

In it together for New Zealanders



Foodstuffs North Island Ltd Concise Annual Report FY23

7 July 2023

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01.

Introduction



We've been part of New Zealanders' lives for more than 100 years, and we're committed to making this country an even better place to live for future generations and making sure New Zealanders get more out of life.

There's no doubt the past year has been a challenging one for New Zealanders with rising costs of living, the long tail of the COVID-19 pandemic, and multiple severe weather events including the worst natural disaster our country has seen in years, as Cyclone Gabrielle devastated communities from Northland to the Bay.

As we should, we were here for New Zealand, supporting our communities at every twist and turn, triumph and disaster.

Over FY23 we worked tirelessly to deliver value to New Zealanders.

We worked hard to be inflation fighters for our customers and we're proud of the heavy lifting we've done to absorb record cost increases so we're not passing them straight on to customers in the retail price on shelf. There's been a laser focus on making sure our customers can find the best value for their budget on our shelves. We've done this by buying well to get products at a fair cost for customers and running our stores and supply chain as efficiently as we can to keep costs down in the business.

We've also been providing practical, tangible and dignified support to locals in need through our new social supermarket partnerships and food bank support.

We are immensely proud of the co-op and our people for coming together to help our communities in need; whether it was getting supplies to cyclone devastated communities via damaged roads, helicopters or boats, donating goods and giving financial support to relief efforts to get people back on their feet, or getting a 'pop-up store' up and running when the local store was damaged by fire.

In August 2022, we celebrated our past, present and future when we reached our milestone 100th year, paying tribute to all those who have played a part in shaping the co-op we have today and all the communities we have had the privilege to be part of.

As we start on our next 100 years, we continue to be driven by our purpose to make sure New Zealanders get more out of life. We'll keep working hard every day to deliver value to our customers at the checkout, support our communities every day, and be a positive force for New Zealand.

We are determined to become one of the most customer driven retailers in the world and the plans and priorities we have set for FY24, reflect that. We know we need to be focused and relentless about the things which matter most for customers right now and in the future too. To do that, we will continue to use customer data and insights to direct our decision making and we will harness the expertise and magic of our team so that together, we continue to deliver more for New Zealanders.

02.

Results and Highlights



We were here for New Zealand, supporting our communities at every twist and turn, triumph and disaster.

Our results

2.3 down from 2.9 Lost Time Injury Frequency Rate (LTIFR)

75.4% New World Customer Promise Score

77.7% PAK'nSAVE Customer Promise Score

81.1% 4 Square Customer Promise Score

\$9.8b Retail and wholesale store sales

Our highlights

We were here for New Zealand in many ways.



1. Fighting cost of living inflation for New Zealanders

We know New Zealanders are doing it tough right now and in FY23 our co-op made a stand to fight food price inflation.

To keep our prices as low as possible, we focused on buying as well as we can to get products at a fair price on shelf and running our co-operative as efficiently as possible to keep costs under control.

We also provide regular updates on issues impacting the availability and price of specific products so customers can make choices about what to buy to get the best value.

As well as this direct action on prices, we think it's also important to provide customers and stakeholders with as much useful data and insights as we can on changes to costs and prices, and the drivers behind them.

The Infometrics-Foodstuffs New Zealand Grocery Supplier Cost Index (GSCI), commissioned by Foodstuffs New Zealand, was introduced in August 2022 to measure the change in the cost of grocery goods provided by suppliers to the Foodstuffs North Island and South Island co-operatives.

The biggest cost of putting groceries on the shelf is what our suppliers charge us (68 cents of every retail dollar) and this year, we've seen record increases from suppliers across all goods. The monthly Index utilises detailed Foodstuffs NZ data across over 60,000 products Foodstuffs buys to stock in store, making it the largest dataset of its type in New Zealand, to give a real-time view on cost changes.

2. Rolled back prices at the checkout

In May 2022 we rolled back the price on more than 110 of the most shopped grocery items to what they averaged in early 2021 at PAK'nSAVE, New World and 4 Square. This reduced the price by around 10% on essential grocery items to help ease the pressure on household budgets.

This Price Rollback initiative saved customers more than \$23 million at the checkout.

Then, in August 2022, we launched simplified pricing tickets to make it easier for customers to find value and great deals on the shelf. These are 'Everyday Low Price' for New World, 'Everyday Great Price' in 4 Square, and 'Everyday Low' at PAK'nSAVE, to bring more price certainty for customers shopping for everyday essentials.



3. Supported the opening of four new social supermarkets

This year, we partnered with four more incredible community organisations to support the opening of new social supermarkets in Whangārei, Tauranga, Tokoroa and Kaitia. These social supermarkets aim to create a dignified experience for whānau experiencing food security challenges, by offering food and grocery products in a supermarket environment but at low or no cost, using a points system.

Thanks to our dedicated social supermarket team, we now have a total of five social supermarkets helping communities at 155 Whare Kai (Whangārei), Ōtūmoetai (Tauranga), Tokoroa, Te Hiku Pātaka (Kaitia) and Wellington City Mission. We plan to open several more social supermarkets in the next 12 months.

Our social supermarkets are a tangible and practical way to help families struggling to put food on the table. Over 7,000 shops have been made and over 220,000 items provided to families using the five social supermarkets in FY23.





4. Weathered the storms with our communities

When the Auckland floods and Cyclone Gabrielle ravaged large parts of the North Island, we came together quickly when our teams and communities needed us most.

Our teams including Members, store teams, truck drivers, warehouses, support teams and supplier partners worked together around the clock to help re-open stores and get essential supplies through to hard hit communities.

- A severely flooded PAK'nSAVE Wairau Road was back on its feet in just seven days.
- \$250k was pledged to assist growers in Hawke's Bay whose crops were decimated by Cyclone Gabrielle – including \$50k each to HortNZ, the Rural Support Trust and the Federated Farmers "Farmy Army".
- We chartered helicopters to fly much-needed supplies into cut-off communities.
- New World Whitianga's amphibious boat Waka Kai took to the water to deliver essentials to isolated communities across the Coromandel.
- Starlink kits were flown in to restore connectivity to PAK'nSAVE Gisborne, New World Wairoa, 4 Square Wainui Road, 4 Square Tokomaru Bay, 4 Square Eastern, 4 Square Ruatoria and 4 Square Waimamaku, so they could continue to support their communities.
- We donated more than \$425,000 worth of product and funding to help affected communities with their most immediate needs.
- PAK'nSAVE Owner Operators donated \$575,000 to local communities impacted by Cyclone Gabrielle.
- Gilmours shipped urgent water and food supplies into Hawke's Bay and actively supported hospitals and aged care facilities in Gisborne.
- PAK'nSAVE and 4 Square stores in the Hawke's Bay diverted over 20 tonnes of food that couldn't be safely consumed to EcoGas, who create sustainable energy, biogas and biofertiliser.
- Partnered with Whakarongorau Aotearoa/New Zealand Telehealth Services, to help those impacted with free 24/7 mental health support.
- Enabled customers to donate directly to the Red Cross New Zealand Disaster Fund in all our stores.
- Our Foodies Foundation helped 73 Foodies families across our co-op who were significantly impacted by the severe weather events.



5. A record year for safety performance

There is nothing more important at Foodies than making sure our people and customers get home safe every day.

In FY23 we had 26% fewer harm injuries than in the previous year - a record low for us. Our teams worked an additional 16,500 hours in FY23, and this reduction in harm injuries was achieved despite additional challenges we faced like moving huge volumes, inducting large numbers of new team members into our business, and dealing with a significant number of weather events.

This is great step forward on our journey to zero harm and reflects our unwavering commitment to creating a strong safety culture at Foodies.



6. Celebrated 100 years of serving the North Island

For a century, we have come together as a team to work, collaborate, innovate, and connect so New Zealanders can get more out of life. In August 2022 we celebrated 100 years of Foodies through a series of events with our teams, Members and suppliers over three weeks. A walk-through interactive exhibition was the centrepiece of the celebrations, where we told the story of the co-op's past, present and future.





7. Opened new stores to serve more communities

In FY23 we opened a \$17m New World supermarket in Wairoa, and a \$14m New World in Tamarunui, along with a number of other investments in new stores and store upgrades in communities around New Zealand, totalling around \$100m.

We are proud to be major investors in regional New Zealand, and our local grocers are often major employers in small regional communities and a key player in local economies.

We also opened new transport depots and warehouses in Whangārei and Hastings so we can deliver to Northland and regional stores more efficiently. Their fit for purpose designs are a testament to the co-op's commitment to providing high-quality, efficient, and safe food distribution services across the North Island. The new state of the art facilities ensures all products are stored at the optimal temperature, providing the highest levels of food safety freshness and quality.

9. Our local Owner Operators work in the heart of their communities

Our Owner Operators know their communities well and are passionate about supporting areas where they see the greatest need.

In FY23, our stores donated over \$2.1m to communities and gave over \$3.8m in store sponsorships. From small to big, we're here for our communities each and every year.



8. Supported 43 people on their ownership journeys

43 Members moved into stores across all our banners. A lot of mahi goes into this process and we're very proud of the way we've supported each of them into their new stores and communities.

The path to ownership at Foodies is rigorous and robust. It's important for us to select and develop customer driven owner operators committed to taking our stores, brands and co-op to the next level. Like owning any business, store ownership is very demanding, and our Owner Operators need great resilience.

We believe our Trainee Operator Programme is one of the best development pathways available in the world, and it is one of the many ways we help our people in their career aspirations.



10. Highest ever people engagement score for Foodies

Across the whole co-op we achieved an employee engagement score of 67%. This is the highest we've ever seen and is firmly in the upper quartile for the Australia and New Zealand retail sector.

Store, Supply Chain and Support Centre teams then took ownership of their own results and together planned how to make things better. They focused on areas like career development, communication, collaboration and building leadership capability.

This improved score is a true credit to our people leaders and our teams for their commitment to our co-op and is a big step toward our goal of having the best employee experience in New Zealand by 2028.



11. Making Foodies a more diverse and inclusive place to work

We were incredibly proud to get the Rainbow Tick Accreditation in May 2022 for our Support Centre and Supply Chain. This was external recognition that we're a progressive, inclusive and dynamic organisation that reflects the communities we're based in.

We also launched our new parental leave policy with 12 weeks of paid parental leave, regardless of gender, for our Support Centre and Supply Chain team members. We also reviewed our workstyle policy, putting in clearer guidelines around flexible and hybrid working and continued to proactively take steps to reduce the gender pay gap.



12. Tackling food affordability, food waste and sustainability

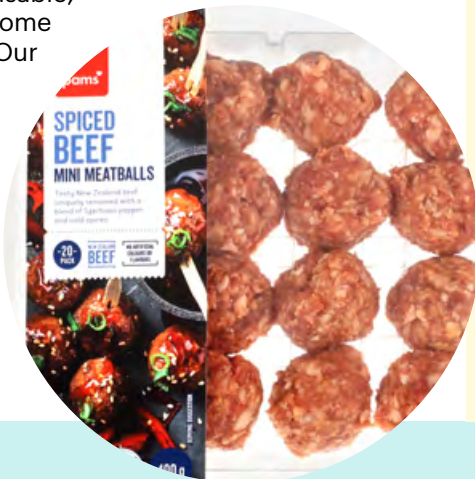
We're committed to ensuring New Zealanders have access to healthy affordable food, reducing food poverty, and reducing food waste. We work with national and local food rescue organisations and actively support food banks. We also have social supermarket partnerships to help struggling families put food on the table.

As a co-op we're focused on reducing our own environmental impact, reducing carbon emissions by getting more efficient with electricity usage, refrigeration and transport. We're reducing our waste by moving towards more sustainable packaging and ethical and responsible sourcing.



