



2023 ANNUAL REPORT

**Foodstuffs**  
South Island



Foodstuffs  
South Island

SML

# Together we feed the South Island and create successful communities.

FY23 has been a year of building on the strong foundations of Foodstuffs South Island and gearing up for the future. As we reflect on the year that's been, we're proud of how our Co-operative has gone from strength to strength, navigating constant change with a singular focus on serving our customers. We've welcomed new leaders into our team, refreshed our brand and refined our purpose.

A lot has changed, but there's one thing you can always count on: from sunny Golden Bay to Stewart Island, there's a Foodstuffs store serving you and your whānau.



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# Our Store Network

## Nelson/Marlborough

● PAK'nSAVE	2 stores
● New World	5 stores
● Four Square	9 stores
● On the Spot	16 stores
● Raeward Fresh	2 stores
● Trents	1 branch

## West Coast

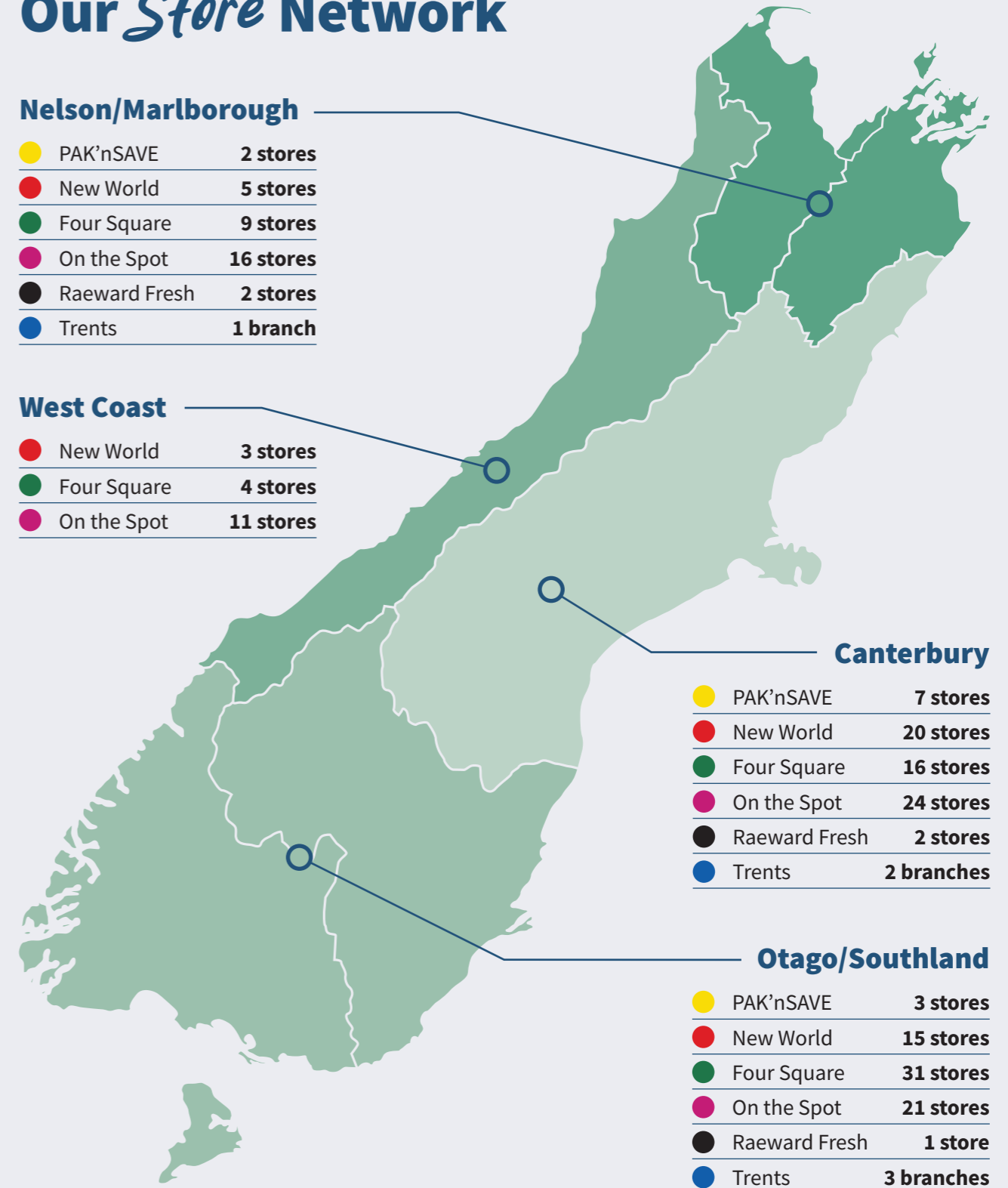
● New World	3 stores
● Four Square	4 stores
● On the Spot	11 stores

## Canterbury

● PAK'nSAVE	7 stores
● New World	20 stores
● Four Square	16 stores
● On the Spot	24 stores
● Raeward Fresh	2 stores
● Trents	2 branches

## Otago/Southland

● PAK'nSAVE	3 stores
● New World	15 stores
● Four Square	31 stores
● On the Spot	21 stores
● Raeward Fresh	1 store
● Trents	3 branches



# FY23 Highlights

## Strategy designed

aimed at resetting our purpose and vision as a co-op



Almost **\$9 million**

dollars saved collectively from our **Price Rollback** campaign in PAK'nSAVE, New World and Four Square



**53 stores**

across the South Island now have **online shopping** live as part of our roll out



**29%**

**reduction** in Lost Time Injury Frequency Rate (LTIFR)



**17 stores**

**transitioned** from Henry's into the Liquorland brand

henry's  
beer, wine & spirits



LiquorLand  
all the help you need

**Foodstuffs Precision Media**



**We launched**

**Precision Media**, our omnichannel retail media network powered by dunnhumby data science

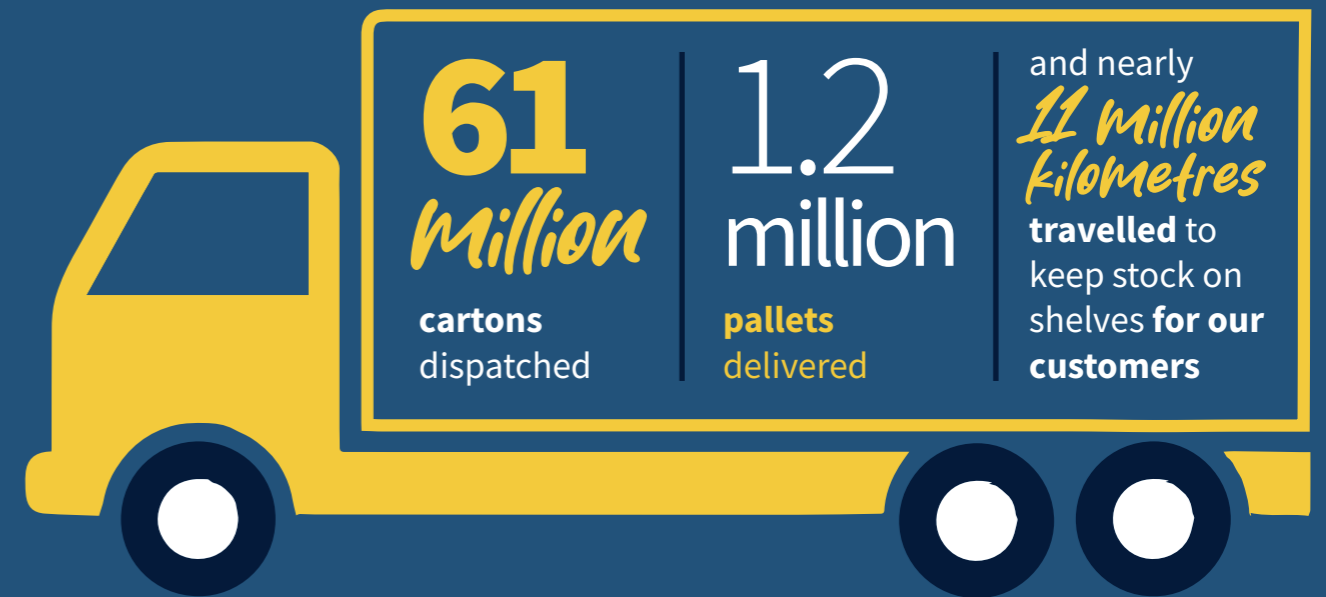
## New values

launched across our Co-op



**Developed & launched**

a **skills-based pay** framework in our supply chain division



## Started utilising

**dunnhumby data science** tools to strengthen our approach to ranging, pricing, and promotions



**We welcomed** new leaders into our team

# Here for NZ Highlights

# 5000+

children have participated in the **Food for Thought** programme across the South Island



