



MAKING AN INTER-GENERATIONAL IMPACT Southern Pastures' journey to earth-friendly farming

Whatungarongaro te tangata, toitū te whenua
People fade from view, but the land remains

Southern
Pastures

2009

Southern Pastures (NZ) Ltd is Incorporated

2012

Southern Pastures Founders Ltd is incorporated. First Advisory Committee meeting is held between the FP & Rickard Kjörling from AP1. AP1 sign the Limited Partnership & commit \$60m to SPLP. SPML & SPNZL incorporated. First SPLP funds drawdown from Limited Partners. A conditional offer is made on 5 SWCP farms. Later a conditional offer was made on 8 SWCP farms dependent on OIO approval. (SWCP farms excluding Tatua & Miromiro). Accounts show \$5m in farm deposits & partners capital of \$7.3m First 8 SWCP farms purchased. Waima & Mamaku are managed together as are Rimu & Nikau. A 3rd cluster is being considered.

2014

Miromiro & Tatua purchased
First Close 31-12-2013 -NZ\$213m – estimated final close 31-12-2014
AC agreed new investors should pay a carry pf USD LIBOR +3%
4 additional LPs added before first close: Lura-Alternatives, Kapan Pensioner, Arzteversorgung Land Brandenburg & the Public Trust – LP commitments to NZ\$213m
50:50:50 sharemilking JV in place on Manako
OIO application to purchase of Tirohanga-455 hectares of forestry land is in place – 40 hectares to be converted for pasture for Miromiro
Feed pad & effluent pond completed on Kereru
Wilding pines removed from the Kereru escarpment
Earthworms introduced to Kereru & Kahu
Additional feed silo & milk vat added to Manako
In shed feeding added to Kahu & Miromiro
Additional housing to Manako & Kereru
Construction begins on Mauri underpass

2016

January-2016
Review Tasmanian Opportunities

February-2016
Pareka development is continuing
CAMC production increasing with better farm practice, better infrastructure & an effective 100 extra ha on Te Maania
141 hectares converted this season on Kereru
35 hectares converted this season on Tirohanga – with 158 hectares converted in total on Tirohanga
Mamaku & Waima are the last farms to be upgraded at SWCP – feed pads, feed storage & effluent ponds expected to be completed by June 2016
Riverbank protection completed at Ngamarua
CPW water to Terrace View
Centre Pivots are in place on Te Maania, Longmead & Matariki
The building of the Pareka dairy shed, manager & staff houses is underway. The completion of the Pareka centre pivots is near
The new house at Lochan Mor is completed.

August-2017

An opportunity in Central Otago was considered but investors feedback on the use of debt was mixed & the opportunity was passed as the value was not there as the price had risen.
An optimised 2B model to optimise milk processing “phase 2” opportunity has been discussed with Westland
Phase 1 Farm acquisition & improvements
Phase 2 a Optimise farm management
Phase 2 b Optimise milk processing
Phase 3 Added value & alpha opportunities
Phase 1 amended from sharemilkers in SWCP with the farms directly owned by SPLP. This has been changed to both SWCP & CAMC farms held in separate limited partnerships. Farmer partners are either contract milker and/or equity partners.
A Phase 2B JV processing option is being discussed with Westland
Phase 3 is being discussed with Lewis Rd Creamery
Investors consider extending the first exit option date from 2020 to 2027
For the second year RIAA recognises Southern Pastures as one of three fund managers applying a leading approach to ESG.
\$2m invested for a 20% stake into Revolutionary Beekeeping

2019

August-2019
Yili has taken over Westland. There is a change of control clause in NZGFM, which was triggered on 1 August, 2019 so the parties have 180 days to decide next steps. Then there is a 2-year wind down period.
Southern Pastures bought into Westland at \$1.50 per share and we paid out at \$3.41 with a \$7.6m profit
Yili will at least match the Fonterra milk price for the first 10 years
PM & GM meet with Landcorp who are willing to work with Southern Pastures
LRC agreed to purchase the 50% of LRC Butters that it did not own
LRC launched Jersey Milk
FAIRR published another case study of Southern Pastures
RIAA again selected Southern Pastures as an example of best practice responsible investment-there are now 8 managers up from the initial 3.
Jo Finer joined Southern Pastures
New Board, Chair and CEO at Fonterra
3 SWCP farms will supply A2 to Fonterra and will receive an additional 17c per KgMs

2021

March-2021
GP has decided to move Canterbury milk back to Fonterra
Fonterra agreed to process 10 SCV value milk in SWCP
SP & Fonterra sign MOU
Fonterra agreed to sell bulk dairy commodity products to SP
Feb 21 SP & BNZ sign sustainability loan
Research shows that NZ dairy has world's smallest carbon footprint

2010

18 December 2010
Southern Pastured Management Ltd is incorporated

2013

Conditional SPA agreed for a further 2 SWCP farms – Tatua & Miromiro
Mauri & Kahu sharemilkers have given notice and the sharemilker on Kereru who manages a number of farms has been given notice by SPLP.
Sharemilkers will no longer receive Fonterra dividends.
Feed pads & feed storage to be added to the farms
Earthworms to be added to Manako
Significant Natural Areas will be fenced off.
Conversion of land on Kereru & Manako
Agreed to join Dairy NZ's Upper Waikato Sustainable Milk Project
Agreed to allow Ngati Raukawa access to one of the farms for wetland & river improvement plans
Met with Ngati Raukawa & the South- Waikato District Council Mayor
Discussion with the Walking Access Commission
Prem is to speak at the Global Aginvesting Conference in New York April-May

2015

Final close extended to 28 February 2015
Final committed capital NZ \$297,748,000 with NZ\$50m to invest
Arzteversorgung Land Brandenburg remained the end investor but transferred its investment to Luxco Alternatives SA – Fabian remains their AC member.
Te Maania is to be converted from a grazing block to a farm
New irrigation & upgraded cowsheds being developed
Otago was reviewed for the \$50m remaining but the water did not meet the required reliability
FAIRR case study book being written with a Southern Pastures case study
2 Canterbury farm names to be changed to Matariki & Te Maania
Southern Pastures becomes a foundation shareholder in Canterbury Plains Water Ltd

2016

July-2016
Kowhai purchase subject to OIO approval
Pareka conversion is completed – ex Inch farm
James Booker has been appointed to replace Earl McSweeney as SP CAMC Cluster manager
Environment Waikato grants Certificate of compliance relating to a land use consent allows Southern Pastures to 2021 to complete forestry conversions in SWCP
Keruru farm to be converted to an organic dairy farm – AP1 – Johan Magnusson is very supportive of this move
Discussion begin with DairyNZ to create a grass fed standard
Discussions with Rabobank about selling grass-fed dairy products into the US
“Why New Zealand free-range grass-fed dairy farming” paper made available to limited partners
Dung Beetles release on to Miromiro

2017

January-2017
API visit to Southern Pastures & SWCP farms
April-2017
Objective was to move farms to upper quartile production per hectare within 5 years but this has been achieved earlier in the 2015-16 season.
Investment exit discussed with the AC members
AC members views sort on leverage
10-star certified values discussed with AC
Kowhai upgrade is completed
Kenburn effluent facilities to be upgraded
Southern Pastures is a member of North Rakaia River Management Group
Miscanthus to be trialled at CAMC

2018

27 February-2018
Limited Partners agree amend the LPA including:
Debt – up to 30% of total assets
Invest in ... any related assets that promotes the business of the LP,
Management fee – 1.7% of the drawn committed capital,
Performance fee reset from 31 May 2017,
Initial Exit Date 31 May 2028 & every third anniversary of the exit date
LP must give 2 years notice of intention to withdraw from the next exit date
Overhead expenses will not exceed \$2.5m in any 12-month period

Check that the registered office and address for service of the LP has been changed from Vulcan Lane

March-2018
LPs agree to the extension of the first exit option
JV signed with Westland to process and market milk from CAMC
Advised Fonterra of the cease of supply from CAMC from 31-5-2018
Supply Westland from 1 June 2018
CAMC herd testing to progress CAMC farms to be A2 compliant

2020

March-2020
COVID-19 Lockdown in NZ
Yili/NZGFMP good faith negotiations are extended to March 30, 2020
Drought conditions in the North Island
Discussions with Fonterra about SWCP segregated processing
LRC launched lactose free milk
LRC selling product to Wholefoods
Extending 10 SCVs into products other than dairy

June-2020
10 Star CV from 1-6-20 for SWCP
SP to buy 50% NZGMP from Westland subject to Yili approval.
LRC selling product to Wholefoods
SP begins nose to tail model to extract additional value from dairy cows



GENERAL PARTNERS INTRODUCTION

Message from the Executive Chairman

This year we've seen monthly, weekly and at times daily reminders of climate change volatility's impact on people, crops, and livelihoods.

These have included severe and prolonged heat waves, widespread and more frequent wildfires, extreme rainfall and fatal flash floods, and record glacial melt.