13. Committed to reusable, recyclable or certified home compostable packaging by 2025

This year we have made great strides in improving our packaging sustainability with a focus on auditing and introducing reusable, recyclable or home compostable packaging in our stores. 98.9% (by weight) of our Own Brands packaging nationally (including retail, inner and trade unit) is now reusable, recyclable or home compostable. Our Own Brands bread tags have made the switch from non-recyclable polystyrene to recyclable cardboard tags.



14. On our way to 100% cage-free eggs

We are committed to working with our suppliers to ensure animal welfare is respected. A key focus has been on working collaboratively with suppliers to transition to 100% cage-free eggs (i.e. barn or free-range) for Own Brands products by 2025 and all retail brands in stores by 2027.



- 100% of Own Brands packaged eggs are cage free.
- 35% of eggs used as an ingredient in our Own Brands products are cage free. We're working towards 100% by 2025.
- 62 Foodstuffs North Island stores have gone 100% cage free for packaged eggs, including own brand and branded eggs.
- 58% of Foodstuffs North Island packaged egg sales (by volume) were cage free, including own brand and branded eggs.

15. Responsibly and ethically sourcing our Own Brands products

We are committed to working with our suppliers to ensure that the ingredients and products we source are made in an environmentally and socially responsible way – in a way that respects people, animals and the environment.

At the end of FY23, Own Brands had onboarded 71% of its international supplier sites to Sedex, a platform used to assess and audit environmental and social risks in supply chains. In addition:

- 78% of Own Brands products now use responsibly sourced seafood.
- 74% of Own Brands products use responsibly sourced timber, bamboo, pulp and paper.
- 99.5% of Own Brands products use responsibly sourced palm oil.





03.

Our Customer Driven Year

Delivering on our aspiration to become one of the most customer driven retailers in the world has never been so important and we are proud of the progress we made in FY23.

We made it easier for customers to shop our stores

We're in the middle of a significant customer driven transformation, making it easier for customers to shop our stores and find value.

One way we're delivering on this is through our customer driven category reviews, which use customer data and insights to help us understand customer needs and loyalty.

In FY23, there was significant momentum in our New World and 4 Square category reviews, with PAK'nSAVE getting started on theirs to.

- We completed 28 category reviews during the year and stores started having these new ranges on shelf.
- We worked with more than 500 suppliers through these category reviews. We are committed to working together with our supplier partners in a fair and transparent way to ensure we have the products on shelf that matter most across our customers shopping missions, at the right price.
- We're continuing with category reviews in FY24.



Insights zeroing in on products that matter most to customers

We're using dunnhumby data and tools to find the products that matter most to customers. Here are some of our top highlights:

- Three months ago, we launched our Customer Insights Academy to make customer insight learning and development more accessible to everyone across the co-op and our supplier partners. We've already run 21 courses for more than 500 people.
- By using dunnhumby's Promotions Analytics tool, our Category Managers have been better able to deliver promotions to New World customers that were most important to them. Customers can now find the best deals at New World without being distracted by promotions that don't matter to them.
- We started working closer with our suppliers through our new Supplier Partner Programme, which uses customer insights to give customers more of what they are looking for in a category.



Simplified pricing and promotions

We fully support the recommendations made by the Commerce Commission in its final report on the Market Study into the retail grocery sector. We've made significant progress in simplifying pricing and promotions across our brands, making them easier to understand for customers and a greater proportion of our products instore now show unit pricing.

We're also working hard to ensure our loyalty programme and data collection and user practices are clear and transparent.

Throughout FY23 we regularly reported on the progress we're making to implement the Commerce Commission's recommendations via our online Market Study dashboard.



Celebrated world class innovation in our supplier community

We acknowledged more than 500 suppliers from 170 businesses across New Zealand for the important role they play in making sure our customers get an awesome shopping experience at the Foodstuffs Partnership Awards.

Customer driven innovation from our supplier community also took centre stage at our biggest ever Foodstuffs Expo in Hamilton in March. More than 6,000 people experienced New Zealand's biggest B2B trade show, with 350+ exhibits showcasing our supplier partners' world class product concepts and innovations.

The Foodstuffs Expo is a valuable opportunity for brands to connect with representatives from locally owned and operated New World, PAK'nSAVE, 4 Square stores from across New Zealand – who can taste, test, and learn more about new products from passionate New Zealand and international suppliers.

Launched Precision Media, our very own retail media company

We're on a journey to engage customers in new and innovative experiences and in October 2022 we launched a new retail media company called Precision Media.

Using dunnhumby insights, Precision Media gives customers relevant and personalised recommendations making it easier for them to find the brands and products they're most interested in.

For our supplier partners, this now means they have a specialised, centralised marketing function at Foodstuffs, and a single point of contact for brand and media activation, across our New World and PAK'nSAVE stores nationwide.

By providing our customers with a more relevant and personalised experience, we're making it easier and faster to find great value and inspiration every time they shop with us.



Fuelled an independent fleet for Leigh Fish

In October 2022, we secured a lifeline for the 45 independently owned and operated fishing boats that supply to Leigh Fish (Lee Fish Limited). We came to an agreement with marine fuel specialist Go Fuel and BP to offer substantial fuel savings and better access to help fishers continue to operate in the face of rising operating costs.

This was a great way to make a real difference to these small local kiwi businesses as they continue to source great quality, sustainably caught fresh fish for our customers.

04.

Our Numbers

Following are our Consolidated FY23 Financial Statements of Foodstuffs North Island Limited, for the year ended 2 April 2023.

These Consolidated FY23 Financial Statements have been independently audited by PricewaterhouseCoopers.

It should also be noted that these Consolidated FY23 Financial Statements cover the perimeter of the Foodstuffs North Island Group only, and do not cover the financial results of our Member stores.





Report of the independent auditor on the summary financial statements

To the shareholders of Foodstuffs North Island Limited

The consolidated financial statements - condensed version (summary financial statements) comprise:

- the consolidated statement of financial position as at 2 April 2023;
- the consolidated statement of comprehensive income for the 52 weeks then ended;
- the consolidated statement of changes in equity for the 52 weeks then ended;
- the consolidated statement of cash flows for the 52 weeks then ended; and
- the notes to the consolidated financial statements, which include a summary of policies.

Our opinion

The summary financial statements are derived from the audited consolidated financial statements of Foodstuffs North Island Limited, including its subsidiaries (the Group) for the 52 weeks ended 2 April 2023.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Consolidated Summary financial statements

The summary financial statements do not contain all the disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 22 June 2023.

Information other than the summary financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the summary financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the summary financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the summary financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the summary financial statements

The Directors are responsible, on behalf of the Company, for the preparation of the summary financial statements in accordance with FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our



procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

We are independent of the Group. Our firm carries out other services for the Group in the areas of whistleblower hotline services, tax compliance services, property related advisory services, due diligence services, and other consulting services. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. The provision of these other services and relationships have not impaired our independence as auditor of the Group.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

Pricewaterhouse Coopers

Chartered Accountants
22 June 2023

Auckland

Foodstuffs North Island Limited

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 2 April 2023

	Notes	2023 \$ '000	2022 \$ '000
Revenue	2	4,299,346	4,020,844
Cost of sales		(3,385,938)	(3,156,617)
Gross profit		913,408	864,227
Other income		3	5,333
Operating expenses		(648,950)	(599,497)
Operating profit		264,461	270,063
Finance income		9,317	4,477
Finance costs		(60,122)	(61,767)
Net finance costs		(50,805)	(57,290)
Share of profit/(loss) from Associates and Joint Ventures		4,433	3,537
Profit before distribution to Members		218,089	216,310
Distribution to Members	3	(150,972)	(149,934)
Profit before income tax		67,117	66,376
Income tax expense		(22,173)	(20,986)
Profit for the period		44,944	45,390
of which attributable to non-controlling interests		(46)	-
of which attributable to shareholders of the parent		44,990	45,390
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Increase in fair value of hedging net of tax		6,088	16,424
Items that may not be reclassified subsequently to profit or loss:			
Increase/(decrease) in fair value of other financial assets		-	(7,820)
Total other comprehensive gain		6,088	8,604
Total comprehensive income for the period		51,032	53,994

Items in Other Comprehensive Income are disclosed net of tax.

The attached notes form part of and are to be read in conjunction with these audited consolidated financial statements.

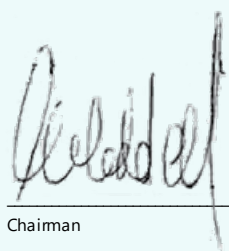
Foodstuffs North Island Limited

Consolidated Statement of Financial Position

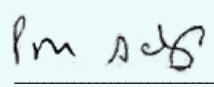
As at 2 April 2023

	Notes	2023 \$ '000	2022 \$ '000
ASSETS			
Non-current assets			
Property, plant and equipment		1,959,400	1,911,575
Right of use assets	4	380,768	381,665
Sublease receivables	4	-	153
Intangible assets		231,697	242,183
Investments in associates		3,004	4,260
Investments in joint ventures		9,773	9,734
Derivative financial instruments		2,459	-
Total non-current assets		2,587,101	2,549,570
Current assets			
Cash and cash equivalents		17,529	26,895
Trade and other receivables		595,913	519,610
Sublease receivables	4	173	294
Inventories		227,878	189,433
Related party receivables	6	76,320	80,390
Assets held for sale		37,575	39,701
Derivative financial instruments		58	-
Total current assets		955,446	856,323
Total assets		3,542,547	3,405,893
EQUITY			
Capital and reserves attributable to equity holders			
Share capital		132,573	132,573
Hedqinq reserve		753	(5,335)
Retained earnings		941,009	896,019
Non-controlling interest		(46)	-
Total equity		1,074,289	1,023,257
LIABILITIES			
Non-current liabilities			
Liabilities to Members		583,366	558,643
Borrowings		250,000	250,000
Lease liabilities	4	405,519	394,796
Deferred tax liability		47,398	56,382
Derivative financial instruments		-	6,662
Other liabilities		4,118	4,468
Total non-current liabilities		1,290,401	1,270,951
Current liabilities			
Liabilities to Members		116,432	110,886
Lease liabilities	4	16,542	17,811
Borrowings		132,127	154,000
Trade and other payables		889,649	805,618
Payable of Cash distribution to Members		6,221	6,741
Income taxation payable		7,771	10,849
Derivative financial instruments		1,413	1,405
Related party payables	6	7,702	4,375
Total current liabilities		1,177,857	1,111,685
Total liabilities		2,468,258	2,382,636
Total equity and liabilities		3,542,547	3,405,893

The attached notes form part of and are to be read in conjunction with these audited consolidated financial statements.



Chairman



Director
22 June 2023

Foodstuffs North Island Limited

Consolidated Statement of Changes in Equity

For the 52 weeks ended 2 April 2023

	Share capital \$ '000	Other financial assets revaluation reserves \$ '000	Hedging reserve \$ '000	Retained earnings \$ '000	Non-Controlling Interest \$ '000	Total equity \$ '000
Balance at At 28 March 2021	132,573	(15,725)	(21,759)	874,174	-	969,263
Profit for the period	-	-	-	45,390	-	45,390
Transfer from reserves to retained earnings	-	23,545	-	(23,545)	-	-
Other comprehensive income						
Changes fair value of other financial assets	-	(7,820)	-	-	-	(7,820)
Changes in fair value of hedging net of tax	-	-	16,424	-	-	16,424
Total other comprehensive income	-	(7,820)	16,424	-	-	8,604
Balance as at 3 April 2022	132,573	-	(5,335)	896,019	-	1,023,257
Profit for the period	-	-	-	44,990	(46)	44,944
Other comprehensive income						
Changes in fair value of hedging reserves net of tax	-	-	6,088	-	-	6,088
Total other comprehensive income	-	-	6,088	-	-	6,088
Balance as at 2 April 2023	132,573	-	753	941,009	(46)	1,074,289

The attached notes form part of and are to be read in conjunction with these audited consolidated financial statements.