# 68%

of Own Brand products comply with the **Heart Foundation nutritional criteria** (up +13% from FY22)



# 74.7%

of store waste diverted from landfill

# 55,000+

cans of food donated to families in need and a cash donation of \$150,000 to local foodbanks as part of a national PAKcanSAVE appeal

# \$250K

donated to **City Missions and local foodbanks**, as well as over 20,000 bags of groceries as part of the national New World Family2Family appeal

# OVER \$2.1 Million

donated by our stores to our local communities in FY23



# 98.9%

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



# 14,000

People proudly employed across the South Island with more than **650 involved in apprenticeships and leadership training**



# Almost \$400K

donated through the FSSI Community Trust



# 1.43 Million

of 'equivalent meals' donated to Food Rescue and food bank organisations

## A note from our Chair

Looking back at FY23, there's a lot our Co-operative can be proud of and it's great to see how our Members and our teams have continued to improve on the strengths we've built over the last 95 years.



Every year we aim to better the experience of shopping in our stores, and in FY23 we've made significant progress in expanding our eCommerce offering. The rollout of online shopping to 53 stores this year means we can now offer an omnichannel shopping experience across the South Island.

We completed a major refurbishment of PAK'nSAVE Invercargill to serve their growing community, and after years of delays, we have finally been able to make considerable progress in the refurbishment of New World Greymouth, which is due to be completed in mid-2023. Our newly formed property network strategy outlines our plans for new stores and refurbishments for existing stores over the next few years, and ensures we're well-prepared to continue supporting the growing population of the South Island.

We've said farewell to our Henry's brand as we transitioned into the Liquorland brand, which is now New Zealand's largest specialty liquor retail network.

In everything we do, we aim to serve our customers and our communities better, and throughout FY23 we remained committed to engaging in the Market Study process, working constructively with the Commerce Commission and Government to achieve positive outcomes for our customers.

We now have a clear vision be the South Island's most loved and trusted retailer, positively impacting our customers' lives every day. This is an ambition for us all to drive toward, a goal that

inspires us all and reminds us of the incredible opportunity we have to make a difference for South Islanders. Our work in the year ahead is designed to move us toward this goal, and our priorities are based on four key strategic pillars: winning customer loyalty, growing our people and partnerships, leading and innovating to meet our customer needs, and driving simplicity. Under each of them, we have clear programmes of work that include strategic projects, continuous improvement initiatives, and of course the all-important "business as usual" work that keeps our Co-op going every day.

### FINANCIAL REVIEW

Our Co-operative has delivered a solid performance in a year that has continued to be challenged by the impacts of rising costs of doing business, increasing interest rates and the continued pressure on global supply chains.

Annual sales of \$3.41 billion was an increase of 6.9%. This growth has been driven primarily by food price inflation, but also by the welcome return of domestic and international tourism to key markets in the second half of the year.

The cost of doing business continues to increase, and we're staying focused on managing these costs so we can deliver value to our customers through the current economic environment.

The Co-operative continues to maintain its strong financial position and all key financial ratios and associated measures remain within the requirements of the Board and by our funding partners.

### THANK YOU

The achievements of the past year would not be possible without the efforts of our 14,000 team members, and I'm proud to serve a co-operative made up of so many passionate and talented people, who are dedicated to doing their best for our customers every day.

I would like to thank my fellow Directors, our CEO Mary Devine and the Foodstuffs South Island leadership team for leading our business through another year of constant change and complex challenges.

Thanks to our team members for working hard behind the scenes and on the frontline to support us in delivering the value and service that our customers need from us.

Thanks to our suppliers for your continued partnership and support, and for your drive to help us deliver better for our shared customers.

And as always, thank you to all our Members and families for your tireless commitment in serving at the heart of our communities.

**RUSSELL MCKENZIE**

Chair

Owner Operator New World St Martins

## OUR VISION

*To be the South Island's most loved and trusted retailer, positively impacting our customers' lives every day.*



## A note from our CEO

FY23 has been an incredible year, and I'm deeply proud of what we've achieved together as a Co-op over these last 12 months.



This year we developed a refreshed strategy for the Co-op that resets our purpose and vision for the next three years, and clearly defines where we need to focus and prioritise. In the note from our Chair, Russell McKenzie, he outlined the four key areas where we need to focus our strategic work. These are the areas where we really need to shift the dial to achieve our goals as a co-op: winning customer loyalty, growing our people and partnerships, leading and innovating to meet our customer needs, and driving simplicity.

**Winning customer loyalty** means that we know our customers, earn their loyalty, and deliver to our customer promises. It's about putting them front and centre in everything we do, to earn their love and trust.

**Growing people and partnerships** is about building mutually beneficial and sustainable partnerships, as well as developing and investing in our people and communities.

Our industry is remarkably fast-paced, and we have to be agile and responsive to ever-changing customer needs but we want to do more than just keep pace. We want to be at the forefront, **leading and innovating for our customers**, and contributing to the future success of South Island communities.

**Our focus on simplicity** is about enabling efficiency and agility across the Co-op. Making everything we do simpler and more efficient is critical for reducing our cost of doing business and allowing us to invest in the things that really matter to customers.

We have great foundations in place – including Owner Operators who are passionate about serving their communities, iconic Kiwi brands and longstanding partnerships with our suppliers – and we're excited to build on these strengths to make sure we're well set up to serve our South Island communities for many generations to come. This year we welcomed Andrew Crerar, General Manager of People & Capability, Shayne Tong, Chief Digital Officer, and promoted Lydia Matthews, Head of Strategy, and Matt Richardson, Head of Enterprise Programme Management Office, into our leadership team. We also updated our brand with a new look that reflects who Foodstuffs South Island is today and who we want to be in the future – a proudly New Zealand, modern Co-op that's connected with our customers every day.

We've weathered many challenges over these last few years, but even as we have grown accustomed to 'the new normal', our industry continues to grapple with the long-term effects that the COVID-19 pandemic has had on the global supply chain, increasing inflation, and the resulting rising cost

of living. Labour shortages continue to affect our stores, particularly in tourist areas, and extreme weather events, particularly Cyclone Gabrielle, have had a significant impact on our supplier partners, our supply chain and our sister co-operative.

Through it all, our drive to serve our customers hasn't changed, and we continue to be laser focused on delivering value for our customers. We're working hard to balance what's right for our suppliers, our Co-op, our communities and our customers as we face these challenges head on.

Our brands performed well in FY23, and the 10.4% increase in revenue for PAK'nSAVE has highlighted for us the growing importance of value for all our customers. Four Square, Trents and On the Spot have seen revitalised activity this year thanks to increased tourist activity, and each of these three brands finished the year strongly with 8.3%, 14.4% and 4.7% revenue growth respectively. New World saw revenue growth of 3.2% for the year, and customers continued to enjoy our awesome campaigns, with over 313,000 Spiegelau glasses redeemed over the summer. Raeward Fresh finished the year well with 1.9% revenue growth.

We have actively engaged in the Market Study process, working constructively with the Commerce Commission on initiatives that improve the shopping experience for our customers. We've made progress in simplifying pricing and promotions for each of our brands, and we've adjusted the terms and conditions of our New World Clubcard, so that it's easier for customers to understand how to get value out of their regular shop and how they can get rewarded for their loyalty.

We've invested a lot of time and effort this year into resetting the way we engage with our suppliers, partnering with them effectively and strongly to deliver the value that our shared customers need from us. The launch of Precision Media, our omnichannel retail media network powered by dunnhumby data science, will enable us to partner

more deeply and deliver value to our suppliers. We're excited to unlock the full potential of this channel for our customers, so we can start to deliver a more personalised customer experience.

In mid-2022, we partnered with Infometrics to produce the Grocery Supplier Cost Index (GSCI) which tracks the increase in supplier cost for all products in store to help provide information to customers about what's driving food price increases. We've also regularly tracked how retail price increases in our stores compare with Stats NZ's Food Price Index (FPI) to better understand the role that inflation has played in the rising costs of groceries, and to keep us transparent and accountable in playing our role to mitigate the increasing pressure on household budgets nationwide.