Other global crises have also deeply marked the year 2021 – 2022. The disruption and uncertainty caused by ongoing Covid-19, the Russian invasion of Ukraine with its terrible human costs and immediate global economic impact, and the inflationary impacts of war and pandemic have put huge pressure on people and systems around the world.

These events all serve as reminders of how inter-connected we are and how our actions today must be undertaken with future generations in mind, if we are to leave our children a habitable planet capable of supporting human life.

In 2022 Southern Pastures strengthened our resolve to produce high-quality nutritionally-dense foods from farms that are resilient to climate volatility.

Our long-term intention as farmers is to go beyond being carbon-neutral to become a net extractor of atmospheric carbon. In other words, our aim is to become climate positive.

We are working to achieve this through in-setting rather than off-setting. At the simplest level this means building healthy soils that sequester carbon and produce nutrient-dense feed for our animals, so they in turn can produce the healthiest foods possible.

It does not mean purchasing carbon credits to off-set emissions and pay our way out of our responsibilities to our land. Carbon credits are often generated by locking up productive land for generations through planting mono-culture exotic trees, a practice which has become fashionable and profitable in New Zealand. We believe this form of off-setting is a short-cut response to increasing regulation and consumer

scrutiny of the climate impacts of food production.

At Southern Pastures, our commitment is to take the long road. In 2022 we have seen regulators and advertising standards authorities take strong action over misleading and green-washing sustainability claims, and we know our customers are increasingly knowledgeable about what constitutes genuine climate change mitigation practice.

In 2021 – 2022 Southern Pastures continued to advance climate change mitigation measures to build and store carbon deep within the soil. We have increased our soil biome, planted multi-species deep rooted pasture cover, and expanded our populations of dung beetles, which are capable of dragging surface carbon from cow effluent deep into the ground.

We also continued to increase biodiversity through the retirement of more land to native plantings and wetlands. Furthermore, we've improved cow digestion using pre and pro biotics, managed our grass-fed commitment through rotational grazing of livestock, reduced animal waste with new product development, and increased the use of organic matter over synthetic fertilisers. We're proud that 2021-2022 was the year we achieved CarbonReduce™ certification from Toitū Envirocare on all our farms. The certification requirements meet or exceed ISO standards of international best practice. It demonstrates that Southern Pastures has reduced its total carbon emissions over the past four years and is well on track to meet the requirements of New Zealand's 2030 zero carbon legislation. This year we've also worked with Manaaki Whenua - Landcare Research to establish a baseline for soil carbon across our farming portfolio so we can even more accurately assess the outcome of our efforts over time.

Our progress toward true carbon neutrality will take time. We hope to achieve it across all our farms by 2050. This commitment to durable long-term change is why we call what we do inter-generative farming. It is our ambition to leave a healthy, liveable planet for the next generation.

This year, we've seen many other organisations put their sustainability ambitions on the backburner as they try to manage the impacts of Covid-19, inflation and war. It is our belief that this is dangerous short-term thinking. The longer term planetary

risks have not changed – indeed if anything they have increased as countries and organisations turn back to fossil fuels for immediate survival.

Such pressures may lead others to turn back to a single profit bottom-line rather than risk transforming their businesses in an uncertain environment. At Southern Pastures we continue to uphold the relevance and importance of our ESG policies, principles, and public reporting within this changing landscape.

It's our view that ESG commitments are essential to our social license to operate, and they underpin our ability to deliver values-for-money to our valued consumers. We must repeatedly prove why we can be trusted, and not rest on our past efforts alone.

The more uncertain the times become, the more important our ESG policies are, as a guide to our 'true north'. They ensure we stay focused as we deliver sustainable long-term returns to our investors.

As an industry, we will do much more to advance the wellbeing of humanity and to protect our own profitability, if we remain as focused on farming as a force for environmental good as we are on navigating the problems of geopolitics, inflation and pandemic.

We therefore set out our key ESG outcomes and activities from 2021 – 2022 with pride, as we intensify our commitment to pursue sustainable, profitable, healthful food production.

Prem Maan
Executive Chairman & CEO
maan@southernpastures.co.nz

Graham Mourie
Executive Director

Phillip Wight
Executive Director

Taari Nicholas
Executive Director





ESG¹ REPORT CONTENTS

PAGE

OUR JOURNEY SO FAR

WHAT WE DO

OUR COMMITMENTS

TE TAIAO¹ | OUR NATURAL ENVIRONMENT AND OUR ANIMALS

Our land and soil

Our journey to carbon neutrality

Our water

Our animals

NGĀ TANGATA² | OUR FARMERS AND COMMUNITIES

Our farmers and communities

NZ Grass Fed Products

Lewis Road Creamery

NGĀ TIKANGA³ | OUR GOVERNANCE AND OVERSIGHT

Key Governance Frameworks

¹ *Te Taiao - The Environment (New Zealand - Aotearoa Māori)*

² *Nga Tangata - The People (New Zealand - Aotearoa Māori)*

³ *Nga Tikanga - Principled Practice (New Zealand - Aotearoa Māori)*

WHAT WE DO

Southern Pastures LP owns and operates 20 farms encompassing over 6,600 hectares of land in the North and South Islands of New Zealand.

The Southern Pastures Group consists of:

- A portfolio of 20 farms in Aotearoa New Zealand's North and South Islands
- 11 farms in South Waikato (ten dairy and one support farm) and nine farms in Central Canterbury
- Our 10 Star Certified Values™ program
- Commercial on-farm forestry operations in the Waikato
- 500 Permanent beehives across the 20 farms

Our post-farmgate operations include:

- NZ Grass Fed Products LP, our wholesale business-to-business division
- Lewis Road Creamery Ltd, our consumer division
- New Zealand Collagen Products Ltd, a joint venture with Ovation New Zealand Ltd

In 2021 - 2022 Southern Pastures continued to push our sustainability commitments beyond what is currently required by New Zealand law and industry best practice. This is because our premium consumers around the world are increasingly seeking values-for-money rather than merely value for money when they purchase food.

As the links between food production and global megatrends, such as antimicrobial resistance, animal welfare, climate change and water stress are better understood, people want to know a lot more about the provenance of their food.

Our primary focus is on how we can contribute to climate change mitigation through the way that we farm. While New Zealand farmers are already the most efficient in the world, with a national dairy footprint that is one-third of the global average, at Southern Pastures, we have taken a decision to aim even higher.



CARBON FOOTPRINT OF MILK PRODUCTION (PER COUNTRY)

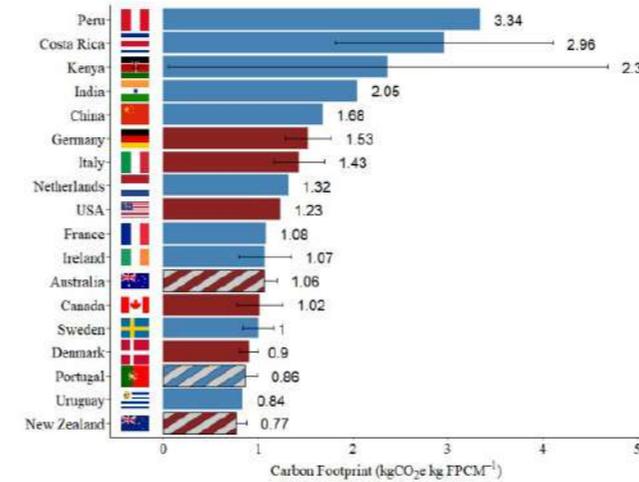
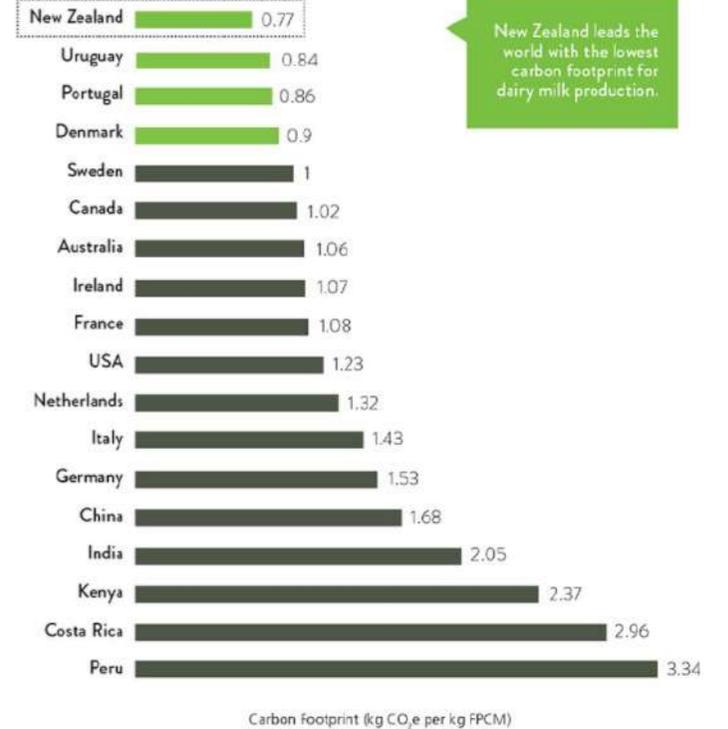
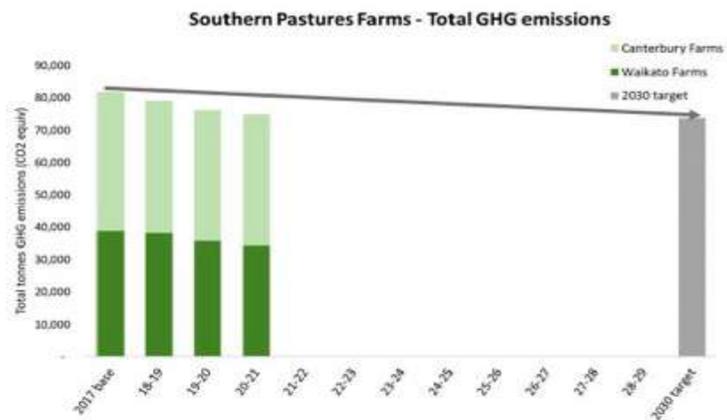