Foodstuffs North Island Limited

Consolidated Statement of Cash Flows

For the 52 weeks ended 2 April 2023

	Notes	2023 \$ '000	2022 \$ '000
Cash flows from operating activities			
Cash generated from operations	5	462,664	223,128
Interest received		9,170	4,396
Interest paid		(37,482)	(35,096)
Lease interest paid		(19,112)	(10,488)
Net GST paid		(64,402)	(67,482)
Net income tax paid		(36,628)	(21,872)
Net cash generated from operating activities		314,210	92,586
Cash flows from investing activities			
Purchase of property, plant and equipment		(140,598)	(85,245)
Proceeds from sale of property, plant and equipment		281	6,675
Purchase of intangible assets		(31,645)	(26,046)
Dividends received from Joint Ventures		4,000	5,029
Dividends received from other investments		3	4,903
Sale of other financial assets		-	67,699
Advances to Members		(309,427)	(246,552)
Repayment of advances to Members		316,649	201,820
Repayment from Associates		974	1,328
Repayment from other related companies		3,633	5,078
Net cash used in investing activities		(156,130)	(65,311)
Cash flows from financing activities			
Proceeds from borrowings		7,127	174,000
Repayment of borrowings		(29,000)	(65,000)
Principal elements of lease payments		(3,350)	(4,901)
Deferred rebate vouchers paid		(93,365)	(91,941)
Interest paid on deferred rebate vouchers		(23,551)	(24,667)
Cash rebates paid		(25,307)	(28,117)
Net cash used in financing activities		(167,446)	(40,626)
Net decrease in cash and cash equivalents		(9,366)	(13,351)
Cash and cash equivalents at beginning of period		26,895	40,246
Cash and cash equivalents at end of period		17,529	26,895

The attached notes form part of and are to be read in conjunction with these audited consolidated financial statements.

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

1 Policies

a) Basis of preparation

The summary financial statements are those of Foodstuffs North Island Limited (the 'Company' or the 'Parent Company'), its subsidiaries and associates (the 'Group' or 'Foodstuffs'). Foodstuffs North Island Limited has designated itself and the Group as profit oriented entities for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). They have been prepared in accordance with Financial Reporting Standards No. 43 "Summary Financial Statements" and have been extracted from full financial statements that comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

The full financial statements for the 52 weeks ended 2 April 2023 were issued with an unqualified opinion and were authorised by the Board of Directors on 22 June 2023.

For a complete understanding of the financial affairs of the Group, including additional note disclosures not presented here, the full financial statements are available for shareholders on request.

b) Accounting periods

The Group has a weekly operating cycle ending on Sunday night. The annual accounting period follows this cycle. The 2023 accounting period presented consists of 52 weeks to 2 April 2023 (2022: 53 weeks to 3 April 2022).

2 Revenues

	2023 \$'000	2022 \$'000
Sale of goods	3,743,893	3,490,692
Service income	46,712	46,988
Rental income	169,695	164,380
Freight Income	61,040	56,667
Services to Members	252,387	235,289
Co-operative income	9,074	9,610
Miscellaneous Income	16,545	17,218
Total revenues	4,299,346	4,020,844

3 Distributions to Members

The total distribution for the period is made up as follows:

	2023 \$'000	2022 \$'000
Cash rebates payable	6,221	6,741
Cash rebates paid	18,567	21,119
Deferred rebate vouchers (DRVs)	126,184	122,074
Distributions to Members before interest	150,972	149,934
Interest on deferred rebate vouchers	25,818	26,639
Total distributions to Members	176,790	176,573

These balances and transactions are with related parties (refer note 6).

4 Leases

The Group is involved in the leasing of property, land, offices and equipment.

Right of use assets (ROU)	Property \$'000	Total \$'000
At 2 April 2023		
Opening net book amount	381,665	381,665
Acquisitions	13,020	13,020
Depreciation & Impairments	(13,917)	(13,917)
Closing net book amount	380,768	380,768

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

Lease Receivable	2023 \$'000	2022 \$'000
Current	173	294
Non-current	-	153
Total lease Receivable	173	447

Lease liabilities	2023 \$'000	2022 \$'000
Current	16,542	17,811
Non-current	405,519	394,796
Total lease liabilities	422,061	412,607

5 Reconciliation of profit before tax to net cash generated from operations

	2023 \$'000	2022 \$'000
Net profit before tax for the period	67,117	66,376
Adjustments to reconcile net profit to net cash generated from operations:		
Depreciation and amortisation	120,896	125,076
Impairment of assets	7,166	-
Distribution to Members	150,972	149,934
Share of profit from Associates & Joint Ventures	(4,433)	(3,537)
Net finance costs	50,805	57,290
Unrealised loss/(gain) on derivative transactions	(743)	684
Dividends received from other financial assets	(3)	(5,333)
Net loss on disposal of assets	2,148	1,727
Working capital movements:		
Increase in inventories	(38,445)	(11,149)
Increase in trade and other receivables	(90,207)	(102,175)
Increase/(decrease) in trade and other payables	186,767	(73,304)
Increase in lease liabilities	10,350	17,230
Decrease in sublease receivables	274	309
Cash generated from operations	462,664	223,128

6 Related party transactions

(a) Transactions with related parties

Foodstuffs North Island Limited, the ultimate parent company, operates as a co-operative and predominantly trades with Members. On a Group level, approximately \$4,288,418,000 (2022: \$4,009,740,000) of revenue represents sales to and rental from Members.

In the ordinary course of business the Group bears charges for the shared activities undertaken by its associated companies and related parties and incurs direct costs which are recovered from them. The net charges from associated companies were \$21,459,891 (2022: \$19,840,968). Net charges to related parties were \$317,975 (2022: \$142,267). Key management personnel compensation in the Group is \$11,505,271 (2022: \$10,838,225). These charges are recognised as part of related party receivables and payables in the Consolidated Statement of Financial Position and cost of sales, other income, operating expenses and finance income and expenses in the Consolidated Statement of Comprehensive Income. The outstanding related party balances will be settled by cash.

Advances, repayment of advances, and distributions to Members are presented in the Consolidated Statement of Cash Flows and note 3.

There have been no transactions with directors outside trading in the normal course of business in their capacity as Members, other than directors fees. Total directors fees paid and payable for the current year end amount to \$1,459,983 (2022: \$1,304,442).

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

(b) Outstanding balances at balance date with related parties

The Parent company advances funds to subsidiaries, Members and associate companies in the normal course of business. All loans are secured and repayable on demand. At 2 April 2023 a reserve against future recoverability of Member loans of \$nil (2022: \$nil) was held.

	2023 \$'000	2022 \$'000
Loans to Members	65,309	72,531
Loans to Associates	5,062	1,711
Receivable from other related companies	5,949	6,148
Related party receivables	76,320	80,390

Included in trade debtors for the Group is \$407,480,000 (2022: \$352,748,000) arising from Member purchases.

Other related parties, due to their relationship with the Group, represent balances owing from Foodstuffs Auckland Provident Fund Limited and Modern Merchants Limited.

	2023 \$'000	2022 \$'000
Payable to Associates	38	145
Payable to other related companies	7,664	4,230
Related party payables	7,702	4,375

The rate of interest is determined over the period at the floating rate existing at that time except where alternative arrangements have been made. The average floating rate at balance date was 6.00% (2022: 3.21%).

The majority of the other related parties balance is owing to Modern Merchants Limited.

Modern Merchants Limited is in an agency relationship with the related party landlords who are part of the Foodstuffs North Island Limited Group.

Foodstuffs (Auckland) Provident Fund Limited and Foodstuffs North Island Limited share a common director.

Eight Directors of the Company are also store owners and as such may receive loans under the same terms and conditions as other loans to Members. At balance date, these amounted to \$9,103,000 (2022: \$7,700,000).

(c) Guarantees

	2023 \$'000	2022 \$'000
Guarantees for Members' bank loans	495,204	411,218

The Group acts as a guarantor for a number of Members' bank loans. The Group is obligated under the guarantee to make the loan payments in the event the Member defaults on a loan agreement. The Group generally holds first debenture security over the assets and prudently manages exposures. Based on the application of the expected credit loss model under NZ IFRS 9, no amount has been included in the financial statements in relation to these guarantees as no guarantees are expected to be called.

(d) Fair values

The carrying values of balances receivable or payable are approximately their fair value.

(e) Investment in subsidiaries

The Group's principal subsidiaries are:

	Business activity	Share of issued capital and voting rights	2023	2022
Equity Funding Limited	Investment	100%	100%	100%
Foodstuffs Christmas Club Limited	Loyalty programme	100%	100%	100%
Foodstuffs Finance (Auckland) Limited	Funding	100%	100%	100%
Foodstuffs Fresh (Auckland) Limited	Distribution	100%	100%	100%
FSNI Transport Limited	Transport	100%	100%	100%
The National Trading Company of New Zealand Limited	Retail property	100%	100%	100%
Foodstuffs Properties (Wellington) Limited	Retail property	100%	100%	100%
Wai-Iti Developments Limited	Investment	100%	100%	100%
Wardell Bros & Coy Limited	Investment	100%	100%	100%
Gilmour's Wholesale Limited	Wholesaling	100%	100%	100%
Foodstuffs Precision Media Limited	National advertising	70%	70%	0%

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

(f) Investment in Associates and Joint Ventures

The Group's principal Associates and Joint Ventures are:

	Reporting date	Type	Business activity	Share of issued capital	
				2023	2022
Foodstuffs (N.Z.) Limited	2 April	Joint Ventures	Brand management	50%	50%
Foodstuffs Liquor New Zealand Limited*	31 March	Joint Ventures	Retail	67%	67%
Foodstuffs Own Brands Limited	2 April	Joint Ventures	Procurement	50%	50%
Foodstuffs Inbound Limited	2 April	Joint Ventures	Transport	50%	50%
Eat My Lunch Limited	31 August	Associates	Catering Service	23%	23%
Fresh Connection Limited	30 June	Associates	Produce Distribution	25%	25%

* Foodstuffs North Island share the voting rights in Foodstuffs Liquor NZ Limited with Foodstuffs South Island equally.

All Associate and Joint Venture companies are incorporated and domiciled in New Zealand which is their principal place of business.

Associates are entities over which the Group has significant influence to participate in the financial and operating policy decisions of the associate, but does not have control or joint control over these policies.

Joint Ventures are entities over which the Group has significant influence to participate in the financial and operating policy decisions of the joint venture and has joint control over these policies.

	2023 \$'000	2022 \$'000
Interests in Associates		
Carrying value at beginning of period	4,260	4,509
(Disposal/Sale)/Acquisition of shares in Associates	(1,650)	-
Advances to Associates	-	(210)
Group's share of Associate's profit	394	21
Dividends received (declared)	-	(60)
Carrying value at end of period	3,004	4,260

	2023 \$'000	2022 \$'000
Interests in Joint Ventures		
Carrying value at beginning of period	9,734	10,667
Acquisition/(Disposal/Sale) of shares in Joint Venture	-	-
Advances to JV	-	-
Group's share of Joint Venture's profit	4,039	3,517
Dividends declared	(4,000)	(4,450)
Carrying value at end of period	9,773	9,734

	2023 \$'000	2022 \$'000
Results of Associates and Joint Ventures		
Share of profit before income tax	6,173	4,963
Income tax	(1,740)	(1,426)
Share of profit from Associates and Joint Ventures	4,433	3,537

7 Subsequent events

There have been no material events subsequent to 2 April 2023.



05.