We remain committed to being Here for New Zealand, and we want to see our communities succeed: our team members and their families, our customers, local community groups, our supplier partners, and our environment. We've worked hard this year to earn our social license and we continue to explore ways to make a meaningful impact on our communities as employers, through our brands, and through our Foodstuffs South Island Community Trust.

As we look toward the year ahead, we want to deliver the key strategic projects that continue to strengthen the foundations in our Co-op. We are confident that we have the right skills, expertise and commitment to help us achieve our goals.

I'm proud of our incredible Co-op team, and it's a privilege to serve the South Island together.

**MARY DEVINE**  
CEO

## OUR PURPOSE

*Together, we feed the South Island and create successful communities.*



A young girl with long, wavy blonde hair and blue eyes is smiling and drinking from a purple juice box with a clear straw. She is wearing a white t-shirt. The background is a blurred green field. A dark grey semi-transparent box is overlaid on the right side of the image, containing the text 'Brand Reports'.

# Brand *Reports*

# PAK'nSAVE

Through the challenges that the year has presented, the PAK'nSAVE brand has continued to thrive. We focused hard on delivering our policy of New Zealand's lowest food prices in the face of record inflation, and living up to our social promise of providing healthy and affordable food for our communities.

PAK'nSAVE's Customer Promises score tracked well through the year as customers sought more value as well as the 'Sweet As' experience our stores are known for – though the value promise softened as a result of economic pressures.

We launched our Price Rollback campaign, saving our customers millions of dollars collectively over the course of the 26-week campaign along with the New World and Four Square banners. Through our national PAKcanSAVE appeal, we helped our generous customers donate over 55,000 cans to families in need, and were able to contribute \$150,000 to local foodbanks nationwide.

The yellow world of Stickman met the real world of the store produce department through the launch of our "Yellow is the gold standard" fresh marketing campaign, which highlighted the great quality and low prices offered by our produce department.



Our digital tools and customer data insights have also been instrumental in highlighting the benefits of shopping at PAK'nSAVE, and we've connected with over a million New Zealanders to share PAK'nSAVE pricing using Local Area Marketing (LAM), to give them confidence that we can provide their essential groceries for less.

Stickman continues to be a beloved icon and was invited to take over the airwaves to co-host the Breeze radio station for a 60-minute timeslot over their key lunchtime slot in December 2022. He was a hit on the turntables DJ'ing a number

of 'savey' themed tunes and serving his trademark cheeky sense of humour.

The DJ Save-A-Lot marketing initiative won Bronze in the Influencer category at the 2023 Axis awards. And for the 12th year in a row, PAK'nSAVE was voted the Most Trusted Supermarket in the Reader's Digest Annual Trusted Brands Awards.



“PAK'nSAVE had everything we needed and the best lowest price which is most important to us.”

PAK'NSAVE CUSTOMER



**FY23 has been a year of renewing our focus on delivering fair value every day.**

We've faced the same pressures of rising costs as other retailers nationwide, and as customers focused more on seeking value we saw a slight drop in New World's Customer Promises score. We're committed to facing this challenge head on and doing what we can to deliver value. Customers still love the awesome experiences at their local New World in store and online, and we continue to make progress in delivering a better, more seamless omnichannel shopping experience.

This year we also revisited some of our most loved continuity campaigns! We had over 313,000 glasses redeemed through our Spiegelau campaign over the summer period, rewarding our customers with beautiful glassware to elevate every drinking occasion. Our Clubcard loyalty programme got fresh energy, as we explored new ways to help loyal customers save with Club deals, earn with Flybys and Airpoints, and win exclusive prizes and promotions.

Along with PAK'nSAVE and Four Square, our Price Rollback campaign helped customers save millions of dollars collectively from their regular shop, and the launch of our Everyday Low Price (EDLP) campaign helped customers save on hundreds of key grocery items. The blue EDLP tickets acted as a helpful signal that essential items would stay at a great price for many return shopping trips to New World, and increased awareness about ways to save when shopping at New World. Our Family2Family campaign was a success once again, and we were able to provide over 20,000 bags of food, as well as a national contribution of \$250,000 to City Missions and local foodbanks nationwide.

**“** *The store is well laid out, easy to navigate and the staff are always friendly. Although there are shortages everywhere, New World still seem to find stock for their customers - well done!*

NEW WORLD CUSTOMER



**After facing a tough few years, FY23 has been a year of revitalised activity for the Four Square banner. As we began to welcome more visitors into Aotearoa, the increased traffic in our tourist hotspots has driven strong performance for our heritage brand this year.**

Delivering better value has become more important than ever, and we've started to lay groundwork that helps our customers find great value when they shop at Four Square. As part of our commitment to provide healthy and affordable food to New Zealanders, we delivered millions of dollars in collective savings along with PAK'nSAVE and New World through our Price Rollback campaign, and we launched our Everyday Great Price programme so our customers could rely on getting their key grocery items at a great price every day. These changes have started to resonate with our customers, and it was great to see a slight increase in our overall Customer Promises score. We've also made deals easier to spot online with an improved digital experience for simpler pre-shop planning, and we're working on updating ticketing to make the experience of shopping in our store even better for our customers.

We started the roll out of our refreshed brand identity and new store format focused on meeting the needs of customers and providing a great shopping experience for our local community. Our award-winning brand visual identity continued to grow in strength as we aligned our marketing communications to clear customer insight that helped us connect meaningfully to their needs, reinforcing our aim to make shopping missions easier for our customers.

**“***I love going to our local Four Square - the staff are so friendly and willing to help in any way. I also love the owners who will go out of their way to get products in if they don't have them.*

FOUR SQUARE CUSTOMER

THE FRIENDLY TEAM AT FOUR SQUARE TWIZEL





**FY23 has been all about building on the strengths of our Raeward Fresh brand, and we've had another year of providing quality, fresh food at great prices.**

This year we've introduced strategies for each department, and we're focused on driving better value in every area of the store, while maintaining our position as a leader in providing premium groceries. We've made progress in our use of customer data to make sure we get the right stock on shelf for our customers every time, and we've refined our promotional activity to help our customers get more for less.

Our wholesale business has continued to flourish as the hospitality industry has been rejuvenated with increasing tourist activity into the South Island, and we continue to look at ways to improve our omnichannel experience.

Raeward Fresh's updated brand standards have been rolled out across the group, and the modern look and feel reflects our commitment to evolving and adapting to the changing needs of our customers. We look forward to using this brand strongly across our marketing, signage and packaging to drive greater brand awareness and loyalty among our customers. The more consistent look and feel between each store is a signal to our customers that no matter which Raeward Fresh you're in, you can rely on us to provide you with the freshest and finest local produce, and exceptional service from knowledgeable teams.

**RAEWARD** *fresh*  
your fresh food people



**This year we continued to strengthen the On the Spot brand, with a strong focus on equipping our Members with additional support and tools to trade.**

We've started phasing out our blue branding, transitioning all our store signage, fixtures and marketing visuals to our famous pink, to signal greater consistency and unity across our banner.

Our brand has evolved alongside rapidly changing customer trends, and we've started work in preparation for a Smokefree Aotearoa. We continued to explore opportunities for greater convenience, growing our food-to-go offering and exploring partnerships with delivery services. Through all this, we've remained steadily focused on serving our communities and finding ways to deliver greater value, and we've developed a promotional programme that makes it easier for our customers to find value when they shop with us.

This year we also welcomed a new store into the group, and we're excited to provide the Green Island community with grocery essentials and easy options for food-to-go.

Despite the challenging start to FY23, On the Spot finished the year with strong performance.

**on the**  
**spot**



We bring more to the table

FY23 started on a challenging note as COVID-19 restrictions continued to impact our hospitality customers. We're proud of the way Trents has risen to the occasion, supporting customers across a broad range of industries through uncertain times.

Our focus on sustaining our communities has never wavered, and we worked with multiple community groups with the aim of reducing food insecurity for people in need, as well as increasing our supply to the Ka Ora Ka Ako Healthy School Lunches Programme.

The revitalised activity, along with gaining new and improving our digital capabilities have helped Trents to finish with strong performance for the year.

We've gladly welcomed the return of tourists and large-scale events in the South Island. We continued our support of the hospitality sector, partnering with the Restaurant Association as Lead Sponsor for the Canterbury Hospitality Awards for the 10th year, and for the inaugural Otago Hospitality Awards, to celebrate the champions in our local hospitality industry.