Figure 4: Carbon footprint of milk production (kg CO₂e kg FPCM⁻¹) in different countries (after correction to common GWP, functional unit and allocation methodology) – NZ data excludes dLUC and would be 0.91 if it was included. Red bars represent studies that used the IDF (biophysical) allocation. Bars with diagonal grey pattern represent studies that used region-specific emission factors (more details in section 4.3). Error bars denote the standard deviation, calculated as a weighted standard deviation when more than one study was selected per country or extracted from the study when only one study was considered. Studies from Peru, India, China, Netherlands, USA and France didn't report standard deviations.

CARBON FOOTPRINT OF MILK PRODUCTION



ENTERPRISE (ALL FARMS)



In 2020-21, Southern Pastures farms emitted a total of 74,823 tonnes of GHG emissions



From 2017 to 2021, total GHG emissions from the enterprise have **reduced by -8.5%**



A further 1.5% reduction is required by 2030, across the enterprise, to meet the 10% reduction target (from 2017)



OUR COMMITMENTS

Our key Environmental, Social, and Governance commitments are captured at a glance for our consumers through our 10 Star Certified Values program.

The program meets our stringent standards for sustainable practice and is designed to be a trusted benchmark for pastoral farming excellence. It is independently audited by AsureQuality.

All Southern Pastures farms are compliant with the 10 Star Certified Values program, which measures our performance in these critical areas:

- 1 Grass-fed diet
- 2 Non-GMO¹
- 3 365 days free-range
- 4 Animal welfare
- 5 Human welfare
- 6 No palm or tallow products
- 7 Environmental sustainability
- 8 Antimicrobial stewardship
- 9 Climate change mitigation
- 10 No added rBST or other hormones

We also hold ourselves to account through global key commitments and recognitions, which include:

Signatory of United Nations Principles for Responsible Investment (UNPRI)

Signatory to Farmland Principles (a sub-group of UNPRI)

Signatory to Investor Statement on Antibiotic Stewardship

Member of the Upper Waikato Sustainable Milk Project

Recognition by Responsible Investment Association Australasia as only NZ agricultural fund to meet its highest ESG standards

¹ GMO- Genetically Modified Organism

“Our ESG commitments are essential to our social license to operate. We must continually prove to consumers that they can trust us, and we must not rest on our past efforts alone.”
- Prem Maan, Executive Chairman Southern Pastures, 2022



TE TAIAO | OUR ENVIRONMENT

Southern Pastures accepts guardianship over our land and waterways; we commit to leaving these healthy and productive for future generations.

We see our animals as sentient beings and we only permit farming systems based on humane treatment of livestock.

Southern Pastures exceeds the ecological obligations laid out in our environmental protection and improvement plans submitted to the Overseas Investment Office at the time of each farm's purchase. Southern Pastures also exceeds the animal welfare requirements established in New Zealand law.

Our environmental sustainability and animal welfare policies, adopted at inception, are to:

Minimize the risk and magnitude of negative environmental impacts and mitigate such impacts.
Promote environmental sustainability on a farm-by-farm basis.
Promote biodiversity through the creation of regeneration reserves and wetlands.
Prohibit the clearing of any native forests or virgin land for farmland.

Southern Pastures practises farming techniques and systems that minimise environmental impact on all its farms, including:

- Zero tillage where possible and low tillage where it isn't.
- Cover and catch crops, deep rooted plants and increasing pasture species diversity.
- Increasing biodiversity through the retirement of land, creation of wetlands and active native plantings.
- Permanent bee populations.
- Managed rotational grazing of livestock.
- Introduction of beneficial species of earthworms and dung beetles.
- On-farm forestry.
- Increasing the use of organic matter and the judicious use of synthetic fertilisers.
- Stewardship policy for use of all chemicals.
- Antibiotic Stewardship signatory commitment.



Our Land and Soil

“Soil can potentially hold three times more carbon than the atmosphere and plants combined. Preserving and storing carbon in soil is part of the answer to climate change mitigation.”
- Prem Maan

Southern Pastures farming philosophy focuses on the health of its land and soil. The management of these is central to our carbon reduction and carbon neutrality strategy.



CarbonReduce™ Certification

In 2022, all Southern Pastures' farms were certified CarbonReduce™ by Toitū Envirocare until September 2025.

Toitū Envirocare is a subsidiary of a government research Institute Manaaki Whenua - Landcare Research. Toitū Envirocare's certification requirements meet or exceed ISO standards to meet International best practice.

Toitū CarbonReduce™ means measuring emissions to ISO :2011406-1 and Toitū's own requirements. Southern Pastures has committed to establish reduction targets, pathways, and plans to reach true carbon neutrality rather than purchasing carbon credits to offset carbon liability.



Accordingly, Southern Pastures seeks to apply measurable science to:

- Build and store carbon deep within the soil,
- Increase the soil biome,
- Plant and encourage multi-species deep rooted pasture cover
- Increase soil input and output measurement methods through mass balance.

Manaaki Whenua-Landcare Research has undertaken a soil carbon study of effective hectares to provide baseline sampling and analysis. The findings will determine soil organic carbon stocks and provide a base line for stock changes to be measured across Southern Pastures farms in future years. The study is due to be completed by 31 March 2023.



Kereru Farm 20/09/22 (left). Mauri Farm 12/10/22 (right)

Total GHG emissions and N Loss

Southern Pastures has reduced its total carbon emissions over the past four years and is well on track to meet the requirements of New Zealand's 2030 zero carbon legislation.

In 2021, Southern Pastures engaged AgriBusiness group on further environmental reporting.

The report summarized the nitrogen leaching and greenhouse gas emission Overseer results from the Southern Pastures farms, since the 2017-18 season. Overseer is a science-based farm reporting and modelling software package that seeks to model the environmental aspects of a farm using individual farm and region-specific input.

This input may be atmospheric input or nutrient losses based on

- The type of farming engaged in,
- Types of land uses, crop types,
- Local soil and climate conditions,
- Stock type and numbers, and
- Additional farm feed and fertiliser inputs among other variables.

The AgriBusiness Group data uses 2017 as the baseline year to align with the baseline assessment year in the Climate Change Response (Zero Carbon) Amendment Act.

The AgriBusiness Group - Southern Pastures N loss and GHG calculations show continued on-farm lower N loss and greenhouse gas emissions.

ECANZ, the Canterbury Regional Authority, has also confirmed that our Canterbury farms are well ahead of the regional authority nitrogen reduction requirement. The Canterbury cluster is 54% below the baseline nitrate reduction requirement compared to the 27% required.

Improving the health of our soil

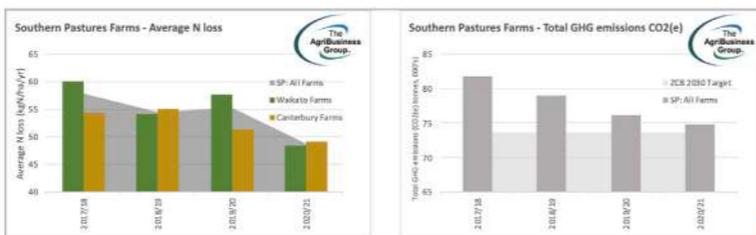
Life on earth is dependent on a thin and fragile layer of topsoil, and the health of these soils underpins our entire farming philosophy.

Improved soils sequester more carbon, produce superior grass, and in turn make the healthiest and most nutritious milk possible. Southern Pastures soil management policies stem from this knowledge.

Southern Pastures requires the following on-farm measures for healthy soils on all our farms:

All effluent at the dairy shed is collected and stored for managed recycling to improve soil fertility

- Zero or low tillage
- Pasture species diversity with deep-rooted crops
- Seed penetration insertion
- Controlled rotation of paddocks
- Use of earthworms and dung beetles to improve soil biology, quality and productivity
- Pasture monitoring and controlled renewal
- All steep hill country not suitable for pastoral farming to be retired and regenerated in indigenous species



Increasing the types of pasture species, along with the addition of dung beetles and earthworms, enhances soil depth and structure. Improving the soil humus and topsoil levels not only sequesters more carbon but produces better grasses and other diverse forage which produces better, more healthful milk.