From our Chair





The last twelve months in our co-op is certainly a chapter that none of us will forget. We navigated everything from COVID-19, to significant weather events to a cost-of-living crisis. Through it all, our Owner Operators and teams have risen to the challenges and our commitment to being here for New Zealand.

As we began FY23, the challenges of COVID-19 were still very much a part of our communities, and our co-op continued to rally together to put safety first and put products on shelves for customers.

As the cost-of-living crisis in New Zealand worsened, our business has continued to step up and deliver value for all New Zealanders through initiatives like the Price Rollback campaign and by staying laser focused on delivering value within the 19 cents of every dollar on shelf we're directly responsible for.

We know we must stay focused on this in the months ahead and will continue to do everything in our power to fight inflation by buying well, finding efficiencies in our business, and not adding unnecessary costs.

Foodstuffs North Island has embraced the findings of the Commerce Commission's final Market Study report and we have made significant progress in the last twelve months to deliver on our commitments. We have worked fast to improve our pricing and promotional practices and ensure our loyalty programmes are simple and easy to understand, to end the use of restrictive land covenants and exclusivity provisions in leases, develop a wholesale supply solution for non-member retailers, and do our part to support the development of a mandatory Grocery Code of Conduct.

A key highlight of the year was our 100-year celebrations. This gave our co-op Members (past and present) and teams, the chance to come together, take a trip down memory lane and reflect on the progress we have made in the last ten decades to make sure our brands are a much-loved part of New Zealanders' lives.

Celebrating 100 years also gave us an opportunity to reflect on what we want to stand for as a business, and how we will achieve our aspiration to become one of the most customer driven retailers in the world, as we begin our next 100 years together.

Over the last year, we made good strides to deliver on our strategy with strong progress on our customer driven range reviews, the opening of six new stores for New Zealand communities, the opening of our new Hastings Cross Dock and Transport Depot in Whangārei, the launch of our Precision Media business, and strong performance in our Foodstuffs Own Brands including the launch of over 140 new, customer-driven, private-label products to give more great value options for customers.

We are determined to make sure we continue to earn our social licence and live our four social promises to provide affordable and healthy food for all New Zealanders, provide meaningful and safe work for our people, be leaders in sustainability, and support our local communities to thrive.

In FY23 our focus around providing affordable and healthy food for all New Zealanders became even more important and we were proud to expand our social supermarket partnerships across the North Island to four new locations including 155 Whare Kai (Whangārei), The Ōtūmoetai Social Supermarket, Tokoroa Social Supermarket, and Te Hiku Pātaka (Kaitia).

In late December 2022, after seven years of operation, Eat My Lunch closed its 'Buy One Give One' business. With the demand for workplace catering significantly declining after COVID-19, the model was no longer commercially viable. The sale of substantially all of the assets of Eat My Lunch Limited to Montana Catering Auckland Limited completed on 4 January 2023. Eat My Lunch provided more than 1.8 million lunches to Kiwi kids and Foodstuffs is very proud to have been part of the Eat My Lunch journey, including as a minority shareholder since 2017.

Financial highlights

As your Board, we are pleased to report a year of strong financial performance, while we continued to work together, pulling out all the stops during and after the Auckland floods and Cyclone Gabrielle, keeping our people safe and keeping the shelves stocked for New Zealanders.

This result positions us well to ensure our grocery co-operative continues to have the strength and resilience to invest in and support our local grocery retailers in every community, so they can best serve their customers now and for the next 100 years.

The results for FY23 represent trading for 52 weeks, compared to 53 weeks in the prior year.

For FY23 our Member store revenue of \$9.8b was \$297m up compared to the 53 weeks in the prior year.

The Foodstuffs North Island (FSNI) consolidated FY23 Statements cover the perimeter of the Foodstuffs North Island Group only, and do not cover the financial results of our Member stores. The Foodstuffs North Island Group's statutory revenue (which reflects gross Member purchases directly from FSNI Distribution Centres and net Member charge through purchases), for the 52-week period of \$4,299 million, was \$279 million, or 7% up compared to 53 weeks in the prior year.

The Foodstuffs North Island Group's EBIT for FY23 of \$268.9 million was down \$4.7 million, and is made up of the following components:

Deferred Rebate Voucher (DRV) Member funding of \$126.2m (up \$4.1m)

Supplier Repatriate Rebates for FY23 of \$24.8m (down \$3m)

Group Project Levy Member funding of \$31.7m (down \$11.3m)

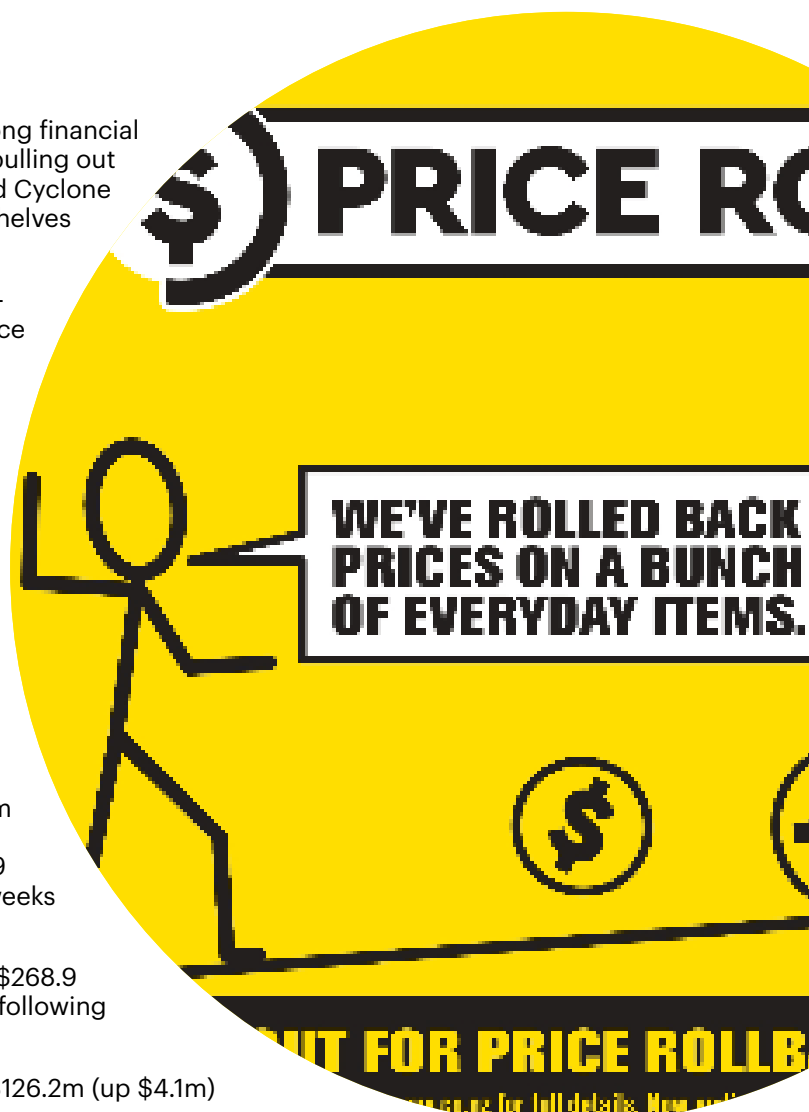
Property & Investment portfolio EBIT of \$101m (up \$15m)

The Board is pleased to announce the distribution to Members of the DRV and Supplier Repatriate Rebates totalling \$151m. The Group Project Levy Member funding and Property & Investment profit are retained by FSNI to enable the co-operative to continue to invest in IT, Digital and Property assets.

As a Board, we keep a close eye on our current performance and future outlook, to ensure the co-operative remains relevant and financially sustainable.

In this fiscal year, the overall capital expenditure amounted to \$172.2 million, representing an increase of \$60.9m compared to the previous year, largely driven by significant investments in Chilled & Frozen Distribution Centre (DC) as well as new stores.

Additionally, a sum of \$31.6 million was allocated to technology investments, with a predominant focus on SAP S4 Hana upgrade, and the Gilmours warehouse management system.



The year ahead

We have a clear plan and priorities to deliver customer driven efficiency so that we can invest strategically into the things that matter most to our customers. We know that top of the list for New Zealanders right now is price and value, ease and convenience, and improving the digital experience.

In the year ahead we will be building our e-commerce capabilities with a focus on ease and convenience so that customers are getting a seamless experience no matter where or how they shop.

To achieve our customer driven aspiration, our co-op culture will be critical to providing our people with a safe environment where they can be their best selves and move faster on the things that matter most to our customers.

Over the last 18 months we have done a lot of work to understand what our cultural strengths are and where we can continue to grow.

In FY24, we will start on the next part of our culture journey with initiatives such as our new Member Commitments, revamped Co-op Awards, re-energising our values, and culture leadership training. I look forward to seeing this come to life in our co-op.

Thank you

I would like to thank Chris Quin and the Foodstuffs North Island Leadership team for leading our co-operative through another challenging but successful year and for the resilient leadership you have shown over the last few years. Our business has gone from strength to strength with you at the helm, and your resolute focus on our people and customers has positioned us strongly to deliver on the next part of our customer driven aspiration.

We look forward to you continuing to challenge our business to bring our Here for NZ social promises to life in every decision we make.

I would also like to acknowledge the commitment of the leaders in our Banner Representation Groups (BRGs). I admire the passion you bring to your role as a BRG member and your unwavering focus on making our brands stronger, through a strong partnership with our Support Centre teams.

Finally, to our core, I'd like to thank our Members for your dedication to our brands, stores, and the local communities that we are all so proud to be part of.

On behalf of the Board,

Dean Waddell
Chair





06.

From our CEO

When FY23 began I don't think anyone anticipated just how much would, or could, happen in the twelve months that followed.

Coming off the back of a global pandemic, it certainly wasn't unreasonable to anticipate a more normal year. Instead, what we faced into was another incredibly big year, not just as a co-op but as a country.

This is my 7th annual letter as the Foodstuffs North Island CEO and something I have come to deeply understand, is that New Zealand's challenges are always our challenges too, and as one of the country's biggest employers, the role we play matters.

This year, in the face of ongoing supply chain challenges, a cost-of-living crisis and two significant weather events, we stood up and we delivered.

We did it by holding strong on our purpose to make sure New Zealanders get more out of life and committing to being more customer driven in our discussions, decisions and actions every single day.

It is our people who lead and make the difference and I'm incredibly proud of the teams in this co-op who stood up, yet again, to deliver a year of outstanding results.

Over 320 passionate and dedicated local Owners Operators went over and above for their communities and teams, and more than 24,000 team members across our stores, support centre and supply chain showed up through sun, rain and wind to keep our stores and e-commerce delivering for our North Island communities.





A few of the moments that mattered in FY23:

- **Safety.** FY23 was a record year for safety performance with 26% fewer LTIFRs. Keeping people safe and focusing on zero harm is something we will never stop prioritising and it's important to recognise the hard work and leadership behind this positive result – work that goes on every day across our sites.
- **Delivery on customer value.** In a year of record inflation and a cost-of-living crisis, we understood that food prices were a top concern for New Zealanders and that's why all our teams worked hard to fight inflation and deliver value for customers. We did this by buying well, finding efficiencies and focusing on introducing meaningful initiatives to help customers find value in our stores, like New World's Every Day Low Price ticket and Price Rollback. These are all tangible ways for New Zealanders to see and feel our commitment to what matters most to them.
- **Crisis response.** Sadly, we are well practiced now in responding to crisis events and the Auckland Floods and Cyclone Gabrielle were another example of our ability to keep people safe, keep our stores operating and support the community in multiple other ways as well. Thanks to the focused, quick and collaborative efforts of our teams across the co-op, we were able to help our impacted stores get up and running again, continue getting stock to stores (despite some serious logistical challenges) and support impacted communities by having the essentials available. We were also able to quickly support other aid organisations through our Here for NZ committee, and take practical steps to help our impacted suppliers get back on their feet too.
- **Social supermarkets.** Our social supermarkets are a world class, innovative and effective way to equip more New Zealanders with the skills and confidence to shop for healthy and affordable food. Delivering them in partnership with local community organisations is the right approach and means we can pair our grocery retail expertise, with their local knowledge, connections and existing programmes for the best possible impact. In FY23 we ramped up this programme and opened four new stores, in collaboration with local community organisations in Kaitia, Whangārei, Tokoroa and Ōtūmoetai. We now have a total of five social supermarkets and are continuing to scope and plan for more in the communities who need it most.
- **100 year milestone.** In FY23 we had the great privilege of being part of Foodstuffs North Island's 100th year. It was a poignant reminder of the rich legacy behind our co-op, as well as inspiration for our next chapter with New Zealanders.