We've continued to improve our eCommerce Trents Online store functionality and are now transacting over half our order value via this platform. We've relaunched our national offering onto a single platform, in partnership with Gilmours, to provide our national customers with a seamless online experience.

“Unlike others, the Trents team is always here for us. Trents sales reps visit us each week to make sure we are ok. It's not always a sales call. Trents' service, knowledge, and advice help us along.”

WOODSTOCK ADDINGTON, TRENTS CUSTOMER



# LiquorLand

*all the help you need*

Liquorland achieved a strong year of commercial results with retail revenue growth of 14.7% in FY23. We welcomed 17 stores into the banner with the transition of Henry's stores into the Liquorland banner. This was the result of a concerted, collective effort from the Henry's Owner Operators and their teams, as well as support teams in Foodstuffs South Island and Liquorland. The transition takes our store numbers up to a total of 163 and solidifies our position as one of the largest traditional liquor retailers in New Zealand.

Customer trends over the past year have seen the continuation of the 'better for me' segment driving category growth in beer and RTDs. Low carb beer and lower sugar RTDs are the go-to for many consumers while whisky and liqueurs dominate the growth in the spirits category. As with most retail, inflation has driven increased cost across all alcohol segments, and we continue to strive towards delivering great value liquor through our product range.

Liquorland launched a new website, giving customers access to the entire product portfolio of each store available online, and providing our customers with a simpler and more seamless online shopping experience. We also launched a retail media network with digital screens installed in store to help promote latest offers, specials, services, new products and promotions, making the instore shopping experience exciting and rewarding for Liquorland customers.



**As New Zealanders contend with the rising cost of living, many are turning to private label products to stretch their budgets at the checkout. Among these, Pams has emerged as a customer favourite, offering quality products at affordable prices.**

The needs of our customers change at a rapid pace, and we've continued to focus on how to keep providing a relevant and appealing offer through our private label brands. In the last year, we've launched over 140 new products in our private label range, providing even more affordable options for customers on shelf.

We've also started work on a refreshed brand strategy, and we're excited to keep working hard to enhance the loyalty and the trust that New Zealanders have placed in our Pams brand.



# A tribute to henry's

beer, wine & spirits

The very first Henry's store opened in Queenstown in October 2006, with the aim of providing a premium liquor retail experience to South Island customers.

Following the launch of this store, the brand attracted interest from an existing liquor retail chain based in Christchurch. Ten stores trading under the brand Imperial Liquor were quickly rebranded – and thus the Henry's Beer, Wine & Spirits brand was born.

In the brand's nearly 17-year history, our Henry's Owner Operators and their teams have done well to adapt to many challenges and to keep serving customers.

The transition into the Liquorland brand is the start of an exciting new chapter, continuing to serve our South Island communities with products and advice for every drinking occasion.

*“Henry's was about making every drinking occasion special for our customers and I am glad this purpose can live on and flourish through the Liquorland brand. I thoroughly enjoyed my time working with the Henry's Owner Operators and being part of the Henry's story.”*

DANNY HALLIGAN  
HENRY'S GROUP MANAGER



## Who is Henry?

The name was inspired by the persona of 'Henry' – a young lad in his early 20s who tried to make home brew in his parents' garden shed, and after a bit of trial and error, produced a fairly potable brew worth sharing.

'Henry' knew that most people wanted to enjoy and savour their pint but can feel overwhelmed by the wordy, confusing jargon too many of the industry bigwigs used. He wanted to share his enthusiasm and knowledge with his customers in a no-nonsense, down to earth fashion. He would respect the intellect of his customers, and help them to have enough knowledge to enjoy their tittle.

Though the person 'Henry' was pure fiction, his brand, his story and his legacy live on through our Liquorland brand.







# Our *People* & Culture

## Our People & Culture

It's a privilege to be one of the largest employers in the South Island, providing meaningful work opportunities to more than 14,000 team members. Our Co-operative plays a central role in our communities, acting as a first job for many rangatahi and providing fulfilling lifelong careers for everyone from apprenticeship to ownership. We're proud of both the diversity of people who work with us, and the diversity of meaningful work opportunities we offer.

### OUR COMMITMENT TO GETTING EVERYONE HOME SAFE EVERY DAY

As we navigated another year with the ongoing impacts of COVID-19, we continued to deliver on our commitment to keeping our team members safe across our support centre, supply chain, and store network. Throughout the year we've made significant headway on how we support our people to thrive, with a focus on providing resources that enable mental and physical health. We've also focused on improving the systems and processes that enable people to work safely, including an improvement in the way we manage risk. Another key area of focus has been enhancing the way we develop our leaders to make sure they're equipped to look after the wellbeing of their teams.

We implemented SOTER – a high-tech solution that improves manual handling techniques – to support our supply chain teams to lift and move products more effectively, and have improved our package of health monitoring, early intervention support, and pre-employment physical health assessments.

Foodstuffs South Island was also awarded the Safety Made Simple Award at the Chartered Institute of Logistic and Transport (CILT) Awards for our Intelligent Box Opening Device (IBOD) machine at the Hornby Ambient Distribution Centre. The IBOD scans carton barcodes coming off a conveyer belt and automatically cuts up to 450 cartons every hour. The IBOD's dedicated cutting zone is shielded from contact with people while it's operating, and since it was installed in October 2020 no knife injuries have been reported by the Ambient Inwards team.

All these initiatives and innovations have led to a 29% reduction in our Lost Time Injury Frequency Rate (LTIFR), which means fewer of our people are getting hurt at work. While we know there will always be opportunities to improve the safety and wellbeing of our people, we're proud of the progress we've made to get everyone home safe every day.

### A PLACE TO GROW, THRIVE AND BELONG

At the start of FY23 we gave the team members in our support centre and supply chain a chance to have their say through the launch of our first ever engagement survey. Our teams contributed their views in fantastic numbers and shared a huge amount of valuable feedback on what they love about working at Foodies and where we have an opportunity to improve. The insights we gained from the survey have helped inform our plans to become the most loved and trusted employer in the South Island.

HERE'S A QUICK SNAPSHOT OF OUR KEY ACHIEVEMENTS IN IMPROVING THE EXPERIENCE OUR PEOPLE HAVE AT WORK AND THE CULTURE OF OUR CO-OPERATIVE OVER THE COURSE OF FY23:

# 29%

REDUCTION IN OUR INJURY RATE

# 65%

Engagement Score

# 527

people progressed through our Leadership Development Academy across stores and support centre

# 25,785

Hours of training delivered in Supply Chain



## Kenneth Wright

### 40 years at Foodies

Kenneth Wright, known to the Foodies team as ‘Hoss’, started working at Foodstuffs South Island on Valentine’s Day 1983 and he must have found true love as he’s stayed ever since! This year, Hoss celebrated 40 years as a valued member of the team, and he has spent most of this time in the Supply Chain division as a truck driver, a role in which he has “delivered everything but a baby.”



Throughout the year, we made progress on a number of initiatives, focusing on things that our people told us would make the biggest impact to their experience of work. We introduced new flexible working guidelines that have helped people achieve a better balance in their lives, with an overall goal of enhancing the wellbeing of our teams and the performance of the Co-operative. We also developed new leave guidelines, which include enhanced parental, sick, bereavement, and lifestyle leave benefits. These initiatives have made Foodies a more inclusive place to work and strengthened the connection people have with our values.

Results from the second annual survey in March 2023 indicate a nearly 5% increase in overall engagement. We’re proud of this excellent result and we look forward to continuing to take steps to improve the experience of working at Foodies.

#### DEVELOPING OUR SUPPLY CHAIN TEAMS TO SUCCEED

We have an incredible range of meaningful work opportunities available across our Co-op, and we’re committed to supporting our team members to learn, grow and develop in ways that lead them into their chosen career pathways.

This year we launched a skills-based framework in our Supply Chain division that enables our people to take more ownership of their own future within the Co-op. The framework gives team members a clear understanding of the progression opportunities that are available to them, as well as how to develop their skills and knowledge, and access the training required to reach their career goals. The framework also provides a transparent outline of how remuneration works within the division, to give our teams a clear understanding of how they are rewarded and recognised for their contribution to our Co-op.