Southern Pastures farms also continue to increase plantain grass species in pasture. This is achieved through regular under-sowing to existing pasture and addition of plantain to the new pasture seed mixed when re-grassing. Trials have found increased plantain in pasture reduces nitrogen in cow urine which helps reduce the N loss from each of the farms. It is also seen as a highly nutritious plant with mineral levels that assist with overall animal health.

On-farm planting programs

Southern Pastures manages an on-farm planting program to promote native flora and biodiversity on all our farms.

This includes native and regenerative planting, new fence-line and shelter-belt, and associated planting maintenance programs within both our key farming regions.

Where practical, nitrogen attracting plants will continue to be introduced around running water, for example, alongside water races, streams and rivers to mitigate nitrate leaching into waterways to promote their water quality.

Non-native grey willow and wilding pine tree control continues to be undertaken on relevant farms to prevent their invasive spread and prevent the reduction in area of native flora, and the habitat for native wildlife.

Steeper areas of Southern Pastures South Waikato farms have been retired from farming and the reversion to native vegetation is being encouraged. These areas have been identified and mapped to assist in the revision. Planting of shade trees for the animals continues on all farms. Native Trees have also been planted around the effluent ponds on farms throughout both clusters.



Earthworms, dung beetles and bees

Southern Pastures fosters populations of beneficial earthworms, dung beetles and bees that were not present on our farms when we first acquired them.

Earthworms improve soil quality and productivity through sequestering carbon through their castings, and by increasing drainage and aeration. This leads to better pasture production, greater fertilizer and effluent efficiency and retention, lower grass grub pest populations, and a reduction of livestock facial eczema. Earthworms are now clearly evident within our soil structure when turf is pulled back, or under cow pats.

Southern Pastures has introduced dung beetles to farms in both its Waikato and Canterbury clusters, as part of our partnership with government entity Manaaki Whenua - Landcare Research, the Ministry for Primary Industries, Dung Beetle Innovations, and other regional, district and environmental authorities to research and trial the benefits of dung beetles in New Zealand.

Research has shown that dung beetles improve pasture productivity, soil biology, carbon content, reduce surface water runoff, and importantly also reduce methane emissions. Research also indicates that leaching of nutrients and contaminants can be reduced by dung beetle tunnelling and burying activity.

Southern Pastures also requires permanent bee populations on all farms as a natural means of pollination and preserving biodiversity.

Fish and birds

Southern Pastures seeks to provide additional protection for fish life in rivers and waterways where it has water license rights, or where these pass through or along its properties. Fish screens are designed to restrict fish from entering farm water irrigation systems from rivers through intake location and specific design features that manage water velocity in and around the intake. A culvert impeding the flow of fish was identified on Kereru Farm in the Waikato and has now been fitted with a mussel spat rope to encourage upstream fish migration.

Southern Pastures has worked with the Walking Access Commission, the Mokaihaha Trust, the Department of Conservation and other parties to finalize an agreement for an easement for access to the Mokaihaha Ecological Area to provide access for the community and ornithologists to view, monitor and protect a rare and endangered native bird – the Kōkako Callaeas Cinereus.

The Mokaihaha Ecological Area is located in an area that borders Southern Pastures' Mauri Farm in the South Waikato. In addition to the easement, further work has seen the completion of a formed carpark and with the relocation of a gate enabling better public access.

Southern Pastures minimizes predation of birds by domestic pets with a policy that restricts cats to only one neutered or spayed cat per household and has a requirement for such cats to wear bells to warn native wildlife of their approach.



Renewable Energy

Southern Pastures uses electricity from 100% renewable sources.

New Zealand as a whole sources 84.5% of its electricity grid needs from renewable sources. This is comprised 57% hydro and 19% geothermal sources. Wind and solar provides 6% and 1% respectively.

Our water

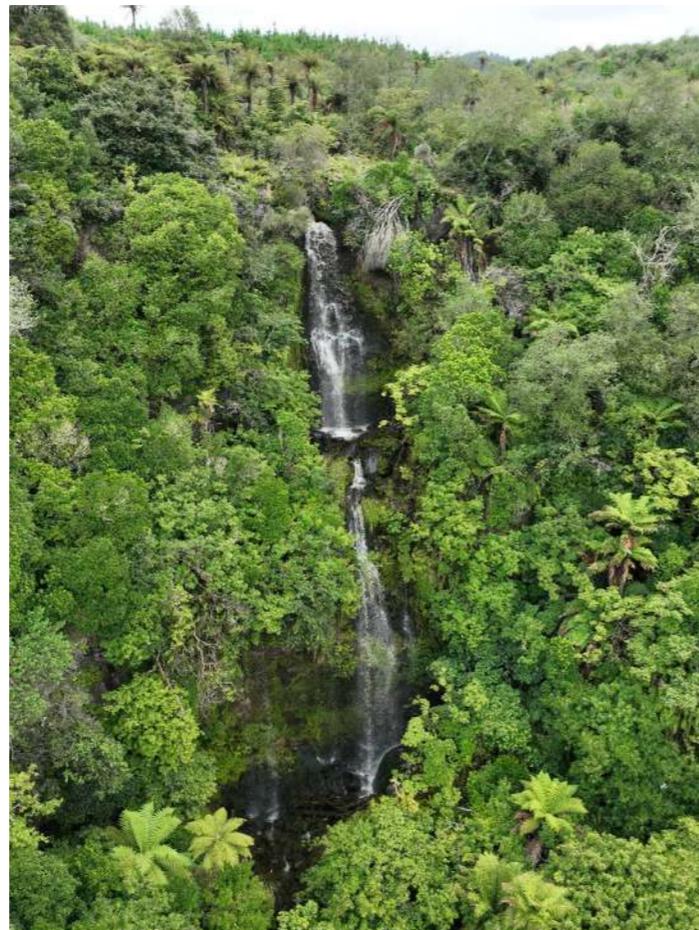
From the rain-fed rolling hills and pastures of our Waikato farms, to careful management of our fresh irrigated water sources in Canterbury, which are sourced from and replenished by the rain and snow-fed Southern Alps, Southern Pastures prioritizes the good health and quality of all of our farms' water sources and waterways.

Southern Pastures is compliant with the Fonterra Dairying and Clean Streams Accord, which we view as a starting and minimum requirement for our freshwater responsibilities:

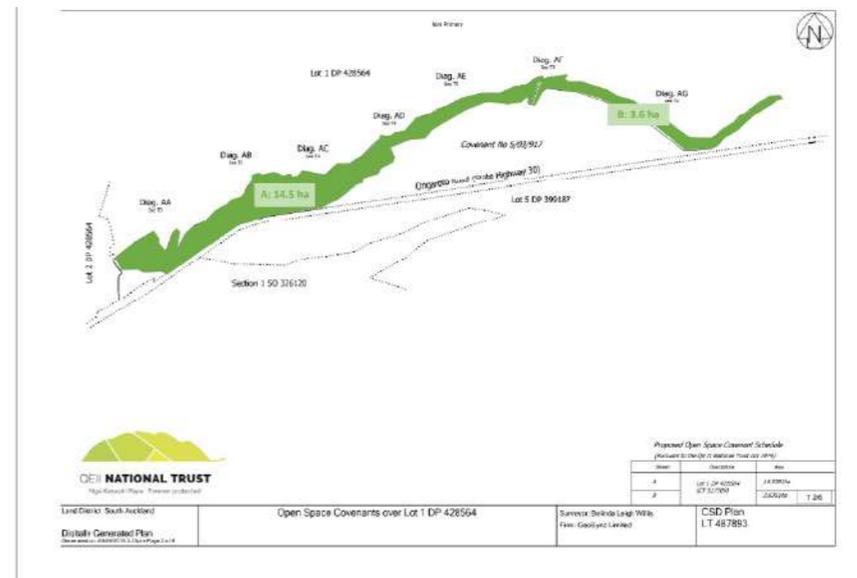
- All livestock are excluded from waterways
- Culverts are created on new pasture areas
- All effluent discharge is compliant
- All wetland areas and waterways are fenced to exclude livestock

In addition to those obligations, we have undertaken extensive riparian plantings and completed significant riverbank protection work, working together with Environment Canterbury, to manage vulnerable areas, and we have established wetlands on two of our Waikato farms.

On Kererū Farm, we have a permanent protection covenant with the QEII National Trust to sustain over 18 hectares of wetlands.



QEII NATIONAL TRUST COVENANT: KERERU FARM



QEII National Trust covenant area - Kererū Farm.

Across all our wetlands we work to eradicate exotic and pest plants replacing them with native flora and fauna either by undertaking plantings or encouraging native regeneration.

One hundred percent of streams and rivers on our farms are fenced to prevent livestock incursion, and the fence-lines have buffer zones of indigenous flora to assist with run-off prevention. Where appropriate, our farmland has been retired and covenanted to bind any future landowners to preserving the biodiversity improvements.