Our customer driven momentum continued to build

Our aspiration to become one of the most customer driven retailers in the world continued to be a key driver for us in FY23 and is directly linked to the great results we've seen across almost every area of the co-op for the 52-week year.

PAK'nSAVE was the fastest growing retail brand for the year with 6.8% same store revenue growth. New World dipped slightly, by 0.5% and 4 Square was up 0.5%. Gilmours had a very strong year, with 24.5% all store growth. It was a record year for Private Label with revenue growing 9.3% YOY.

Our 4 Square stores were the top performers in our Customer Promise score, up 151bp at 81.1%. New World finished at 75.4% and PAK'nSAVE at 77.7%. These are strong scores and in the year ahead our aim is to get all of our brands achieving customer promise scores well into the 80's.

Our online retail revenue dipped 3.4% which was a disappointing result and highlights the opportunity and urgency we have to drive a stronger customer experience in our online channels.

In FY23 we opened six new stores and there were 43 changes in store ownership. Some of these were retirements and many represent stories of our Owner Operators moving to an exciting new opportunity within the co-op.

The direction and focus for FY24 is clear

Our Members, Board and wider co-op team should all feel incredibly proud of what has been delivered for New Zealanders in the last year, and we should all be challenging ourselves on doing more for customers. These two go together, to deliver our long-term success and to continue earning our right to serve the local communities we're in.

We have an important role to play in a better New Zealand – and we're committed to playing our part strongly in the year ahead.

New Zealanders need us to be efficient, focused and relentless about delivering better for them. Everything from our back of house operations, our team engagement, our investment in technology, all matter.

We know from the customer data and insights that there's three clear things they're asking for: value, ease and convenience and better digital experiences.

We will continue to fight inflation through efficiency, better buying, promotions that our customers value, and our commitment to be Here for NZ, delivering on our promise to provide New Zealanders with access to healthy and affordable food.

Ease and convenience isn't complicated at the core – we need to make sure we're getting stock to store and that it's on shelf for customers when they need it. We've got opportunities to grow in supply chain efficiency and instore execution to support this focus.

We need to make sure our ticketing, signage and experience in store makes it as easy as possible for customers to find what they need and get maximum value.

In terms of better digital experiences, our e-commerce offering will be a core priority and commitment for our centre and store teams.

In FY24 we need to move from being ready to respond, to making a difference. Rising costs and issues like retail crime pose significant challenges for us, our teams and customers, but we're clear on the role we can play and will be committed to doing the right things to drive meaningful change.

All of the strategy matters but what has always differentiated our co-op is our people and FY24 will be no different. I know that once again our teams will think customer, be in it together, act courageously and play above the line – no matter what comes our way.

There is plenty to look forward to in the year ahead, we have a strong co-operative, clear priorities and an incredibly talented and committed team.

We appreciate that the role we play for New Zealanders is essential and I'm determined we will continue to invest, innovate, and deliver better experiences for everyone who works, shops or partners with us.

Together we will continue to support all our local grocer families to be successful in their businesses and together we will continue to build a co-op that can stand strong for many decades to come.

Chris Quin

CEO



07.

4 Square





FY23 was another very strong growth year for 4 Square and is credit to an unwavering focus on using customer data and insights to deliver consistent and outstanding experiences for customers every day, while amplifying the hallmark local to local customer service that 4 Square is known for.

Our 4 Square Owner Operators and teams have been committed to delivering on their three customer promises – Everyday Essentials, Fresh Faves and Local Service. Their efforts have made them the brand leader in our Customer Promises Tracker, with results above 80% across their experience, solutions and price promises.

In May 2022, in response to a worsening cost-of-living crisis in our communities, 4 Square was part of the Price Rollback programme, rolling back prices on the products that matter most to customers. Then in August 2022, we started the roll out of our 'Value In Every Aisle' initiative to make sure customers continued to get great value in the long term.

In addition to a strong focus on value, we were proud to continue delivering our new 4.0 'Local Fresh Grocer' store formats across the North Island. These new formats focus on meeting the needs of the local communities we operate in and repositioning our brand for the next 100 years. It includes a shopper mission focused store layout and a focus on our hero fresh, "feed me now" and "feed us later" ranges. This new format also reinvigorates the 4 Square brand and puts digital front and centre, defining the customer experience from the moment they approach the store.

Our mahi was recognised externally when we were awarded Most Satisfied Customers in Canstar Blue's supermarket category for the first time ever. We also picked up three awards in the Design Institute's Best Awards, a Gold in the large brand identity category for our brand refresh, Gold in the Value in Design category for our 4.0 format work, and a Silver in the Design craft category for our brand font. Our radio content also continues to shine with our seasonal ads consistently ranking amongst the best for creativity.

Five ways we were here for customers in FY23

1.

Helping customers get maximum value

Introduced 'Everyday Great Price' and 'Special' ticketing to make it as easy as possible for customers to get maximum value when shopping with us.

2.

New stores

Opened four new 4.0 stores, bringing 4 Square convenience to four new catchment areas – St Heliers, Cambridge, Remuera and Eden Terrace. We also completed a complete rebuild in Gisborne at Wainui Road, and a major refurbishment at Te Mata. Our Hokowhitu, Karori, Oneroa, Red Beach and Eastbourne stores were all upgraded to our new 4 Square 4.0 format.

3.

High quality fresh products

To bring our food-to-go Kiosks to life as part of our 'local fresh grocer' offering, we partnered with Flight Coffee, Deadwood Deli and Daily Bread, to ensure we provide consistently high-quality fresh products for our customers.

4.

Te Reo Māori integration

We introduced the shopping list translator, Rārangi Kai, enabling customers to create their grocery list from over 200 everyday essentials in English and translate it into Te Reo Māori, supporting customers to integrate Te Reo Māori into their everyday lives.

5.

Meaningful solutions

Through our revitalised marketing we demonstrated to customers how we 'show up' for them by providing meaningful solutions to their everyday needs and key missions. We showed up more frequently and consistently in media, showcasing a wider product range to cater to our customers needs.



08.

New World





This year providing value to New World customers was a big focus.

We made it easier for customers to afford everyday items in their weekly shop by rolling back prices in May 2022, saving customers over \$6 million. We also launched Everyday Low Prices on the products that matter most to our customers, and helped customers maximise the value they get by using Clubcard to save with Club Deals, earn New World Dollars, Flybuys or Airpoints, and have access to exclusive prize draws and promotions.

New World saw a significant number of great opportunities for new Owner Operators with 18 change of operators over FY23. This volume of change demonstrates the opportunities available to our people within the co-op. Also, three of our Members retired, and we thank and acknowledge their contribution to New World and our co-op.

Five ways we were here for customers in FY23

1.

Everyday low prices

We launched Everyday Low Price, where prices are lower for longer on around 1700 everyday items that matter most to many households across Aotearoa.

2.

Stocking the products our customers want to buy

We made significant progress on rolling out our programme of category reviews. These reviews ensure we're stocking the products our customers want to buy when they shop with us.

3.

New stores

We opened four new stores: New World Newmarket and New World Mangawhai are brand new stores built to service two more communities, while New World Wairoa and New World Taumarunui were new builds to replace existing stores that needed more than a facelift. We also refurbished three of our oldest stores in the network: New World Newtown, New World Green Bay and New World Foxton.

4.

Community relief during natural disasters

We came together and responded quickly to the natural disasters that hit our communities. This was particularly impactful in Auckland and Hawke's Bay where our stores stepped up for their communities at a time when they were relied on more than ever. On top of our pledges to be Here for New Zealand, our New World stores provided heavily subsidised essentials to the customers of Hawke's Bay for several weeks and provided over 900 of our Hawke's Bay team members with \$100 New World gift cards.

5.

Rewarding customers

It was another strong year for our marketing reward and loyalty campaigns with the return of both Little Garden and Spiegelau Glassware. Our customers loved the campaigns with customer sentiment scoring very highly. This re-emphasised that not only are we a full-service supermarket, but we also do great promotions, and provide a strong customer experience.



09.

PAK'nSAVE





Value has never been more important to New Zealanders. Our customers and communities are feeling the impacts of the cost-of-living crisis and we're challenging ourselves to play our part to deliver New Zealand's lowest food prices.

This year our focus has been on getting back to the simplicity of what we stand for (low prices) and ensuring our customer promises of 'Sweet As', 'Cheap As' and 'Fresh As' are at the heart of what we do.

We've been laser focused on our 'Cheap As' customer promise by working hard at keeping the cost of doing business down and helping our customers find value. In fact, our biggest success story this year has been the Rollback programme which along with New World and 4 Square collectively saved our customers \$23 million.

As a result of staying true to our 'Cheap As' promise, PAK'nSAVE was ranked as New Zealand's fairest company and one of the country's top five performing companies in the 2022 Kantar Corporate Reputation Index.

Our shop floor teams worked hard to simplify prices and promotions for customers through the introduction of new business rules, 'Everyday Low' prices, and unit pricing as part of our Market Study commitments. This helped drive a 'Sweet As' experience for customers as they can more easily identify the best value for money in each category, on the products they want.

We also spent time improving on our 'Fresh As' customer promise so that we can make sure customers know we will deliver them great quality and low price produce. This focus saw a positive increase in our 'Fresh As' Customer Promises tracker result

Five ways we were here for customers in FY23

1.

Providing products that matter to our customers

We joined New World and 4 Square in the category review process. This ensures the products that matter most to our customers are available and easy to find at great prices.

2.

Price Rollback

With food price inflation at record highs and household budgets under pressure, PAK'nSAVE introduced the Price Rollback initiative in May 2022. Rolling back prices of 110+ of the most shopped products to the prices they were a year earlier. This saved our customers \$17million on their grocery bills over 12 months. This is just one of the initiatives to deliver New Zealander's low food prices from our PAK'nSAVE stores each and every week.

3.

Committed to low supermarket prices

We ran a successful 'say no to collectables' marketing campaign to help reinforce our commitment to low supermarket prices and encouraging customers to save more during the festive season.

4.

Serving the community in their time of need

After PAK'nSAVE Wairau Road was devastated by the Auckland floods in February 2023, the co-op and our partners came together incredibly quickly to help re-open the store and keep serving the community in their time of need.

5.

Cyclone relief

PAK'nSAVE store owners donated over \$575,000 to help communities ravaged by Cyclone Gabrielle. We also launched an initiative called 'PAK Your Pantry' which provided practical support to around 1000 severely impacted families, who all received gift cards to help them refill their pantries and get back on their feet.



PAKnSAVE
MARY JOYCE

PAKnSAVE

10.

Gilmours





Gilmours have bounced back from COVID-19 with a relentless focus on their customer promises of 'Easy every time', 'Have what I need', and 'Fair value I can trust'.