We’ve created new learning and development opportunities to support the skills-based framework, including a Storeperson Development Programme, which we launched in late 2022 to give team members in our Supply Chain division the opportunity to gain new skills and achieve a formal qualification, often for the first time. The 18-month programme includes rotations to different areas in Supply Chain, with a module focused on building leadership capability. Each participant in the programme is also paired with a mentor to support them through this learning journey.



## Curtis Stallworthy

### The trek of a lifetime

In late 2022, Curtis Stallworthy, Seafood Operations Retail Advisor, took extended leave from work to walk the Te Araroa trail, raise funds for the ‘I Am Hope’ appeal, and encourage deeper conversations about mental health. The Te Araroa trail stretches over 3,000 kilometres along the length of the country, from Cape Reinga to Bluff, a distance which took just over 5 months for Curtis to cover.

*“Walking the Te Araroa trail has been a dream of mine for a long time. Being part of such a great company that has supported me to have the time off to pursue this dream has been absolutely amazing! I’m proud of what I achieved and I’m grateful for the impact it’s had on how I live and see life, and the lessons I’ve learned around my own resilience and adaptability. It’s made me believe there is nothing I can’t do.”*

#### INVESTING IN OUR PEOPLE AND OUR COMMUNITIES

We believe that our commitment to developing strong, empathetic leaders is an investment in both our Co-operative and our communities. Our people tell us that the skills and experience they gain through the FSSI Leadership Academy supports them to build a meaningful career and have a greater influence in their sports and social clubs, charitable groups, and even as a parent.

We’re proud to be one of the largest providers of apprenticeships in the South Island. We recognise the important role we hold in supporting people to follow their passions, especially those who may have left school without a formal qualification. Over the previous 12 months, we signed up 60 new Butchery/Bakery apprentices, supported 24 Butchers and Bakers to get qualified, alongside the 43 members of our Supply Chain team who gained a certification.





*Supporting*  
**our**  
*Communities*

PAKnSAVE  
RANDALL  
PAKnSAVE

SKU 308088  
No. 3303002  
12kg Net  
Eve  
Crate 37L 15x1kg  
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# Supporting our Communities to thrive

Our local 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 Members contributed over \$2.1 million in support of our local communities, including contributions through the Foodstuffs (South Island) Community Trust.

## FOODSTUFFS SOUTH ISLAND COMMUNITY TRUST

We're committed to creating successful communities in the South Island, and our Foodstuffs South Island Community Trust continues to be a powerful vehicle through which we support our local communities to thrive.

### MAJOR SPONSORSHIPS

We contributed \$50,000 to the Christ Church Cathedral Reinstatement Trust, which is the final instalment in our pledge to help build a visitor centre for the Christchurch Cathedral.

We contributed \$62,500 to the Gut Foundation. This donation completes the final year of our three-year commitment as their major sponsor, during which we funded educational campaigns and research projects with the aim of reducing gut disease in Aotearoa. We're grateful for the opportunity to contribute to a worthy cause, and we look forward to exploring other partnership opportunities that make a difference for our communities.

### EDUCATION GRANTS

We contributed \$42,000 towards educational grants during the year, as well as \$6,000 to the First Foundation, and over \$27,000 to Outward Bound.

### COMMUNITY GRANTS

Over the course of FY23, our Trust was able to contribute nearly \$200,000 in the form of donations and sponsorships to The Cancer Society, various

local schools, and COVID-19 grants for people who experienced hardship as a result of the pandemic.

### SUPPORTING OUR PEOPLE

We are committed to looking after our people and doing what we can to support them through tough times. In FY23 we provided support to a number of team members to help them through difficult situations.

A warm thanks to our sponsors and supporters for their generosity and ongoing contribution to the Trust, and to our charitable partners who help us do amazing work in our communities. As we continue to evolve, we'll be exploring opportunities for how we can make best use of your contributions to make a positive difference for the South Island.



**JUSTIN D SMITH**  
Chair  
Owner Operator of New World Oamaru



*Kerri  
Lee-Lissington*

**Owner Operator of  
PAK'nSAVE Hornby**

“One of the most fulfilling aspects of being a Member of Foodstuffs South Island has been the ability to impact our local community positively.

By providing quality, affordable groceries and supporting local schools and clubs, we are helping to improve our customers' lives and contribute to our community's wellbeing.”

*Our* **FY23**  
**SUPPORT INCLUDED:**

**\$2.1** <sup>OVER</sup> *Million*

contributed by our stores in support of our local communities

**\$62,500**

contributed to the Gut Foundation

*Nearly*  
**\$200,000**

in donations and sponsorships

**\$42K**

contributed towards educational grants

# Building a *sustainable* future

## SERVING OUR COMMUNITIES IN FY23 AND BEYOND

In FY23 we started work on a property network strategy to ensure we have stores where our South Island communities need us to be. We're committed to investing in new stores for our communities over the next few years, as well as refurbishing existing stores to make sure our customers can enjoy a safe and modern shopping experience, no matter where they are in Te Waipounamu.

We completed a refurbishment of PAK'nSAVE Invercargill in August 2022, and the result is a modern store, with an additional 1,000sqm of retail space and 600sqm of operational space to serve the growing local community. In addition to seismic strengthening works, the store also boasts sustainable features such as improved technology to support waste minimisation, Co2 refrigeration, equipment to recycle heat from the refrigeration to provide heating inside the store, as well as adding doors and lids to the freezers to help conserve electricity.

We made great progress on a major refurbishment of New World Greymouth, which is due to be completed in mid-2023. The store traded through a considerable renovation, which include storewide CO2 refrigeration, new checkouts, customer service and lotto areas, a dedicated online staging area, a double entrance and enhanced dual car parking areas. The refurbishment has been in the making for over 10 years, and after facing years of delays due to greater need of construction resources in earthquake affected areas, we're pleased to be able to deliver a brand new, modern shopping experience to our Greymouth community.

As we progress our plans to expand and enhance our network of stores, we remain committed to implementing sustainable features for each construction project.

## TRANSITIONING TO REUSABLE, RECYCLABLE & COMPOSTABLE PACKAGING

We've committed to the New Zealand Plastic Packaging Declaration, alongside other leading New Zealand businesses. As part of this, we have committed to transitioning all our in-store and Own Brands packaging to be reusable, recyclable, or certified home compostable by 2025.

This includes all the in-store packaging we use in our fresh departments where we prepare, make, bake, and package all the fresh produce, meat, seafood, bakery, and deli items New Zealanders love.

We've been phasing out single-use and hard-to-recycle plastics from our in-store packaging in keeping with government regulation as well as our commitment to the NZ Plastic Packaging Declaration. We have moved away from providing customers with plastic straws, cutlery and stirrers at our delis, convenience meal counters and coffee shops and have replaced these items with bamboo and wooden alternatives where appropriate. We have transitioned away from hard-to-recycle, mixed material fibre trays, boxes, cups, food wrap, PVC sushi trays and have reduced our range of compostable products to only those that have home compostable certification.

## OUR COMMITMENT TO RESPONSIBLE AND ETHICAL SOURCING

We're committed to delivering sustainable, ethically produced products and services to our stores and earning our customers' trust by maintaining high standards. We're focused on ensuring that our purchasing practices align with our values and policies. Through close collaboration with suppliers, we aim to build a more sustainable and socially responsible supply chain for the future, and we're working collectively with them to achieve positive outcomes for people, animals, and the environment.

Our Own Brands team has been doing the same – transitioning all their product packaging to be reusable, recyclable, or certified home compostable by 2025, and phasing out single-use and hard to recycle plastics such as plastic stem cotton buds, bowls, and cutlery. We've also been exploring responsible solutions for hard to recycle, convenience packaging such as Liquid Paperboard (LPB) and Tetrapak and have joined as a founding member of the LPB scheme – a group working collectively to find a circular and recyclable solution for LPB in New Zealand.

In conjunction with our packaging commitments, Own Brands has also been rolling out the Australasian Recycling Label programme on their product packaging to educate our customers on how they can dispose of product packaging effectively.



## PROTECTING PEOPLE

We are committed to working with our suppliers to ensure that everyone involved in our value chain is safe and treated with respect, and we take a risk-based approach in our sourcing practices. In 2022, we made a submission in support of government proposals to develop Modern Slavery legislation in New Zealand. We're also participating 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.

## ANIMAL WELFARE

We are closely working 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, by 2025 for packaged eggs (both vendor and own brands) in stores by 2027. Working closely with our suppliers, we are making good progress and are on track to meet these timelines, while ensuring we continue to offer affordable products. Our Pams eggs have been cage-free since 2008.