We also use specialist drone technology to map and understand water movement pathways across our farms. This allows targeted and reduced use of fertilizers and targeted plantings to minimize nitrogen leaching into waterways.

Nutrient Management

“100% of effluent from our farms is either captured, prevented from leaching, or responsibly recycled into the land to encourage soil health and pasture growth.”

Southern Pastures exceeds New Zealand's legal requirements for nutrient management on farm. Each farm has a nutrient management plan to ensure policy obligations are met.

Southern Pastures also invests substantially in effluent management to minimize any potential chance of environmental contamination.

All effluent is collected and stored. Nutrient-rich liquids are dispersed across paddocks on a rotational basis during suitable weather conditions while solids are also used as fertilizers.

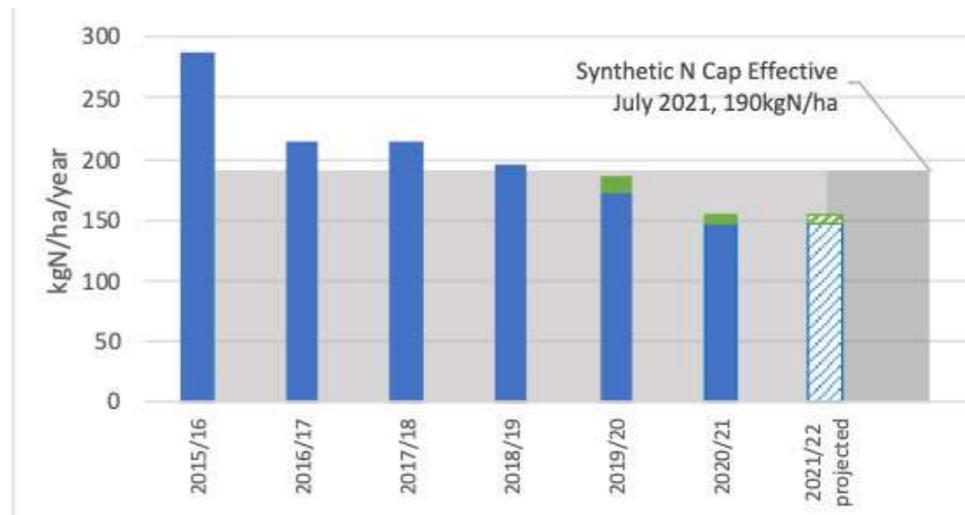
Our intention is to retain nutrients on-farm and to prevent run-off into waterways. Significant capital investment in silage bunkers and feed pads prevents nutrient loss and leaching from supplementary feed storage and use.

Southern Pastures is also progressively installing deep pond stirring and pond management systems in the South-Waikato cluster farms effluent ponds. The stirrers combined with the pond management system aim to improve nutrient consistency for the distribution and application of the effluent as fertilizer. The pond management systems distribution technology enables greater accuracy in monitoring the location and application rates of the effluent applicators as well as monitoring flow and pressure on the related lines and pumps for potential faults.

These practices combined mean that 100% of effluent from our farms is either captured, prevented from leaching, or responsibly recycled into the land to encourage soil health and pasture growth.



SOUTHERN PASTURES SYNTHETIC AND ORGANIC N USE kgN/effective ha/year



Nitrogen Reduction

To preserve water health, Southern Pastures continues to reduce overall nitrogen fertilizer usage and is incorporating organic sources of nitrogen. Management and application rates of synthetic nitrogen on-farm have become more important since the National Environmental Statement on Fresh Water Regulations 2020 came into force.

These regulations, as well as imposing restrictions on land-use and land-use change including limits on irrigation, also cap the use of synthetic nitrogen on a per hectare basis effective from 01 July 2021.

OUR ANIMALS

“Our cows graze outdoors year-round with grass making up over 90% of their diet.”

Our starting point for good animal welfare is that our cows are sentient beings with a right to proper and humane treatment. Our cows are also key to our business success. Ensuring proper animal welfare is a fundamental consideration for Southern Pastures as we rely on our dairy cows for the quality of our food production and therefore our returns. If a cow is stressed, ill or lame she produces both less and lower quality milk, so the health and wellbeing of our cows is fundamental to our business.

Our Animal Welfare approach is guided by the Five Freedoms:

FREEDOM from Thirst and Hunger
FREEDOM from Discomfort
FREEDOM from Pain, Injury and Distress
FREEDOM to Express Normal Behavior
FREEDOM from Fear and Distress



Southern Pastures’ animal welfare policies go beyond New Zealand’s already very high standards and are written into our farm manager contracts. We have a zero-tolerance policy for animal cruelty, abuse or neglect. All Southern Pastures staff are trained to be aware of the required five freedoms.

Southern Pastures also operates a whistle-blower policy whereby any knowledge of any breach in any human rights or animal welfare issue can be made known to any Southern Pastures director without fear of incrimination or reprisals.

Our policies have been recognized by FAIRR with a case-study entitled “Southern Pastures: Measuring the business case for good welfare.”

FAIRR is a collaborative investor network that represents over US\$45 trillion of assets under management that raises awareness of the material ESG risks and opportunities caused by intensive livestock production.

Grass-fed, free-range, and GMO-free

Southern Pastures’ cows have a natural grass forage diet that is free from palm products and genetically modified organisms.

Our cows are pasture-raised and fed outdoors year-round with grass and other forage making up near 100% of their diet. This diet produces better quality milk that is significantly richer in omega-3 fats, vitamin E, beta-carotene and conjugated linoleic acid – a beneficial fatty acid.

Southern Pastures has entered a partnership with Farmlands to produce calf feed that is suitable for a 10 Star Certified Values diet and is guaranteed to be non-GMO. This allows us to certify that our entire feed chain is also GMO-free.

Palm Kernel Expeller-free

Southern Pastures has removed Palm Kernel Expeller (PKE) from the milking herd diet across all of its farms.

We consider this firstly a moral decision because we know we must play our part in preventing rainforest destruction and protecting biodiversity on earth.

The elimination of PKE has also resulted in a reduction in the assessed emissions footprint of the milk we produce, owing to the higher emissions profile of PKE as a feed source compared to replacement feeds.

We either grow extra forage, or purchase additional New Zealand-grown crops, to meet the unlikely event of a period of feed scarcity and the potential impact this could have on animal welfare.

Antibiotic Stewardship

Southern Pastures recognizes the routine non-therapeutic use of antibiotics in livestock potentially poses a risk to public health. Southern Pastures therefore complies with, and is the only New Zealand signatory to, FAIRR’s comprehensive

Global Investor Statement on Antibiotic Stewardship.

Southern Pastures’ policy is that all milk sent for processing, and therefore all finished products for consumption, must always be free from antibiotics without exception.

Southern Pastures implements an Antimicrobial Stewardship plan to reduce antibiotic use across all its farms, which include the following commitments:

- Farmer Partners administering antibiotics must always consider the impacts to antimicrobial resistance in human and animal health before use.
- To focus on preventing conditions on-farm that could lead to increased requirement of antibiotic use. (eg poorly maintained tracks, or poorly designed stockyards)
- All farm diaries to have agreed machine settings recorded and displayed, set in consultation with the resident service company.
- Animals will only receive antibiotics in situations that are clinically therapeutic and necessary to maintain their health and welfare.
- Reducing the number of animals given antibiotics where this will not compromise animal health or welfare.
- When antibiotics are used, dose rates and processes will be designed to optimise outcomes and limit re-treatment.
- Antibiotics considered more important in human medicine will not be used as a first-line treatment and are only used where appropriate testing has been carried out and Veterinary advice has been given.
- All practical measures will be taken to prevent antimicrobial residues from entering the human food chain.

These commitments manage the on-farm challenges that create disease or damage; in other words, we put the emphasis on prevention rather than cure. Southern Pastures provides on-farm training to farmer-partners to ensure compliance with the stewardship statement.

By having field free-range, sustainably farmed cows and superior farm management practices, including farm infrastructure - for example, ensuring regularly maintained

races - the degree of animal infection through injury is dramatically reduced and consequently there is less need for antibiotic treatment.

No cow is administered antibiotics unless it is necessary for their well-being, and then only after other treatments have been tried first and under the advice of a qualified veterinarian. This ensures cows receive specifically 'targeted to the cause' antibiotics in the weakest and lowest dosage while being quarantined from the milking herd.

Southern Pastures also continues to trial other remedies and systems to further reduce our antibiotic use. For example, we are equipping farms with Mastatest technology to test for infections, enabling a fast 24-hour turn-around for identification of specific bacteria, rather than the typical three to five day wait for lab test results. Consequently, a quicker, targeted treatment is delivered rather than a broad catch-all treatment approach. Using this testing technology has so far allowed one of our farms to reduce treatment rate by 22% in the 2020/21 season. In total, Southern Pastures' farms use fewer antibiotics than what is permissible under EU organic standards.

