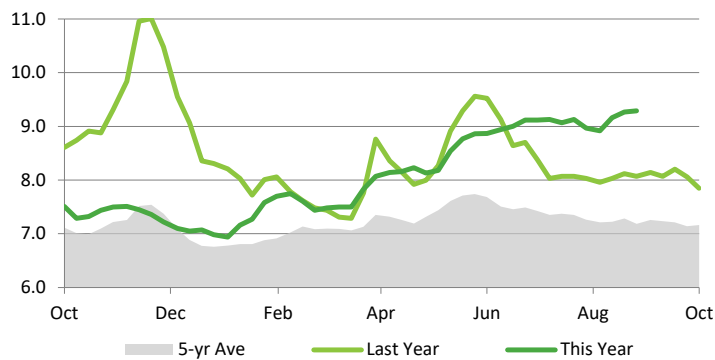
Venison

We have completed most negotiations for the chilled season, for delivery in November and December, with volumes close to 2020 and prices underpinning contracts previously released.

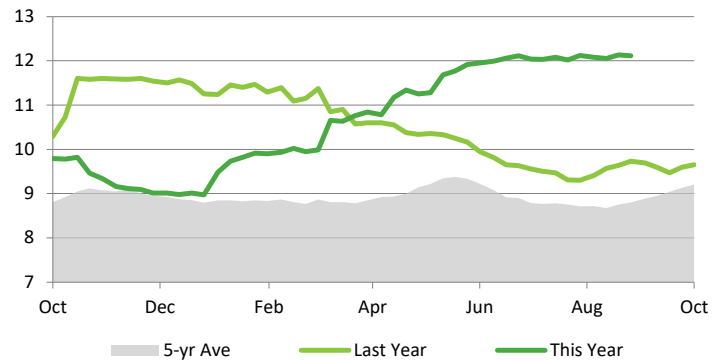
Planning for the new season is underway with new market development in China and the USA showing promise, to allow us to diversify our market base and reduce reliance on traditional markets.

We have a number of options in China ranging from lower value manufacturing products, right through to high end restaurant items, and will be testing these new channel options from November production.

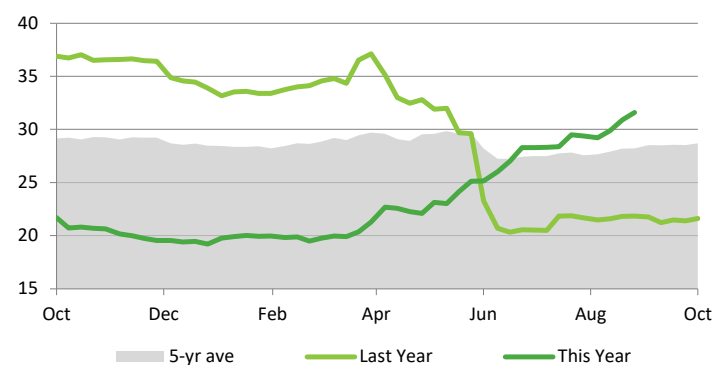
US imported 95CL bull



UK CKT lamb leg



US French Rack



Lamb Flaps