## DIVERTING WASTE FROM LANDFILL

We're working hard to reduce waste wherever we can, and currently we divert 74.7% of store waste from landfill through food rescue, food upcycling, animal feed and recycling of other materials.

Food waste is a key priority for our Co-op, and as a signatory of the Kai Commitment, we alongside major food sector businesses have committed to reduce food waste, and associated carbon emissions. This Commitment will play a significant role in our waste strategy going forward.

We also joined the Kai Commitment to make a difference to food poverty levels in New Zealand, along with the New Zealand Food Waste Champions and other leading food sector businesses. This partnership allows us to actively work towards identifying food waste hotspots, preventing food waste and innovating to move up the Food Recovery Hierarchy to maximise social, business and environmental impact.



A woman with dark hair, wearing a high-visibility yellow polo shirt with dark blue accents on the collar and sleeves, and a headset with a microphone. She is smiling and looking towards the right. She is wearing green work gloves and is positioned in a warehouse or factory setting with cardboard boxes and industrial equipment in the background. The background is slightly blurred, focusing attention on the woman.

# 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.

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**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.



## Healthy and Affordable Food

### INFLUENCE HEALTHIER FOOD CHOICES

Nationally, there are more than 17,000 children participating in Food for Thought (FFT), a free nutrition education programme run through schools since 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 learn what to look for on food labels and how to make healthy choices.

We are committed to displaying the Health Star Rating on products to help our customers make healthier choices, and we achieved our FY23 target of 70% which is a 4% improvement on prior year.

This year we've continued our work with the Heart Foundation, adapting a number of our products and improving nutritional options for customers, and we're on track to achieve FY25 target.

Measure	FY22	FY23	FY25 Target
Number of children participating in the Food for Thought (FFT) programme	5,565	5,506	Year on year improvement
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 rescues 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 developed Food Donation Guidelines which have been designed to support stores to redirect all of 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	1.83m	1.43m	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 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 and 2 emissions.

Until we transition away from high global warming potential (HGWP) refrigerants, the business remains vulnerable to emission spikes from refrigerant gas leakage. We expect to complete this transition by 2025. Diesel use has increased, partly due to adverse weather events extending transport routes, while electricity use has also increased due to more new stores being included in the inventory and warmer temperatures increasing the load on our refrigeration and HVAC systems.

In FY24 we will 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)	2.0% (increase)	TBA*	21% reduction from FY20

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

### MINIMISE OUR WASTE

We're committed to reducing waste wherever we can, and currently we divert 74.7% of store waste from landfill through food rescue, food upcycling, animal feed and recycling of other materials. While it appears that our landfill diversion rate has decreased, this is due to improved data collection and accuracy.

Measure	FY22	FY23	FY25 Target
Landfill diversion rate	77%	74.7%	81%

### IMPROVE PACKAGING SUSTAINABILITY

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

## Pams BBQ Butchery Range

Our Pams BBQ Butchery range is moving away from sticker labels to 100% recyclable packaging.



Measure	FY22	FY23	FY25 Target
% of packaging that is reusable, recyclable or certified home compostable (National)	85%	TBA*	100%
In-store Retail FSSI & FSNI (weight by material type)			
Own Brands Packaging by weight (including retail, inner and trade unit)	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

## Own Brands Bread Tags

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



### RESPONSIBLE AND ETHICAL SOURCING

Own Brands continue to onboard international supplier sites to Sedex and 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	Not reported in 2022	71% (baseline)	100%

### ANIMAL WELFARE

We are working 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 Own Brands products by 2025 and stores by 2027.

Measure	FY22	FY23	FY25 Target
% of Own Brands packaged eggs are cage free	100%	100%	Achieved
% of Own Brands products use cage free eggs as an ingredient	Not reported in 2022	35%	100% by 2025
Number of FSSI stores that have gone 100% cage free for packaged eggs (own brand and vendor brand)	Not reported in 2022	2	100% by 2027
% of FSSI packaged egg sales (by volume) are cage free (own brand and vendor brand)	Not reported in 2022	48%	100% by 2027

### SEAFOOD

To support fish stocks and marine ecosystems, Own Brands are transitioning all seafood used as a primary or characterising ingredient in their products to responsible sources by 2025. We are ensuring this by verifying and auditing our seafood 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 FSC or 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%

### INVEST IN OUR PEOPLE

Measure	FY22	FY23	FY25 Target
Number of FSSI and SI supermarket team members participating in Leadership development programmes	416	527	Year on year improvement
Number of FSSI and SI supermarket team members participating in Retail and Supply Chain development programmes	148	190	Year on year improvement

### ENGAGING OUR PEOPLE

Measure	FY22	FY23	FY25 Target
Overall engagement score for FSSI	60.39%	65.23%	Year on year improvement

### 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 15% reduction in Lost Time Injury Frequency Rate (LTIFR). While our Total Recordable Injury Frequency Rate (TRIFR) rose over the past year, this was driven, in large part, by the increased level of health and safety reporting we're seeing from our teams.

We have a clear goal to see further significant reductions in our injury rates while maintaining (or increasing) the rates of reporting so that we can be confident we're evolving our culture towards safety while keeping our people healthy and safe from injury.

Measure	FY22	FY23	FY25 Target
Lost-Time Injury Frequency Rate (LTIFR)	40.6	34.9	Year on year improvement
Total Recordable Injury Frequency Rate (TRIFR)	96.1	134.5	Year on year improvement

### 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 will be to foster an environment where everyone feels welcome to be themselves and recognises the value of diversity.

Over the past 12 months, we have focused on improving diversity through narrowing our gender pay gap and encouraging greater representation of women in leadership positions while putting the foundations in place for more sophisticated initiatives to promote inclusivity in future years.

This year, we have chosen to use the Stats NZ methodology for calculating our gender pay gap to better align with other major NZ businesses. Using this formula, our gender pay gap is significantly lower than the national average provided by the Public Services Commission.

While it is pleasing to see a decrease in our gender pay gap, we still have work in front of us to reduce pay inequality at FSSI. Our result is driven, at least in part, by the relative lack of gender diversity in our supply chain and a higher proportion of women in Support Centre roles. Despite these caveats we have made significant progress in improving pay equality in our operational workforce through the introduction of a skills-based remuneration framework. Our focus for FY24 is to improve the gender diversity at leadership levels and identify any gender pay gaps in roles at similar levels of experience and skill in our Support Office team.

Measure	FY22	FY23	FY25 Target
Gender Pay Gap (%)	0.60%	0.58%	Maintain a Gender Pay Gap that is better than the national average

While we have made good progress in improving the gender diversity of our organisation, we're continuing to actively drive greater representation of women in leadership roles across our Support Office and Supply Chain teams.

Our 40-40-20 leadership representation goal will see any leadership population represented by at least 40% women, and 40% men, with the remaining 20% being made up of any gender. This target is a modern approach to gender diversity, which provides appropriate flexibility while providing a clear objective measure of success.

Measure	FY22	FY23	FY25 Target
Representation of women in leadership roles (FSSI)	Not reported in 2022	31%	40-40-20

## Supporting Local Communities

### STORES SUPPORTING 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 over \$2.1 million to our local communities.

Measure	FY22	FY23
Amount donated by our South Island stores to relevant local community organisations, causes and events.	\$2,100,656	\$2,148,331





# Advocacy

HeyHey

# Advocacy

## GROCERY INDUSTRY REGULATION

Following publication of the Commerce Commission's Report on the Grocery Industry Market Study the Government is progressing a number of regulatory measures to implement its recommendations. This includes passing the Commerce (Grocery Sector Covenants) Amendment Act 2022 and introducing the Grocery Industry Competition Bill in November 2022. The Government has also been undertaking work on a Consumer Information Standard for mandatory unit pricing for grocery products, and a Grocery Supply Code to govern relationships between major grocery retailers and suppliers. We embraced all of the Commerce Commission's recommendations and have worked at pace to implement those under our control.

## EMPLOYMENT LAW

The Government is working to extend employment rights and entitlements and in April 2022 introduced draft legislation for Fair Pay Agreements (FPA). Our submission outlined the consequences of a one-size-fits-all approach to wage bargaining and recommended a high threshold for initiating fair pay negotiations. In December 2022, the legislation was enacted largely as introduced and First Union lodged an FPA application for supermarket employees. Pending approval from the Ministry of Business, Innovation and Employment (MBIE), negotiations will begin mid-2023.