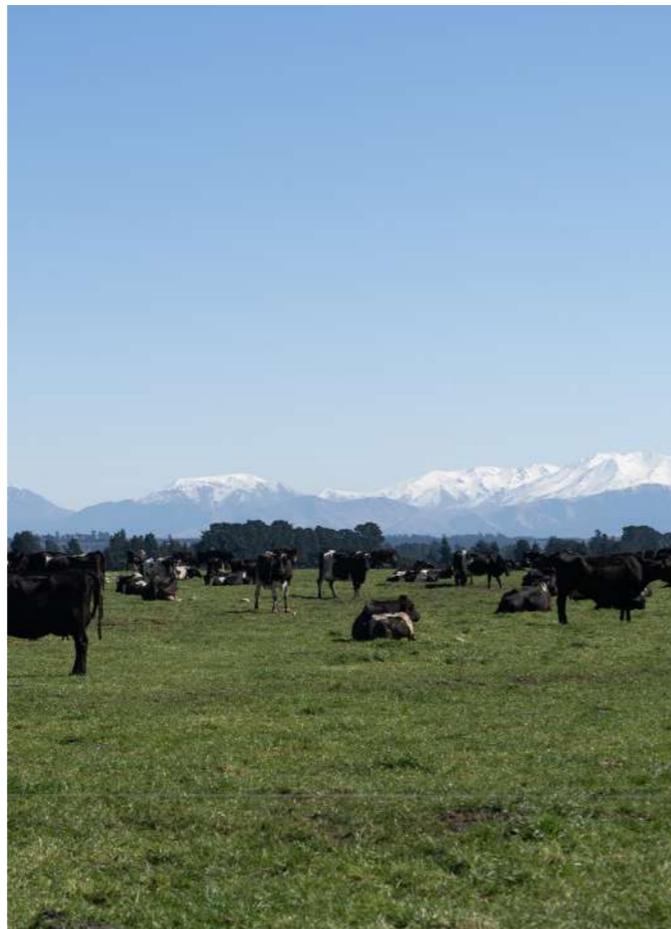
Our Whole Animal Approach

As part of our efforts to maximise the value and reduce the waste from our farming system, Southern Pastures has developed a collagen product from the hides of cows from our farms, using a novel, earth-friendly process.

In 2021 - 2022 Southern Pastures formed a joint venture company with Ovation New Zealand Ltd, called New Zealand Collagen Products Ltd, to further develop the collagen business.

Our New Zealand Collagen Products Ltd collagen business utilizes by-product cow hides from Southern Pastures 10-Star Certified Values farms, and sheep hides from our partner, as a bioresource for the high-value and rapidly growing collagen market.

Both joint venture partners believe that the quality of the environment impacts the quality of nutrition derived from it, so it is important to act sustainably and take proactive measures that protect our environment. Collagen sourced from hides from Southern Pastures farms are from our free-range cows and meet our 10-Star program values.



Our collagen is manufactured by a unique, proprietary process called SUPROSOL™ which uses less energy, uniquely no-acid agents and produces less toxic waste and odour pollutants. The collagen is a clean label, non-allergic product and is, we believe, globally unique.

High Value Nutrition in conjunction with Liggins Institute and Massey University is currently undertaking a \$1.5 million study on NZ Collagen Product's SUPROSOL™ collagen and its potential beneficial impacts on arthritis and on post-workout muscle recovery.

Replacement Calf Reduction Trial

Southern Pastures is actively looking to reduce the need to cull replacement calves (referred to sometimes as bobbies), that are surplus to dairy production requirements, by raising them for beef production.

In partnership with LIC and Rissington, we are seeking to identify the right beef genetics in combination with technologies such as sexed semen and whole herd mating.

In the past 5-10% of calves have been targeted for beef production, but the intention is to increase this proportion to 50% or more, focusing on the animals which exhibit the best traits for marbling, pH, muscle development and fast growth. The objective is to achieve greater efficiencies, reduce GHGs, and channel all calves born towards the outcome best suited for a productive life. Ideally the end result will be an improvement in feed conversion for both dairy and beef industries.

Southern Pastures applies a strong partnership approach to its business which will be an essential feature of its dairy beef raising ambitions. The initiative is still in its early stages and constructive collaboration between sectors will be needed to identify beef trait heritability, feed conversion efficiency, an effective supply chain from rearing to finish, and best ways to integrate beef breeding operations into the dairy business.



Environmental Research and Development

Southern Pastures continues to work with research partners, including Universities and Crown Research Institutes, on environmental and sustainability projects.

These include:

- Plant and Food Research – ongoing studies of biodiversity growth along newly planted fence-line shelterbelts and proposed new studies on fruit tree pollination.
- Seed Industry Research Centre - provision of sites for research by the Seed Industry Research Centre on additional or alternative pollinators to honey bees.
- Massey University - a research project on the 'Role of Shelterbelts in New Zealand Pastures' conducted for the Ministry for Primary Industries and funded additionally in-part by the Sustainable Farming Fund.

Southern Pastures also looks to conduct its own demonstrations and trials on-farm on various farm related aspects.

- KNEWWE – Southern Pastures is progressing a trial on a prebiotic supplement treatment KNEWWE. Initial research indicates an increase in milk production due to increased digestive efficiency in the feed conversion process. An increase in production at greater efficiency would provide a reduction in GHG emission estimates per kgMS as well as reduced costs.

The trial takes place on neighbouring Waikato cluster farms Tātua (supplement) and Nikau (control). These farms share similar contour, soil type

and climatic conditions thereby removing many variables that could complicate conclusions as to the effectiveness of the product when a comparison of the results is undertaken.

- Weed Control - Southern Pastures continues to look to trial and evaluate various site specific solutions to weed management. Weed management and maintenance of the new plantings, specifically weed suppression during the early phases of growth, plays a significant role in ensuring the best outcome for the new planting investment. The weed suppression trials are taking place on Kenburn Farm in Canterbury.
- Miscanthus Grass – there is ongoing work around the propagation, usefulness and applications of miscanthus grass.
- Biochar – The biochar self-demonstration is continuing at Waikato farm Kererū. The second application was completed in late August 2021. Biochar is charcoal that is produced by pyrolysis of biomass in the absence of oxygen; it is used as a soil ameliorant for both carbon sequestration and soil health benefits. We anticipate that the application of biochar to the soil should result in greater water and nutrient retention – as well as increasing soil carbon sequestration.
- Cow Manager – in 2021 - 2022 Southern Pastures expanded its trial of Cow Manager. Cow-manager is a computerised wearable ear tag that supplies data wirelessly on overall cow health including body temperature, rumination and activity or movement levels. This information assists in the optimisation of mating, early identification of potential health issues and can also inform on the feeding behaviour. Initial results have showed some measurable beneficial results around mating. There are new technologies coming to the market that we will also investigate before a decision is made on the final technology platform to use.

NGĀ TANGATA

Our farmers, communities, partners and staff

New Zealand is a world leader in social issues and human rights, and at Southern Pastures we have developed our own social policies that ensure we meet and exceed our legal requirements.

Health & Safety

Southern Pastures prioritizes workforce Health and Safety. The results are reported and summarized each quarter to the GP Board, with any serious incident reported immediately. The regular incident reporting and tracking also includes findings from any spot inspections that have been conducted through the quarter.

The nature of farming operations and the dangers surrounding livestock and heavy machinery operation, means we require drug testing be regularly undertaken to assist or enhance worker safety. We are also investigating a new geo-fenced app-based Health and Safety tool allowing sign-in and sign-out onsite. This will assist farmer-partners to identify who is on or off farm, what tasks are being conducted, and to ensure that all people have left safely once tasks are completed.

Human Rights

Southern Pastures upholds human and labour rights with our all practices founded on the expectation that staff are to be treated with due respect. Southern Pastures is an equal opportunities employer and we are proud to promote workplace diversity with staff from around a dozen different cultural backgrounds.

Southern Pastures also operates a whistle-blower policy that allows human or animal rights abuses or any criminal or fraudulent activity to be brought to any GP director's attention confidentially.

In a global context, Southern Pastures has ensured that the phosphate it buys is not from Western Sahara. This is due to concerns about possible human, labour and indigenous rights abuses in the region.

Indigenous Rights

Southern Pastures respects the Te Tiriti o Waitangi as the founding document of modern New Zealand and the Māori rights enshrined therein. We foster beneficial, positive and pro-active relationships with iwi for both ecological and economic outcomes.

OUR FARMERS AND COMMUNITIES

Southern Pastures offers our farmers the option to purchase an ownership stake in their farm, meaning we run our business alongside our Farmer-Partners.

Farmer-Partner Housing

Southern Pastures continues to invest in warm, dry and healthy homes on our farms for our Farmer-Partners and their staff. Southern Pastures currently has 69 homes spread amongst our two regions, and annually provides budget for updates and upgrades.

Community and Community Event Sponsorship

Southern Pastures runs a program of community donations based on the recommendations of our farmer-partners to positively impact the communities they live in.

We participate in other wider community based programs – for example the Meat-the-Need Program is a nationally based charity designed to supply much needed meat to charitable City Missions and other food banks. To date, over 2100 animals have been donated providing nearly 600,000 meals.