The team's big growth aspirations and dedication to being the leading New Zealand food service wholesaler with the most loyal Food Service customers has produced another year of strong growth for the brand. Gilmours gained market share every month and reached a Net Promoter Score of 47, well above the industry average of 30.

During this year's unexpected weather events, like all our brands, Gilmours went above and beyond to help communities get back up and running. We supported the Civil Defence response by getting urgent water and food supplies into the Hawke's Bay region and other hard-hit communities.

Our Hawke's Bay and Northland teams pulled out all the stops to get deliveries out to our customers despite the challenging roading conditions – catching up on back orders within days.

Five ways we were here for customers in FY23

1.

New Private Label products

Introduced 42 new Private and Controlled Label products to our Gilmours stores to support our customers with quality products at a competitive price.

2.

Giving customers more choice

Increased our Butchery, Seafood and Produce range by 138 new products to give our customers more choice in the wholesale market.

3.

New passionate store owners

Welcomed three new Owners in our Hamilton, Manukau and North Shore stores – our new Owner Operators are passionate about ensuring the success of our customers' businesses. Our last Gilmours change of ownership took place eight years ago!

4.

Range review

Completed a review of our store range and introduced a core range to make sure the products we have on shelf are relevant and meet the needs of our Hospitality and Food Service customers.

5.

New cross dock and depot facilities

Kicked off our supply chain transformation with our efficient new Warehouse Management System (WMS). We also opened new cross dock and depot facilities in Whangārei and Hastings so Gilmours can now serve Northland and regional food service customers much more efficiently.



Gilmlours
WHOLESALE FOOD & BEVERAGE

Gilmlours
WHOLESALE FOOD & BEVERAGE

11.

Liquorland





Liquorland's growth continued with another strong year of record commercial results.

Following the successful partnership with the Waitākere and Portage Licensing Trusts, where we rebranded three stores in West Auckland and opened a new store, another nine stores will be converted to Liquorland by the end of 2023.

Liquorland also transitioned 17 Henry's stores into the network further strengthening the Liquorland brand presence in the South Island.

aThis year has been all about ensuring our instore shopping experience is exciting and rewarding for our customers and we've launched several new initiatives to help make their time with us even more enjoyable. These included installing media screens in-store to share cocktail ideas and promote new products, as well as delivering several first to market 'better for you' ready to drink spirit initiatives.

Five ways we were here for customers in FY23

1.

Seamless and simpler online shopping

We launched a new Liquorland website to give our customers a more seamless and simpler online journey. It was designed specifically to work with our Liquorland franchise model and allows customers to move their basket of goods (while shopping) from one store to another to take advantage of the wide range of products available from one store to the next.

2.

New media network to inspire

We launched a retail media network with 55 and 65 inch digital screens being installed in prominent positions in store. This helps customers to see our latest offers, specials, services, new products and promotions at a glance. Customers have given us feedback that this helps provide them with inspiration to venture outside of their usual and try something different.

3.

Healthier choices for customers

Our range of 'better for me' products offer customers the healthier choice that they're after. Low carb beer and lower sugar RTD's have been the go-to for many customers.

4.

Liquorland Expo

Supported our Liquor suppliers to showcase innovation and excellence at the Liquorland Expo in March.

5.

Reconnecting the team

The entire Liquorland franchise was able to reconnect after more than 1,300 days apart (due to the challenges of COVID-19), at our first conference together since 2019. Here we celebrated success and congratulated our long service award team members.



LiquorLand

12.

Foodstuffs Own Brands





As New Zealanders grapple with the rising cost of living, many are turning to Private Label products to stretch their budgets at the checkout. In fact, 443 million Private Label units passed through our supermarket checkouts across New Zealand in FY23.

Among these was Pams, which has been a firm favourite with New Zealanders for more than 85 years – offering quality products at affordable prices. To make Pams even more relevant, compelling, and accessible to all New Zealanders, the team is working on a Private Label strategy to position Pams as the go-to home hero on our shelves for customers which will ‘go live’ in FY24.

We also introduced an Artist Series – a selection of tissue box art created by emerging young New Zealand artists and designers. We partnered with three local artists to create packing for the tissues surrounding the theme of ‘New Zealand, Our Home’. We’ve had some great feedback and are proud to be able to support New Zealand artists.

Own Brands remains committed to meeting our customers’ needs at the best possible prices and continues to focus on facing into the challenges presented by the rising costs of doing business. This includes everything from inflationary pressures, to supply chain disruption, ingredient sourcing and climate issues.

Five ways we were here for customers in FY23

1.

New products

We launched over 140 new customer driven Private Label products to give more options for customers on shelf. These products included a range of Pams granolas, a full range of Pams children's nappies and Pams plant-based mayonnaise and aioli.

2.

Donations

We donated over 20,000 nappies to the charitable trust, Pregnancy Help which provided more than a year's supply of nappies for their practical assistance service across their seven New Zealand branches.

3.

Meal kits for social supermarkets

We partnered with the social supermarket team to donate 650 Pams Christmas Meal Kits to families in need.

4.

Healthier choices for customers

Helped customers make healthier choices by providing Health Star Ratings on 73% of all eligible Own Brand products, reformulating our ranges so now 68% of eligible Own Brand products meet the Health Foundation's nutritional guideline. We also improved Country of Origin labelling on fruit, vegetables, meat and seafood.

5.

Recyclable product packaging

We continue to make good progress on transitioning all product packaging to be reusable, recyclable, or certified home compostable by 2025. At the end of FY23 98.9% (by weight) of Own Brands packaging (retail, inner and trade unit) is reusable, recyclable or certified home compostable. Additionally, 217 Own Brands products now include Australasian Recycling Label logos on pack to support customers to recycle correctly.



Foodstuffs
Own Brands

13.

People and Culture





Home safe every day

Getting our people home safe every day is at the heart of everything we do.

We had a strong year of safety performance with a 26% reduction in Lost Time Injury Frequency Rate (LTIFR). This was particularly pleasing given the huge stock volumes we moved, the high number of new team members we inducted into to our business, and the significant number of weather events we had to deal with.

This is a safety record for our co-op, is a great step forward in our journey and reflects our determination to create a strong safety culture, supported by robust processes and safety leadership in all parts of our business.

We completed 310 Safety Management System (SMS) and Hazard and Risk Management (HARM) assessments in FY23, ensuring our stores have robust safety systems, strong leadership commitment, effective risk management, robust incident and injury reporting, awesome safety and wellbeing planning, first aid measures and Health and Safety committees in place. The results of these assessments were consistently high, demonstrating good risk management awareness and risk controls in place.

We continued to provide wellbeing resources and support to our teams focusing on our four wellbeing pillars of physical, social, mental and financial wellbeing. Along with the usual promotion of prostate cancer checks, breast cancer screening, skin checks and stroke awareness, we created an “R U OK” programme and resource pack to use during Mental Health Awareness week, which was designed to encourage conversations about mental health.

Our incredible Supply Chain Team

Despite unprecedented volumes through our distribution centres and global supply chain challenges, our Supply Chain teams have been unwavering in their commitment to making sure our stores get stock on shelves for customers.

In FY23 we picked a total of 97.8 million cartons across our distribution centres including cross dock volumes. For the week ending 25 December 2022 volumes increased by 18%, compared to the same period in the previous year.

During the severe weather events, our trucks never stopped delivering to stores, even if this meant hours of detours or having to stop to clear debris from cyclone hit roads. Our drivers faced challenging roads, strong winds, and heavy rain. And when there wasn't road access, we used other means like helicopters and Unimogs to get New Zealanders and our hardest hit communities what they needed – a true demonstration of being here for New Zealanders.

Our top Supply Chain highlights:

1. Engagement levels in our Supply Chain team made it into the Top Quartile of the Australasia retail industry for the first time ever!
2. We onboarded a record 500 new team members in FY23, and it was great to see them enjoying the employment experience Foodies has to offer.
3. We opened two new purpose designed Transport Depots in Whangārei and Hastings and ground works began on our Oruarangi Road Distribution Centre (ORDC) – the new Auckland Chilled & Frozen Distribution Centre next to our Foodstuffs Landing Drive site. When completed, ORDC will replace our current Controlled Temperature Distribution (CTD) and being twice the size, it will enable us to carry a larger range of products for stores and customers.
4. Our Supply Chain business restructured itself to accelerate the delivery of our Journey to Zero misses and focus on a 'one team' approach. We now have three dedicated operations units – Upper North Island Ambient, Upper North Island Chilled & Frozen and Lower North Island. These units are supported by enabling streams Group Replenishment, Transport Planning & Optimisation, Strategy & Development, and Supply Chain Infrastructure. The changes have created a significant number of personal growth opportunities across all parts of Supply Chain and stronger collaboration across the Foodies business.
5. We welcomed 45 new supplier partners into the Distribution Centre network. This simplifies life for our supplier partners who have fewer delivery points, and it means our stores enjoy more frequent deliveries, with no minimum order quantity.





World class learning opportunities

In FY23 we continued to invest in our people, helping them gain knowledge, skills, and equipping them for meaningful careers in our co-op.

We offered learning and development opportunities in every area of the co-op and in FY23, 7.7% of Foodies employees, enrolled in one or more of our Foodies Learning Programmes.

This year the team launched new programmes for stores and support centre teams to enable business outcomes. These included:

- Women in Retail.
- A two-year Retailing Excellence programme for Department Managers.
- Creating Awesome Customer Experiences for stores.
- Leading Change.
- Store Mastery Programme and Operational Excellence Modules.

In February 2023, the co-op took a well-deserved opportunity to celebrate the talents and dedication of our people at the Foodstuffs North Island Graduation and Excellence Awards.

124 of our 251 graduates, crossed the stage to celebrate their achievements in a range of Foodies Learning programmes, from Butchery and Bakery to specialist courses like Women in Retail, Store Mastery and Leadership Development.

The annual Excellence Awards are a longstanding event on the Foodstuffs calendar to celebrate our top programme graduates, our newly approved Operators, Checker of the Year winners, Baker of the Year winners, Best Butchery and Bakery Apprentice, Manual Handling Equipment (MHE) Operator of the Year winners and our Values Award Champions. As we couldn't celebrate in 2022 due to COVID restrictions, this year's Excellence Awards was one of our largest awards evenings yet with 69 finalists across 21 categories.

Celebrating 100 years together

In August 2022, the co-op celebrated 100 years with our Members, suppliers, Support Centre and Supply Chain team members, and community partners. The celebrations raised a record amount of money for the Foodies Foundation, thanks to an auction, as well as sales of 100-year memorabilia, featuring custom art from New Zealand artist Greg Straight.

The celebrations included an immersive exhibition with photos, videos, artifacts, stories, memorabilia, and mementos for people to explore, reminisce and experience how the co-operative's been there for New Zealanders for the past century. Hosted at Foodstuffs Landing Drive, the exhibition was also open to friends and family of Foodies team members.



Supporting our Foodies whānau in their time of need

There is no denying that FY23 was a challenging year for many New Zealanders. This year our Foodies family have raised an incredible \$1.03million for our Foodies Foundation. Out of the Foundation's fund, \$479,000 went towards supporting 70 of our Foodies whānau who were experiencing serious difficulty in their lives.



Making sure Foodies is a safe and inclusive workplace

This year we took meaningful action to make sure we inspire, support and enable our people to be their best selves in our Foodies whānau.

Here's a snapshot of our progress:

We now have Rainbow Tick Accreditation for our Support Centre and Supply Chain teams, which involved an audit of our policies and procedures to spot opportunities that will help us create a more inclusive environment. This is a step change in ensuring we have a safe and welcoming workplace for people in the LGBTTQIA+ community.