Submissions were filed on proposals for: a New Zealand Income Insurance Scheme; modern slavery legislation, which we supported with modification to the proposed scope of the regime;

proposed changes to the skilled migrant category for immigration; and changes to the Accident Compensation Corporation's (ACC) Accredited Employers Programme.

## PROPERTY

Submissions were filed on the Natural and Built Environment Bill and Spatial Planning Bill which will replace the Resource Management Act 1991. We asked for the legislation to give direction on the Commerce Commission's recommendation that more development sites are made available for supermarkets to support competition. We also 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. We were part of a consortium of property companies seeking changes to address inequities in the current funding model and supported proposed changes to address the sector's concerns.

MBIE consulted on the building consent system and our submission highlighted concerns about the lack of consistency between building consent authorities, with variability in the processing of applications and decisions which cause uncertainty, project delays, and impacts project costs. We recommended a pre-qualification/ranking system for consultants, reintroducing private certification to increase capacity, and introduction of "deemed to comply" methodologies to speed things up.

## ENVIRONMENT

Improving waste management is a priority for the Government and MBIE consulted on proposals to transform recycling including a beverage container recovery scheme, improvements to kerbside collections, and interventions to reduce and eventually eliminate food waste. We supported all these objectives but sought changes to the details of the proposals. In particular, we expressed concern that the consumer rebate for beverage containers would impact product pricing at a time of high inflation and we promoted a voluntary approach to retail take-back to optimise the collection network for efficiency reasons. In early 2023 the Government announced it was deferring a beverage container scheme but progressing a new Waste Act.

## 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; the Ministry for Primary Industries' (MPI) consultation on 'A Guide to Alcoholic Drinks' (Oct 2022); Food Standards Australia New Zealand's (FSANZ) 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.



# Financial *Statements*



# Independent Auditor's Report

To the shareholders of Foodstuffs South Island Limited

## Report on the summary consolidated financial statements

### Opinion

In our opinion, the accompanying summary consolidated financial statements of Foodstuffs South Island Limited (the 'company') and its subsidiaries (the 'group') on pages 64 to 67:

- i. Have been correctly derived from the audited consolidated financial statements for the year ended on 28 February 2023; and
- ii. Are a fair summary of the consolidated financial statements, in accordance with FRS-43 Summary Financial Statements.

The accompanying summary consolidated financial statements comprises:

- the summary consolidated balance sheet as at 28 February 2023; and
- the summary consolidated income statement, statements of other comprehensive income, changes in shareholders' equity, and cashflows for the year then ended.



### Basis for opinion

We conducted our audit in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

We are independent of the group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm has also provided other services to the group in relation to taxation advisory (including R&D tax credit support) and tax compliance services, advisory services, and trustee reporting. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.



### Use of this Independent Auditor's Report

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent 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 shareholders as a body for our audit work, this report, or any of the opinions we have formed.



### Responsibilities of the Directors for the Summary Consolidated Financial Statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the summary consolidated financial statements in accordance with FRS-43 Summary Financial Statements; and
- implementing necessary internal control to enable the preparation of a summary consolidated set of financial statements that is correctly derived from the audited consolidated financial statements.



### Auditor's Responsibilities for the Summary Consolidated Financial Statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

We expressed an unmodified audit opinion on the consolidated financial statements in our audit report dated 2 May 2023. That report also includes the communication of key audit matters, which are those that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year-ended 28 February 2023.

The summary consolidated financial statements do not contain all the disclosures required for a full set of consolidated financial statements as required by New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"). Reading the summary consolidated 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 consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report the audited consolidated financial statements.

KPMG

KPMG  
Christchurch  
9 June 2023



# 2023 *Financial* Statements

These summary financial statements on pages 62 to 65, comprising the Income Statement, Statement of Other Comprehensive Income, Statement of Changes in Shareholders' Equity, Balance Sheet, and Statement of Cash Flows are those of Foodstuffs South Island Limited and its subsidiaries.

They have been prepared in accordance with Financial Reporting Standard No. 43 "Summary Financial Statements" and have been extracted from full financial statements that have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards that comply with International Financial Reporting Standards. These summary financial statements do not include all disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements..

The Group is a profit-oriented entity. The financial statements are presented in NZ dollars which is the Group's functional and presentational currency, rounded to the nearest thousand dollars (\$000).

The full financial statements for the year ended 28 February 2023, authorised for issue and signed on 2 May 2023 have been audited by KPMG and given an unqualified opinion. For a complete understanding of the financial affairs of the Group, the full financial statements are available to qualifying members on request.

## INCOME STATEMENT

For the Year Ended 28 February 2023

	2023 \$000	2022 \$000
Net revenue	3,413,203	3,192,323
Cost of sales	(3,098,914)	(2,903,809)
<b>Gross profit</b>	<b>314,289</b>	<b>288,514</b>
Other income	3,074	6,714
Operating expenses	(295,407)	(288,344)
<b>Operating profit</b>	<b>21,956</b>	<b>6,884</b>
Net finance costs	(13,405)	(10,402)
Share of profit from associates	3,227	3,030
<b>Profit / (loss) before tax</b>	<b>11,778</b>	<b>(488)</b>
Income tax expense	(4,861)	(847)
<b>Net Profit / (loss) for the period after tax</b>	<b>6,917</b>	<b>(1,335)</b>
<b>Attributable to:</b>		
Shareholders of the parent company	6,917	(1,335)

## STATEMENT OF OTHER COMPREHENSIVE INCOME

For the Year Ended 28 February 2023

	2023 \$000	2022 \$000
Net Profit / (loss) for the period after tax	6,917	(1,335)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Movement in other reserves	(1,164)	409
Sale of The Warehouse Group Shares	-	(14,457)
Items that are or may be reclassified subsequently to profit or loss		
Movement in investments reserve	-	17,569
Movement in cash flow hedge reserve	6,298	11,720
Transfer of deferred tax to reserves (revaluation of interest swap)	(1,763)	(3,282)
<b>Total comprehensive income for the period</b>	<b>10,287</b>	<b>10,624</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the parent company	10,287	10,624

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Year Ended 28 February 2023

	2023 \$000	2022 \$000
At 1 March*	389,902	388,887
Total comprehensive income	10,287	10,624
Dividends paid*	(7,752)	(7,811)
Net share issue	(23,813)	(1,798)
At 28 February	368,625	389,902

\* Certain comparatives have been reclassified or restated, refer to note 1 of the full financial statements

**BALANCE SHEET**

As at 28 February 2023

	2023	2022
	\$000	\$000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	10,973	27,065
Trade and other receivables	244,623	188,479
Inventories*	139,548	143,402
Property, plant and equipment held for sale	2,618	15,428
Derivative financial instruments	2,039	-
<b>Total current assets</b>	<b>399,802</b>	<b>374,375</b>
<b>Non-current assets</b>		
Property, plant and equipment	913,767	898,756
Intangible assets	57,578	56,362
Investments in associates	14,708	12,128
Investments held at fair value	560	560
Derivative financial instruments	12,408	8,149
<b>Total non-current assets</b>	<b>999,021</b>	<b>975,955</b>
<b>TOTAL ASSETS</b>	<b>1,398,823</b>	<b>1,350,330</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables*	312,750	298,481
Borrowings	411,125	222,773
Trading deposits and trading deposit shares*	107,515	101,134
Employee entitlement liabilities	16,109	15,620
Lease liability	8,176	8,806
Rebates payable	84,508	83,934
Income tax payable	463	645
<b>Total current liabilities</b>	<b>940,646</b>	<b>731,393</b>
<b>Non-current liabilities</b>		
Borrowings*	371	150,371
Lease liability	68,829	62,124
Employee entitlement liabilities	1,642	1,698
Deferred income tax liability	18,711	14,841
<b>Total non-current liabilities</b>	<b>89,553</b>	<b>229,034</b>
<b>TOTAL LIABILITIES</b>	<b>1,030,199</b>	<b>960,427</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders</b>		
Share capital	235,368	259,181
Other reserves	14,447	109,662
Retained earnings*	118,809	21,059
<b>TOTAL EQUITY</b>	<b>368,624</b>	<b>389,902</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,398,823</b>	<b>1,350,330</b>

\* Certain comparatives have been reclassified or restated, refer to note 1 of the full financial statements