Southern Pastures also continues to liaise with interested parties and organizations, including Regional Councils and representative groups such as New Zealand Fish and Game and the Walking Access Commission, on access to areas of significance, or of special interest to the public, that may lie within or near Southern Pastures farms. Previous cooperation has seen Southern Pastures create covenanted wilderness areas, riverside walkways, and access to areas of native birdlife.

Farmer-Partner Training

Regular regional training sessions continued to be held throughout the two regions. These on and off-site training sessions cover practical farming activity from Health and Safety sessions including chemical handling and storage to machinery and equipment use, to herd management specific such as managing mating and the use of stock management software and stock health.

Annual regional conferences are timed to coincide with Matariki. Southern Pastures adopted Matariki as its equivalent of Thanksgiving many years ago and it has become a cherished part of our farm life tradition.

This year's conferences provided further information and updates to our farmer-partners on Southern Pastures and Lewis Road Creamery's direction of travel, as well as advances in the industry from Southern Pastures and industry leaders.

NZ GRASS FED PRODUCTS LP

NZ Grass Fed Products LP (NZ Grass) is part of our integrated business model that traces directly back to our 10 Star farms. It sells butter, butter sheets, cheese and milk and protein powders to premium export markets and domestic customers.

Over the last 12 months, it has become a significant dairy commodities and foodservice products exporter, catering to premium Australasian, European and US markets, where food businesses are increasingly concerned about the quality and provenance of their ingredients, and the impact of the production of these on the planet. We are also now pleased to be developing a client-base of customers for protein and whole milk powders who also care about such attributes.



LEWIS ROAD CREAMERY

Southern Pastures is the 100% owner of beloved New Zealand premium dairy brand, Lewis Road Creamery. Like all aspects of our business, we require Lewis Road to meet our ESG standards and policies. As we create new dairy products, we go the extra mile to ensure care and attention at every stage of our supply chain.

GMO-free

GMO-free is an important value to Southern Pastures and is a 10 Star credential. Lewis Road Creamery now has a range of products certified by the Non-GMO Project Product Verification Program, which is North America's most rigorous third-party verification for non-GMO food and products.

In the dairy sector, the butterfly mark of the Project means not only are cows free of genetic modification, but they have been raised on a non-GMO diet. Our Lewis Road Creamery fresh milks proudly carry the Non-GMO butterfly mark and are uniquely the only products sold just in New Zealand that are authorised to carry this stamp.

Our export butters carry both the Non-GMO project verified butterfly stamp and our own 10 Star Certified Values stamp.

PKE-free milk

In 2021 – 2022, Lewis Road Creamery, following the lead of its parent, Southern Pastures, made a strategic decision to eliminate palm products from its fresh white milks. This principally required removing Palm Kernel Expeller from all supplying farms.

PKE is the product produced after palm oil has been extracted from the oil palm fruit flesh, leaving the solid kernel which is then mashed, dried and powdered. New Zealand is the largest importer of PKE in the world where dairy farmers use it as a cheap supplementary cow feed.

Our decision to ban PKE was firstly a moral call, so that we are playing our part

to prevent rainforest destruction and protect global biodiversity. Secondly, we know that milk produced from cows who eat mainly grass, without any PKE, yields higher quality and more healthful dairy products.

By not using PKE on our Lewis Road Creamery supplying farms, we are producing better dairy products and protecting biodiversity overseas. Our New Zealand production does not cause rainforest destruction elsewhere in the world. We support local farmers to grow additional feed for us – and this supports our drive to reduce our carbon footprint.

PKE has now been eliminated entirely from our production system. The non-Southern Pastures farms that supply Lewis Road Creamery have also committed to not using PKE.

This means that Lewis Road Creamery fresh white milk is unique in the New Zealand market as being guaranteed PKE-free.

100% recycled and recyclable packaging

Lewis Road was the first milk producer to sign the New Zealand Packaging Declaration, committing to 100% of its packaging being recyclable, reusable or compostable by 2025 or earlier.

Since October 2019, Lewis Road's entire white milk, flavored milk and cream range has been bottled in our 100% recyclable rPET milk bottles. The bottles were awarded Gold in the special Sustainability Category at the 2020 WorldStar Packaging Awards.

Switching to rPET bottles has to date eliminated 752 tonnes of virgin PET from our packaging supply chain – equating to almost 20 million bottles. All lids, as well as bottles, are 100% recyclable after use.

Our bottle labels incorporate CleanFlake™ Adhesive Technology which separates cleanly from plastic containers during the caustic wash at the PET recycling stage. This means that there is no need to remove the labels when recycling PET containers. The label liners are made from Post-Consumer Waste (PCW) PET bottle flakes and are also 100% recyclable.

10 Star Butter

In 2022, Lewis Road Creamery made its premium 10 Star Export Butter available in NZ, at a discounted rate to reflect its domestic provenance.

The butter is made exclusively from ethically-produced cream off Southern Pastures' own farms. In 2020, the butter became the first, and remains the only, New Zealand dairy product to be stocked US-wide by Whole Foods.

Lewis Road made a decision to offer the butter at lower price for NZ consumers to acknowledge its local provenance and the reduced transport costs of selling it here at home.

The butter won a Gold Medal at the 2022 Outstanding NZ Food Producers Awards after delighting the Judging panel, which commented:

"Pure joy from grass-fed (foraging) animals enjoying nature. Creamy, silken, velvety mouthfeel with a subtle taste of lingering saltiness. Stunning fresh, natural flavour – buttery and creamy. Butter with a richness and creaminess that can stand alone, whether it be spread over bread or toast, used to pan fry fish or in baking."



The Refillery

At Lewis Road Creamery, our journey towards milk in glass bottles has begun. We have partnered with The Glass Bottle Milk Co. to install our new Milk Refillery stations in Farro Fresh stores to provide a simple fill, use, rinse, and repeat system for our customers who love glass bottles.

Celebrating Matariki

In 2022 Lewis Road Creamery partnered with Pouarua Farms to celebrate the official recognition of Matariki as a public holiday with the release of a special edition milk.

Pouarua Farms are jointly owned by Ngāti Maru, Ngāti Paoa, Ngāti Tamaterā, Ngāti Tara Tokanui and Te Patukirikiri, and are suppliers of PKE-free milk to Lewis Road Creamery.

Matariki is the traditional start of the new year for Māori and falls after the shortest day of the year at the winter solstice around late June and early July.

The collaboration was designed for celebration, not profit, and was an opportunity to pause and reflect on our place as food producers living and working on the land.

As part of the celebrations, Lewis Road Facebook followers supported fund-raising efforts for a group of elderly Māori in Hamilton, north of the Waikato Cluster farms.





Mark Bridges, Graham Mourie, Phillip Wright, Prem Maan, Taari Nicholas

NGĀ TIKANGA

Our governance and oversight

Southern Pastures was established with a strong commitment to responsible Environmental, Social and Governance considerations. The GP also acknowledges the on-going commitment of the Limited Partners to support the application of ESG principles and policies in the management of the fund.

Southern Pastures was an early proponent of ESG in New Zealand and one of the first 12 New Zealand signatories to the United Nations Principles for Responsible Investment.

Our long-term value and economic performance continues to rest on the responsible decisions that our governance team make every year.

Key Governance updates for 2021 - 2022 include our advisory committee meetings held on July 21, October 21, February 22 and May 22.

Our Board, the CFO and the GM Farming, along with other key staff as

necessary, meet every week, with few exceptions, to ensure that all decisions are made on a timely basis.

Our governance structure rests on independent checks and balances:

- Baker Tilly Waikato – all accounting functions are outsourced to BTW
- Public Trust – NZ Government Owned Public Trust handles all bank accounts transactions of Southern Pastures and undertakes random sense and sensibility checks on payment instructions
- KPMG – KPMG are the auditors
- CBRE, Colliers, QV, Arotahi Agribusiness – provide independent farm valuations
- PF Olsen – provide independent forestry valuations
- AsureQuality - NZ Government Owned AQ audit farms for compliance with the 10 Star Certified Values™, BNZ Sustainability Linked Loan

“On our farms, we have a massive programme of work underway to sequester carbon and reduce our greenhouse gas emissions and foster biodiversity. We also act at executive level as strong stewards for more sustainable and resilient assets and markets.– Prem Maan.”

- Toitū Envirocare – greenhouse gas and carbon certifications
- Manaaki Whenua - Landcare Research – soil carbon measurements

Southern Pastures has a policy of being an active shareholder and voting in 100% of elections and resolutions, if we abstain then it is for a specific reason which is always declared.

The voting record for the 2021/2022 Financial Year was:

- In favour of resolutions: 93%
- Against resolutions: 7%
- Directors voted in successfully: 80%

Since the last Advisory Committee meeting the GP has voted on matters related to:

- Fonterra - Southern Pastures' dairy processing and marketing co-operative partner
- Farmers Mutual Group - Southern Pastures' insurer
- Dairy NZ - industry-good bovine dairy farming group

KEY GOVERNANCE FRAMEWORKS

Alignment of interests: the GP directors on a personal basis are committed to investing alongside and on the same terms as other investors.