Foodies now has a Gender Affirmation Support Policy for our Support Centre and Supply Chain teams

which seeks to wrap tangible support around employees who may be transitioning. The policy includes four weeks leave, two weeks unpaid leave, a one-off voucher towards cosmetic expenses, up to \$1000 for legal expenses and unlimited counselling and support. The policy and supporting guidelines are also available for our stores to use.

We've grown and strengthened our employee-led networks to support a thriving, safe and inclusive workplace at our Support Centre. These groups now include Moana Pasifika, Ablement, Rainbow Tribe, Women In Leadership At Foodies (WILAF) and the Foodies Indian Networking Group (FING).

In FY23 we reviewed our workstyle policies for our Support Centre and Supply Chain teams and have introduced more guidance on flexible working, hybrid working, and better leave policies that encourage working flexibly for our Support Centre teams.

We extended our leave policies for Support Centre and Supply Chain to recognise long service with additional leave entitlements, birthday leave, working from anywhere for up to four weeks per year (role permitting), the ability to purchase extra leave, and to take up to a year's sabbatical but still maintain the security of their role to come back to.

We have an ongoing commitment to minimise the gender pay gap. We aspire to have pay gaps less than New Zealand's national average pay gap, as measured by the Public Services Commission and we are well on track to achieve this. This year we continued to focus on minimising the gender pay gap by doing things like reviewing remuneration data with external specialists, having pay parity as a focal point during remuneration reviews and considering the impact of remuneration changes throughout the year on pay equity.

FY23 was the first full year of our enhanced Foodies Parental Leave Policy for Support Centre and Supply Chain teams being in place.

Launched 1 January 2022, the policy provides 12 weeks paid leave for eligible employees, regardless of whether they are the primary or secondary carer for their baby during its first year. Over FY23, we had 104 people take parental leave, 77 of whom benefited from the additional 12 weeks paid parental leave. 42% of this group were secondary carers, who under legislation are entitled to two weeks unpaid leave, so this is a very meaningful benefit for all our new parents. Our Parental Leave Policy also includes other enhancements around health insurance, annual leave, superannuation, return to work vouchers and flexible working.



Advocacy

Employment Law

The Government is prioritising extension of employment rights and entitlements and in April 2022 introduced draft legislation for Fair Pay Agreements (FPA). In December 2022, First Union lodged a FPA application for the Supermarket and Grocery Store industry. As at the date of this report being finalised, this FPA application was being reviewed by MBIE.

Also in April 2022, public consultation began on the proposed New Zealand Income Insurance Scheme, however, the Government later deferred the scheme as part of its 2023 policy reset.

A submission was filed on proposals for modern slavery legislation, which Foodstuffs supported with modification to the skilled migrant category for immigration, and the ACC's Accredited Employers Programme.

Business Law

A Business Payment Practices Bill was introduced in late 2022 to require statutory reporting by large businesses on their payment practices to increase transparency and encourage shorter payment periods. Foodstuffs recommended several improvements including refining the scope of reporting entities, re-orienting disclosures towards payments for third-party goods and services and allowing companies to report subsidiary business' payments on a consolidated basis to reduce compliance costs. The Select Committee adopted these recommendations, and as at the date of this report the Bill was about to be enacted. A submission was also filed for MBIE's companion consultation on regulations to set the detail of reporting requirements. As at the date of this report, the final decisions on these regulations were pending.

Property

Submissions were filed on the Natural and Built Environment Bill and Spatial Planning Bill which will replace the Resource Management Act 1991. We sought changes to improve resource management processes, and greater certainty about the transition provisions for resource consents.

Fire and Emergency legislation was amended ahead of changes to fire levy regulations.

MBIE consulted on the building consent system and Foodstuffs submission highlighted concerns about the lack of consistency between building consent authorities, with variability in the processing of applications and decisions which causes uncertainty, project delays, and impacts project costs.



Social

Submissions were filed in respect to: the Office of the Privacy Commissioner's consultation on the privacy implications of the use of biometrics; the Smokefree Environments and Regulated Products (Smoked Tobacco) Amendment Bill to implement the government's Smokefree Strategy and introducing a retail cap for the sale of smoked tobacco products, and related regulations; the Sale and Supply of Alcohol (Community Participation) Amendment Bill; MPI's consultation on 'A Guide to Alcoholic Drinks' (Oct 2022); FSANZ's consultation on Energy Labelling on Alcoholic Beverages; the proposed Code of Welfare for Pigs and associated regulations; and the Advertising Standards Authority's review of Children and Young People's Advertising Code.



14.

Environmental Social Governance





Here for NZ

Here for NZ is our commitment to our people, communities and planet. It's our call to action and how we ensure we're acting in a way that will support future generations to thrive.

WE HAVE FOUR SOCIAL PROMISES THAT KEEP US ACCOUNTABLE AND COMMITTED:

We support every New Zealander to access **healthy and affordable food**.

We create **meaningful and safe work** for our people.

We **support our local communities** to thrive.

We are **sustainability leaders** in our operations and how we source our products.

Here are the key metrics detailing our progress against each of our social promises in FY23.

How we were Here *for* NZ in FY23



Almost

12,000

children participated in the Food for Thought programme across the North Island

Almost

\$6 million



donated by our North Island stores to their local communities

72.4%



store Landfill Diversion Rate (LDR)

68%

Heart Foundation®



of Own Brands products comply with Heart Foundation nutritional criteria (up +13% on FY22)

98.9%



of Own Brands packaging (by weight) is reusable, recyclable or certified home compostable

Our four social promises



Healthy and Affordable Food
We support every New Zealander to access healthy and affordable food.



Sustainability Leadership
We are sustainability leaders in our operations and how we source our products.



Supporting Local Communities
We support our local communities to thrive.



Meaningful Work
We create meaningful and safe work for our people.



Family2Family

Over **20,000** bags donated by New World customers nationwide to foodbanks in the **Family2Family** appeal. New World donated **\$250,000** to the City Missions and local food banks across New Zealand

PAK'nSAVE customers donated over **55,000** cans in the national **PAK'canSAVE** appeal and **\$150,000** donated by **PAK'nSAVE** to local food banks across New Zealand





\$500K

of internal grants made to our employees through the Foodies Foundation

4.7million



'equivalent meals' donated to North Island food banks or food rescue organisations

Our four social promises



Healthy and Affordable Food
We support every New Zealander to access healthy and affordable food.



Sustainability Leadership
We are sustainability leaders in our operations and how we source our products.



Supporting Local Communities
We support our local communities to thrive.



Meaningful Work
We create meaningful and safe work for our people.

Our co-op is proud to provide meaningful work to

24,000



people across the North Island in our support centre, supply chain and stores

100%

of Own Brands packaged eggs are cage-free and we're moving to using cage-free eggs in our other products too

\$786,620



of emergency support funding provided by the North Island HereforNZ Fund

62



stores have transitioned to 100% cage-free packaged eggs

73%



of all eligible Own Brands products now include Health Star Ratings

7,323

shops made and **223,484 items provided** at all five of our social supermarkets (Wellington City Mission, Te Hiku Pataka, Tokoroa, Whare Kai and Ōtūmoetai)

Social
Supermarkets

Healthy and Affordable Food

INFLUENCING HEALTHIER FOOD CHOICES

There are approximately 12,000 children participating in Food for Thought (FFT) in the North Island, a free nutrition education programme run through schools, which began in 2008. Along with in-class learning sessions, FFT and Heart Foundation nutritionists organise class visits to a local New World or PAK'nSAVE store to help children learn what to look for on food labels and how to make healthy choices.

We are committed to displaying the Health Star Rating on our Own Brands products to help our customers make healthier choices and we achieved our target of 70%, which was a 4% improvement on the previous year.

Working with the Heart Foundation, we adapted a number of our Own Brands recipes to improve nutritional options for customers. 68% of our Own Brands products meet National Heart Foundation criteria, so we are well on our way to achieving our target of 70% by FY25.

Measure	FY22	FY23	FY25 Target
Number of children participating in the Food for Thought (FFT) programme in the North Island	9,161	11,767	Year on year increase
Display the Health Star rating on all relevant food products (National)	69%	73%	100%
In food categories where Heart Foundation nutritional criteria exists, a defined percentage of Own Brand products will comply with those criteria (National)	63%	68%	70%

REDUCE FOOD POVERTY

One of the core values and social promises of our national Foodstuffs Co-operatives is to ensure that everyone has access to healthy and affordable food. No one wants to see good food go to waste which is why our stores develop partnerships with food rescue organisations and food banks within their local communities. Through these partnerships, we have a significant opportunity to ensure surplus food gets to those in need.

In FY23, we carried out a survey in our stores to understand what support they needed to ensure all their edible surplus food is diverted from landfill. A key concern highlighted was that stores were not clear on what could be donated aside from the traditional ambient food items like bread and canned foods. As a result, we developed a set of Food Donation Guidelines which have been designed to support stores to safely redirect all their surplus food from meat to dairy to produce.

Measure	FY22 (Apr 21-Mar 22)	FY23 (Mar 22-Feb 23)	FY25 Target
Number of 'equivalent meals' donated by sites on the Waste Minimisation Programme, to Food Rescue Organisations and Food Banks across the North Island	4.51m	4.66m	No set targets



Sustainability Leadership

REDUCE CARBON EMISSIONS

As a co-op we are committed to reducing our carbon emissions. Nationally, we are a member of the Climate Leaders Coalition (CLC) which is a community of about 100 New Zealand organisations leading the response to climate change through collective, transparent and meaningful action to reduce our emissions profile. Our current profile is predominantly based on Scope 1 (direct emissions) and Scope 2 (indirect emissions from sources such as purchased energy - electricity, steam, heat, and cooling) emissions.

We're focused on transitioning away from high global warming potential (HGWP) refrigerants, which we expect to complete by 2025. Our diesel use has increased in FY23, partly due to adverse weather events extending transport routes, while electricity use has also increased due to new stores being included in the inventory and warmer temperatures increasing the load on our refrigeration and HVAC systems.

In FY24, we intend to continue our CO2 refrigeration rollout, focus on opportunities to increase energy efficiency across the business, optimise our transport and step-up waste minimisation efforts to reduce methane emissions.

Measure	FY22	FY23	FY25 Target
% reduction in carbon emissions (cumulative reductions from FY20 baseline)	6.5% (increase)	TBA*	21% reduction from FY20 baseline

*FY23 results will be available late 2023, in the Foodstuffs New Zealand ESG Report

MINIMISE OUR WASTE

We're working hard to reduce waste wherever we can, and currently we divert 72.4% of our waste from landfill through food rescue, food upcycling, animal feed and recycling of other materials.

Over the past year we have been focusing on improving data collection to ensure we include as many of our sites as possible in our reporting, as well as improving data accuracy for our waste streams. Although this data accuracy has seen our landfill diversion rate fall slightly this year, it has given us more oversight and insight for the future.

Food waste is a key priority for us, and as a signatory of the Kai Commitment, we alongside major food sector businesses have committed to reduce food waste, and associated carbon emissions. As a signatory we are encouraged to actively work towards identifying food waste hotspots, preventing food waste and innovating to move our focus up the food recovery hierarchy framework to maximise social, business and environmental impacts.

This commitment will play a significant role in our waste strategy going forward and we look forward to sharing our progress in the future.

Measure	FY22	FY23	FY25 Target
Improve our landfill diversion rate (from FY22 baseline)	74%	72.4%	81%

IMPROVE PACKAGING SUSTAINABILITY

As part of signing up to the New Zealand Plastic Packaging Declaration, Foodstuffs Own Brands has made a commitment to using 100% reusable, recyclable or certified home compostable instore and in our Own Brands packaging by 2025.

This commitment extends across all our fresh departments where we prepare, make, bake, and package all the fresh produce, meat, seafood, bakery, and deli items. Instore we continue to phase out single-use and hard-to-recycle plastics and we have committed to reducing our range of compostable products to only those that have home compostable certification.