**STATEMENT OF CASHFLOWS**

For the Year Ended 28 February 2023

	2023	2022
	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Customers	3,656,972	3,557,720
Interest received	452	280
Member trading accounts	18,352	1,450
	3,675,776	3,559,450
<b>Cash was applied to:</b>		
Purchases, wages and expenses	3,330,673	3,121,936
Members rebates	262,830	253,251
Interest paid	11,272	9,063
Income tax paid	2,992	3,499
	3,607,767	3,387,749
<b>Net cash flow from operating activities</b>	<b>68,009</b>	<b>171,701</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Advances from other related parties and associates	9,374	277
Dividends	800	1,349
Sale of listed investments	-	33,850
Sale of Property, Plant, & Equipment	6,833	4,408
	17,007	39,884
<b>Cash was applied to:</b>		
Purchase of intangibles	14,593	24,170
Purchase of property plant and equipment	42,124	38,446
Advances to related parties and associates	-	1,330
	56,717	63,946
<b>Net cash flow from investing activities</b>	<b>( 39,710)</b>	<b>( 24,062)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Increase in Trading Deposits/Shares	6,381	11,539
Increase in bank borrowings	20,000	-
	26,381	11,539
<b>Cash was applied to:</b>		
Decrease in bank borrowings	-	75,400
Retained Patronage Shares redeemed	60,362	48,161
Dividends paid on Retained Patronage Shares	7,824	7,828
Dividends paid on Trading Deposit Shares	2,586	995
	70,772	132,384
<b>Net cash flow from financing activities</b>	<b>( 44,391)</b>	<b>( 120,845)</b>
Net increase/(decrease) in cash held	( 16,092)	26,794
Opening cash brought forward	27,065	271
Ending Cash carried forward	10,973	27,065
<b>Represented by:</b>		
Bank and cash balances	10,146	26,875
Overseas currency accounts	827	190
	10,973	27,065

# Our Leadership Team

## Board of Directors

TO 28 FEBRUARY 2023

<b>Russell McKenzie</b> (Chair)	New World St Martins
<b>Marcel Gray</b> (Deputy Chair)	PAK'nSAVE Wainoni
<b>Glenn Anderson</b>	New World Nelson City
<b>Phillip Blackburn</b>	PAK'nSAVE Riccarton
<b>Angela Bull</b>	Independent Director
<b>Michelle Grundy</b>	Four Square Maniototo
<b>Michelle King</b>	PAK'nSAVE Queenstown
<b>Justin Vaudrey</b>	New World Durham Street
<b>Steve Wakefield</b>	Independent Director
<b>Jason Williams</b>	PAK'nSAVE Moorhouse

## Executive Leadership Team

<b>Mary Devine</b>	Chief Executive Officer
<b>Nick Barnes</b>	General Manager Supply Chain
<b>Andrew Crerar</b>	General Manager People & Capability
<b>Tim Donaldson</b>	General Manager Retail & Property
<b>Damian Lynch</b>	General Manager Merchandise
<b>Nathan Marsh</b>	Chief Financial Officer
<b>Lydia Matthews</b>	Head of Strategy
<b>Matt Richardson</b>	Head of PMO
<b>Shayne Tong</b>	Chief Digital Officer

## PAK'nSAVE Executive Committee

1 MARCH 2022 TO 28 FEBRUARY 2023

<b>Mark Elkington</b> (Chair)	PAK'nSAVE Blenheim
<b>Bryan Walker</b> (Deputy Chair)	PAK'nSAVE Northlands
<b>Phillip Blackburn</b>	PAK'nSAVE Riccarton
<b>Bryan Dobson</b>	PAK'nSAVE Invercargill
<b>James Flanagan</b>	PAK'nSAVE Rangiora
<b>Marcel Gray</b>	PAK'nSAVE Wainoni
<b>Caroline Hall</b>	PAK'nSAVE Timaru
<b>Andrew Howard</b>	PAK'nSAVE Richmond
<b>Michelle King</b>	PAK'nSAVE Queenstown
<b>Kerri Lee-Lissington</b>	PAK'nSAVE Hornby
<b>Chris McDonald</b>	PAK'nSAVE Dunedin
<b>William McDonald</b>	PAK'nSAVE Dunedin
<b>Jason Williams</b>	PAK'nSAVE Moorhouse

## New World Executive Committee

1 MARCH 2022 TO 28 FEBRUARY 2023

<b>Rod Flannery</b> (Chair)	New World Centre City
RESIGNED 22 NOVEMBER 2022	
<b>Ashley Shore</b> (Chair)	New World Mosgiel
APPOINTED AS CHAIR 22 NOVEMBER 2022 RESIGNED AS DEPUTY CHAIR 22 NOVEMBER 2022	
<b>Kyle Burnett</b> (Deputy Chair)	New World Lincoln
APPOINTED AS DEPUTY CHAIR ON 22 NOVEMBER 2022	
<b>James Backhouse</b>	New World Wigram
<b>Marc Brokenshire</b>	New World Ilam
<b>Nicola Hollyer</b>	New World Motueka
<b>Bradley Patton</b>	New World Elles Road
<b>Julia Spence</b>	New World Prestons
APPOINTED 22 NOVEMBER 2022	
<b>Simon Turnbull</b>	New World Bishopdale

## Four Square Executive Committee

1 MARCH 2022 TO 28 FEBRUARY 2023

<b>Graeme Neilson</b> (Chair)	Four Square Ascot
<b>Amy Bartlett</b> (Deputy Chair)	Four Square Matura
<b>Michelle Grundy</b>	Four Square Maniototo
<b>Nathan Hay</b>	Four Square Brightwater
APPOINTED 16 AUGUST 2022	
<b>Tim Manson</b>	Four Square Bluff
APPOINTED 22 NOVEMBER 2022	
<b>Shaun McFadden</b>	Four Square Mapua
<b>Lou Paton</b>	Four Square Atawhai
<b>Glenn Pierson</b>	Four Square Stafford Street
<b>Matt Saunders</b>	Four Square Tapanui
RESIGNED 17 FEBRUARY 2023	
<b>Mike Thomas</b>	Four Square Pleasant Point
APPOINTED 6 APRIL 2022 RESIGNED 22 NOVEMBER 2022	

## Raeward Fresh Executive Committee

1 MARCH 2022 TO 28 FEBRUARY 2023

<b>Gareth &amp; Laura Caldwell</b>	Raeward Fresh Richmond & Tasman
RESIGNED 22 AUGUST 2022	
<b>Daniel &amp; Rebecca Ellis</b>	Raeward Fresh Harewood
<b>Jono &amp; Jess Ettema</b>	Raeward Fresh Queenstown
FROM 3 OCTOBER 2022	
<b>Ross &amp; Pip Freeman</b>	Raeward Fresh Tower Junction
FROM 27 JUNE 2022	
<b>Nathan &amp; Angela Imlach</b>	Raeward Fresh Queenstown
RESIGNED 3 OCTOBER 2022	
<b>Paul &amp; Christiena Joyce</b>	Raeward Fresh Tower Junction
RESIGNED 27 JUNE 2022	
<b>Mark &amp; Louise Paton</b>	Raeward Fresh Richmond & Tasman
FROM 22 AUGUST 2022	

## Henry's Beer, Wine & Spirits Executive Committee

1 MARCH 2022 TO 28 FEBRUARY 2023

<b>Paddy Breen</b> (Chair)	Henry's BWS Queenstown
<b>Gerry Breen</b>	Henry's BWS Wakatipu
<b>Eoin Fleming</b>	Henry's BWS Wigram
<b>Mohit Gahlot</b>	Henry's BWS Alexandra
<b>Shannon Gilmore</b>	Henry's BWS Prebbleton
<b>Jason Hall</b>	Henry's BWS Northtown
<b>Adrian Hills</b>	Henry's BWS Centre City
<b>Anne Kroupa</b>	Henry's BWS Richmond
<b>Pavneet Nagra</b>	Henry's BWS Wairakei
<b>Justin Purcell</b>	Henry's BWS Timaru
<b>Damian Reid</b>	Henry's BWS Hornby
<b>Campbell Sinclair</b>	Henry's BWS Albert Town
<b>Craig Smith</b>	Henry's BWS Kaikoura
<b>Neil Smith</b>	Henry's BWS Greymouth
<b>Jamie White</b>	Henry's BWS Cromwell
<b>Jason Williams</b>	Henry's BWS Moorhouse
<b>Louis Viceli</b>	Henry's BWS Avonhead & Parklands



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**Foodstuffs**  
South Island