Long-term focus: the first performance fees are not due until year 10. This ensures a long-term focus on generating sustainable income.

Independent custody: New Zealand Government owned Public Trust acts as the Custodian for Southern Pastures and controls all bank accounts.

Independent accounting: the accounts are prepared by global accounting practice Baker Tilly.

Independent audit: the annual financial statements are audited by global accounting practice KPMG.

Independent valuation: all real assets are valued at purchase and reviewed annually by an independent specialist rural valuer. Southern Pastures independent valuation panel members and the farms they value are rotated regularly to ensure complete independence.

Environmental audit and impact: we procure independent environmental reports prepared on the farms where need has been identified prior to purchasing farms as and where appropriate.

Legal due diligence: we commission in-depth legal due diligence prior to any land purchases.

Advisory Committee: the GP discusses its operations and plans with the investor appointed advisory committee once a quarter.

Bank of New Zealand Sustainability-linked Loan

In 2020, Southern Pastures and the Bank of New Zealand reached an agreement on a Sustainability Linked Loan. This was the first written sustainability bank-linked facility for an agricultural concern in New Zealand for the bank and was the first such loan for a farming entity in Australasia.

The agreement centers around three key action areas – GHG, Water and Biodiversity, seeking measurable independently-audited targets and results. The ambitious targets ensure that Southern Pastures will go above and beyond

compliance minimums to show what best practice in environmental management, labour and governance looks like.

A two-year review and audit of the loan requirements has been conducted by AsureQuality to confirm that Southern Pastures is meeting the loan's sustainability requirements including:

- Greenhouse gas emissions CO2 equivalent kg per hectare per farm per year
- Total nitrogen loss per farm per year
- Area of riparian, shade and shelter plantings
- Biodiversity of pasture grass species
- The two-year results show Southern Pastures is well ahead of its sustainability requirements

Responsible Investment Association of Australasia (RIAA)

The RIAA represents investors with assets under management of over US\$29 Trillion, including NZ Managers who represent \$328 billion.

The RIAA Benchmark Report for 2021 recognised Southern Pastures for its leading application of ESG principles, noting the integration of these in our comprehensive responsible investment approach. Southern Pastures has featured in the RIAA reporting for the past seven years since the compilation of its New Zealand benchmark report.

According to the RIAA, “responsible Investment Leaders explicitly and systematically consider ESG factors in the allocation of capital, and are decidedly transparent, reporting publicly not just on their activities to improve environmental and social sustainability, but also the outcomes they achieve”.

SUMMARY OF RESULTS VERSUS TARGETS

Test Criteria	Yr 1 (31-May-21)		Yr 2 (31-May-22)		Yr 3 (31-May-23)	
	Target	Result	Target	Result	Target	Result
A 3% reduction from the Baseline Measurement in absolute Emissions over the term of the loan (commencing on or about 1 December 2020), across all SPLP farms.	(1%)	(6%)	(2%)	(9%)	(3%)	
3% reduction in nitrogen leaching from the Baseline Measurement, over the term of the loan (commencing on or about 1 December 2020), across all SPLP farms.	(1%)	(13%)	(2.00%)	(25%)	(3%)	
Achieve riparian, shade or shelter planting of no less than an aggregate total of 2.7 hectares per annum on the 'Canterbury Cluster' farms (with new plantings totalling 0.3ha on a minimum of 8 out of 9 farms per annum), and a total minimum area of 8.1 Hectares in aggregate over the term of the loan (commencing on or about 1 December 2020).	2.7ha	2.9ha	5.4ha	5.81ha	8.1ha	
Increase the diversity and cover of pasture seed mix (alternative to white clover and ryegrass) on a minimum of 30ha in total, over a minimum of three of the nine 'Canterbury Cluster' Farms during the term of the loan (commencing on or about 1 December 2020).	10ha	>10ha	20ha	>20ha	30ha	

In the first year, Southern Pastures was one of three responsible investment leaders, now we are one of 20. In its latest 2022 report, the RIAA stated that 49% of

New Zealand's managed funds are now managed responsibly. It also found in 2022 that for the first time some New Zealand fund managers are negatively screening out investment into intensive livestock management and palm oil production. These relate to two of the Southern Pastures 10 Star Certified Values.

As a demonstration of New Zealand's support for responsible investment the RIAA held its annual New Zealand conference in Auckland. The GP attended with over 350 other attendees, the conference's largest attendance to date. The overall New Zealand fund allocation to responsible investment continues to grow strongly.

At the RIAA New Zealand conference, the Aotearoa New Zealand Stewardship code was launched. Since the GP's inception the GP has adhered to and has always been compliant with the UK Stewardship Code (2010) and its 2020 amendments. After review of the Aotearoa New Zealand Stewardship Code the GP believes that it is compliant with the Aotearoa New Zealand Stewardship Code.

The GP notes that Southern Pastures remains the only organization from New Zealand's agriculture and food sectors to ever be included in the RIAA annual benchmark report.

Global Impact Investing Network

The Global Impact Investing Network (GIIN) is a network of investors dedicated to increasing the scale and effectiveness of impact investing around the world.

Southern Pastures was the only New Zealand contributor to the recent report entitled 'Understanding Impact Performance: Agriculture Investments' that

seeks to analyze and measure the performance of impact investing and the differences made in areas such as environmentally sustainable farming practices, increased rural income and employment.

UNPRI

Southern Pastures undertakes annual signatory reporting for the United Nations Principles for Responsible Investment.

In 2022, the GP joined the PRI Special General Meeting, where we supported the view expressed by the PRI Chair that the PRI has a unique role to play in global investment. This is despite political arguments coming from the US against responsible investment practices.

Other regions of the world and in particular Europe and Australasia continue to increase their support for the PRI and responsible investment. In fact, the PRI mentioned at its SGM that now over 50% of institutional funds are managed responsibly.

The new PRI CEO noted that the roles and responsibilities of PRI signatories differed in different markets and different parts of the world. Certainly, the GP will continue to think globally and act locally. In particular, the GP will continue to promote responsible investment in New Zealand, and our model of responsible, sustainable, and inter-generative dairy farming.

Fonterra

Southern Pastures' Executive Chairman Prem Maan held discussions with Fonterra on its new corporate structure and other relevant matters, as well as provided feedback on its Cooperative Difference framework. Southern Pastures' input was welcomed due to our track record of being more engaged than many others.

UK Free Trade Agreement Update

The GP was pleased and encouraged by the New Zealand Free Trade Agreement with the United Kingdom announced in 2022.

Southern Pastures is well positioned to export high-value, ethically-produced dairy to these markets. This includes export of our premium consumer brand Lewis Road Creamery products, as well as our premium wholesale offering through NZ Grass.

However, it is currently uncompetitive for Southern Pastures to consider such opportunities because of technical issues with the export quota eligibility criteria in the Dairy Industry Restructuring Act 2001.

Southern Pastures has submitted its arguments for change to the New Zealand government, and the quota allocation system is now being reviewed with positive indications for criteria updates by year two of the Free Trade Agreement.

The UK, like the EU and the USA, have large segments of socially conscious and environmentally aware consumers. They present an ideal match for Southern Pastures' capacity to provide our values-for-money dairy to discerning buyers.

Global recognition at World Sustainability Awards

In 2022, Southern Pastures and Lewis Road Creamery were announced as finalists in the Sustainability Excellence Award category of the World Sustainability Awards.

The judging panel was made up of Chief Sustainability Officers from Walgreens Boots, Colgate Palmolive, AT&T, PepsiCo, Schneider Electric, Telus, CBRE, Heineken, Thermo Fisher Scientific, Anheuser-Busch InBev, and Societe Generale, among others.

Communicating our Values to Key Stakeholders

As one of the largest dairy farmers in the country, Southern Pastures feels a responsibility to engage with government, politicians, industry and, where

appropriate, media to ensure that a fair view and key facts are presented. Prem Maan, as our Executive Chairman, has taken a leadership position in national mainstream and industry media, sharing his ambition for Southern Pastures, and his own and, as appropriate, the Southern Pastures Group commitments to sustainability and climate change mitigation in a series of editorial articles, interviews and industry

He has met with the Minister of Agriculture and Minister of Trade and Export Growth and government officials on Free Trade Agreements and Southern Pastures' capacity to export premium dairy products.

In 2022 Southern Pastures and Prem Maan were invited to participate in the CBS series Thought Leaders for distribution in the US and global online platforms in 2023. Filming of a seven-minute segment was completed in 2022 to showcase our on-farm climate change mitigation ambition. It will be screened by CBS in early 2023.

Prem was also panelist at a sustainable dairy farming seminar convened by KPMG and the Bank of New Zealand, provider of sustainability loan to Southern Pastures.

“ So often the pastoral industry is judged by our outputs such as emissions. Our mission is to just as rigorously assess and measure the positive services we provide to mitigate climate change and create a healthy future planet. ”



Southern
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