We are committed to the Soft Plastic Recycling Scheme, and we've seen considerable growth in the programme last year. We are also a founding member of the Liquid Paperboard (LPB) scheme – a group working collectively to find a circular and recyclable solution for LPB in New Zealand.



Measure		FY22	FY23	FY25 Target
% of packaging that is reusable, recyclable or certified home compostable (National)	In-store Retail FSSI & FSNI (weight by material type)	85%	TBA*	100%
	Own Brands Packaging, including retail, inner and trade unit (weight by material type)	96% (baseline)	98.9%	100%
Number of Australasian Recycling Label logos on Own Brands products to support customers to recycle correctly (National)		Not reported in 2022	217	No set targets

*FY23 results will be available late 2023, in the Foodstuffs New Zealand ESG Report

Pams BBQ Butchery Range

Pams BBQ Butchery range has made the switch from a sticker label to a separable cardboard label, allowing the film, label and tray to be 100% recyclable at kerbside or via the NZ Soft Plastics Recycling Scheme.



Own Brands Bread Tags

Our Own Brands bread tags have made the switch from non-recyclable polystyrene to recyclable cardboard tags - customers simply need to place the tag inside a used envelope and recycle at kerbside.



RESPONSIBLE AND ETHICAL SOURCING

Foodstuffs nationwide is committed to delivering sustainable and ethically produced products and services to our stores and our customers and earning their trust by maintaining high standards.

We have established dedicated roles focused on ensuring that our purchasing practices align with our values and policies. We aim to build a more environmentally and socially responsible supply chain for the future.

Our Foodstuffs Responsible & Ethical Sourcing Policy communicates our expectations around this, and we continue to collaborate with our suppliers to achieve positive outcomes for people, animals and the environment.

We remain committed to working with our suppliers to ensure that everyone involved in our value chain is safe and treated with respect. In 2022, we made a submission in support of the government proposals to develop Modern Slavery legislation in New Zealand. We're also in the Collaborative Advantage, a working group of New Zealand businesses who seek to address environmental and social issues in their operations and supply chains.

Own Brands continue to onboard international supplier sites to Sedex, a platform used to assess and audit environmental and social risks in supply chains. We expect to complete this in FY24, ahead of target. We also require our New Zealand produce suppliers to undertake social audits and are monitoring these.

Measure	FY22	FY23	FY25 Target
% of Own Brands international supplier sites onboarded to Sedex to monitor social and environmental risks (National)	Not reported in 2022	71% (baseline)	100%

ANIMAL WELFARE

We are working closely with suppliers to ensure animal welfare is respected. A key focus has been on transitioning to 100% cage-free eggs (barn or free-range) for our Own Brands products, including where egg is used as an ingredient. Working closely with our suppliers, we are making good progress and are on track to meet our target, while ensuring we continue to offer healthy and affordable products. Our Pams eggs have been cage-free since 2008.

Measure	FY22	FY23	FY25 Target
% of Own Brands packaged eggs are cage free (National)	100%	100%	Achieved
% of Own Brands products use cage free eggs as an ingredient (National)	Not reported in 2022	35%	100% by 2025
Number of FSNI stores that have gone 100% cage free for packaged eggs (own brand and vendor brand)	Not reported in 2022	62	100% by 2027
% of FSNI packaged egg sales (by volume) are cage free (own brand and vendor brand)	Not reported in 2022	58%	100% by 2027

SEAFOOD

To support fish stocks and marine ecosystems, our goal is that by 2025 all seafood used as either a primary or characterising ingredient in our Own Brands products will be responsibly sourced. We verify and audit our seafood sourcing against responsible standards, such as the Marine Stewardship Council, Aquaculture Stewardship Council, Best Aquaculture Practices, Global GAP (Good Agricultural Practices), and A+ New Zealand Sustainable Aquaculture.

Measure	FY22	FY23	FY25 Target
% of Own Brands products use responsibly sourced seafood (National)	Not reported in 2022	78%	100%



TIMBER, BAMBOO, PULP & PAPER

To avoid contributing to illegal or unsustainable forestry practices, Own Brands has a commitment to responsibly source timber, bamboo, pulp and paper products and packaging by 2025. This means we will only source from Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) certified forests or use greater than 95% recycled content sources.

Measure	FY22	FY23	FY25 Target
% of Own Brands products use responsibly sourced timber, bamboo, pulp and paper (National)	Not reported in 2022	74%	100%

PALM OIL

Irresponsible palm oil production practices cause harm to people and the environment, particularly in relation to deforestation and biodiversity loss, which is why Own Brands is committed to sourcing Roundtable for Sustainable Palm Oil (RSPO) certified palm oil. RSPO are a non-profit organisation who ensure that certified palm oil is from sustainable sources produced against a set of environmental and social criteria.

Measure	FY22	FY23	FY25 Target
% of Own Brands products use responsibly sourced palm oil (National)	Not reported in 2022	99.5%	100%



Meaningful Work

INVEST IN OUR PEOPLE

We invest in our people, helping them gain knowledge, skills, and qualifications, and equipping them for meaningful careers. We offer learning opportunities in every area of our co-op.

Measure	FY22	FY23	FY25 Target
% of FSNI and North Island store employees enrolled in Foodies Learning formal learning programmes	4.8%	7.7%	5.0%

COMMITTED TO FAIR AND INCLUSIVE CO-OPERATIVES

Part of our commitment to our people is to continuously evolve a culture that supports people to thrive, perform, and belong. A core area of focus is to foster an environment where everyone feels welcome to be themselves and recognises the value of diversity.

In FY23 we focused on pay parity and pay equity through initiatives such as reviewing remuneration data with external specialists, having pay parity as a focal point during remuneration reviews and considering the impact of remuneration changes throughout the year on pay equity.

Measure	FY22	FY23	National Average
Achieve a Gender Pay Gap that is better than the national average (North Island)	2.6%	2.0%	9.2%

SUPPORTING THE WELLBEING OF OUR PEOPLE

We've continued to make strong progress in our commitment to get our team home safe every day, including seeing a 26% reduction in our Lost Time Injury Frequency Rate (LTIFR) in FY23. We continue to drive increased levels of health and safety reporting to ensure we learn when things don't go as planned and promote an early safe return to work.

We have a clear goal to protect our people from harm, maintaining our relentless focus on risk management, and ensuring strong reporting so that we can be confident we're evolving our safety culture, keeping our people healthy and safe from injury.

Measure	FY22	FY23	FY25 Target
Lost-Time Injury Frequency Rate (LTIFR)	2.9	2.3	Year on year improvement
Total Recordable Injury Frequency Rate (TRIFR)	15.1	13.7	Year on year improvement

Supporting Local Communities

IMPACT OUR COMMUNITY GROUPS

Our locally based Owner Operators work in the heart of their communities. They know their communities well and are passionate about supporting areas where they see the greatest need, including through financial giving. In FY23, our Owner Operators gave \$6 million to their local communities.

This year, we have partnered with local community groups to open four additional social supermarkets to support those experiencing food security challenges. These social supermarkets were opened in Kaitiaia, Whangarei, Tokoroa and Tauranga.

IMPACT AT THE FRONTLINE Reporting commitment	FY22	FY23
Amount donated by our stores to relevant local community organisations, causes and events.	\$5.1m	\$6m





15.

Serving our co-op

Thank you to all those who served our co-op in FY23.

Board of Directors

Dean Waddell (Chair)

Sarah Aston

Wade Brown

Brendon Good

Brendon Jones

Karl Marryatt

Rob McGregor

Jason Witehira

Nagaja Sanatkumar

Peter Schuyt

Sir Henry van der Heyden

Protection and Perpetuation Trustees

Murray Jordan (Chair)

Peter Anderson (appointed in July 2022)

Stuart Irons (stepped down in July 2022)*

John Street

Martin Wiseman



*Foodstuffs would like to acknowledge the sad passing of Stuart Irons in November 2022. Stuart first joined the co-op in 1974 and was made a Foodstuffs Life Member in 2021 in recognition of his outstanding contribution and service to the co-op over many years.

Audit, Risk & Compliance Committee

Peter Schuyt (Chair)

Sarah Aston

Wade Brown

Rob McGregor

Dean Waddell

Succession, Remuneration & Nomination Committee

Dean Waddell (Chair)

Sarah Aston

Nagaja Sanatkumar

Sir Henry van der Heyden

IT Governance Committee

Peter Schuyt (Chair)

Brendon Good

Rob McGregor

Nagaja Sanatkumar

Operator Development & Approval Committee

Karl Marryatt (Chair)

Wade Brown (appointed December 2022)

Steve Duffield

Brendon Good

Tim Wilson (appointed August 2022)

Chris Quin (Chief Executive Officer)

Wendy Hammonds (GM People & Capability)

Lindsay Rowles (GM Membership & Property)

PAK'nSAVE Banner Representation Group

Lance Gerlach (Chair)

Chris Grace

Jon Morrison

Nigel Ollett (stepped down January 2023)

Rayner Bonnington (stepped down February 2023)

Rob McGregor (Board Rep)

Stephen Lockie

Amanda Elliot (appointed February 2023)

Tony Rider (appointed February 2023)

New World Banner Representation Group

John Gray (voted as Chair September 2022)

Tony Ford (stepped down as Chair and BRG member September 2022)

Kym Samuels (stepped down September 2022)

Brendon Jones (Board Rep)

Richard Taggart (voted as Deputy Chair September 2022)

Peter Lynch (stepped down January 2023)

Clive Webber

Jeremy Bennett (appointed September 2022 and stepped down May 2023)

Mark Troup Paul (appointed September 2022)

Steven Yin (appointed Jan 2023)

Steve McClean (appointed May 2023)

Steve Purton (appointed May 2023)

Aiyad Khan (appointed June 2023)

4 Square Banner Representation Group

Peter Jones (stepped down as Chair and BRG member April 2022)

Glenn Wells (Chair, appointed June 2022)

Aaron Broadbent (stepped down April 2022)

Sarah Aston (Board Rep)

Tim Jackson (stepped down June 2023)

Ben Moss (stepped down November 2022)

Clare Gallagher (stepped down April 2022)

Jassie Parmar (stepped down April 2022)

Sharlene Foote

Vimal Patel (appointed April 2022)

Molly Steiner (appointed April 2022)

David Abetz (appointed April 2022, stepped down May 2023)

Hamish Townshend (appointed April 2022)

Hamish Moore (appointed May 2023)

Gilmours Banner Representation Group

Aaron Kedzlie (stepped down as Chair May 2023)

Matt Humphrey (voted as Chair May 2023)

Jason Morrissey

Richard Goatcher

Peter Blackwell

Brian Richardson

Dayne Riddell

Jason Witehira (Board Rep)

Foodies Foundation Trustees

Wade Brown (stepped down as Chair April 2023, and as Trustee May 2023)

Tim Wilson (appointed Chair April 2023)

Ricky Bowen

Amanda Hayes

Kate Sholley

Karen Smith (appointed September 2022)

Peter Blackwell (appointed May 2023)

Here for New Zealand Committee

Matthew Heap (Chair)

Willa Hand (Deputy Chair)

Marcus Anderson

Harry Chawla

Victoria Decker

Clare Gallagher

David Gordon

Lin Guo

Angelique McCall

Steven Yin

Bankers

ASB Bank Limited

Bank of New Zealand

MUFG Bank Limited

Commonwealth Bank of Australia

Industrial and Commercial Bank of China (NZ) Limited

Westpac New Zealand Limited

Bank of China

External Auditors

PricewaterhouseCoopers (PwC)

Internal Auditors

Ernst & Young (EY)

Solicitors

DLA Piper

Hudson Gavin Martin

SBM Legal

AJ Park

Chapman Tripp

Ellis Gould