



2024

Annual Report

Foodstuffs
South Island

The background of the image features a series of thin, light grey wavy lines that create a sense of depth and motion. These lines are more concentrated in the center and spread out towards the edges, forming a grid-like pattern that suggests a landscape or a network.

2024
Foodstuffs
South Island



Together we feed the South Island and create successful communities.

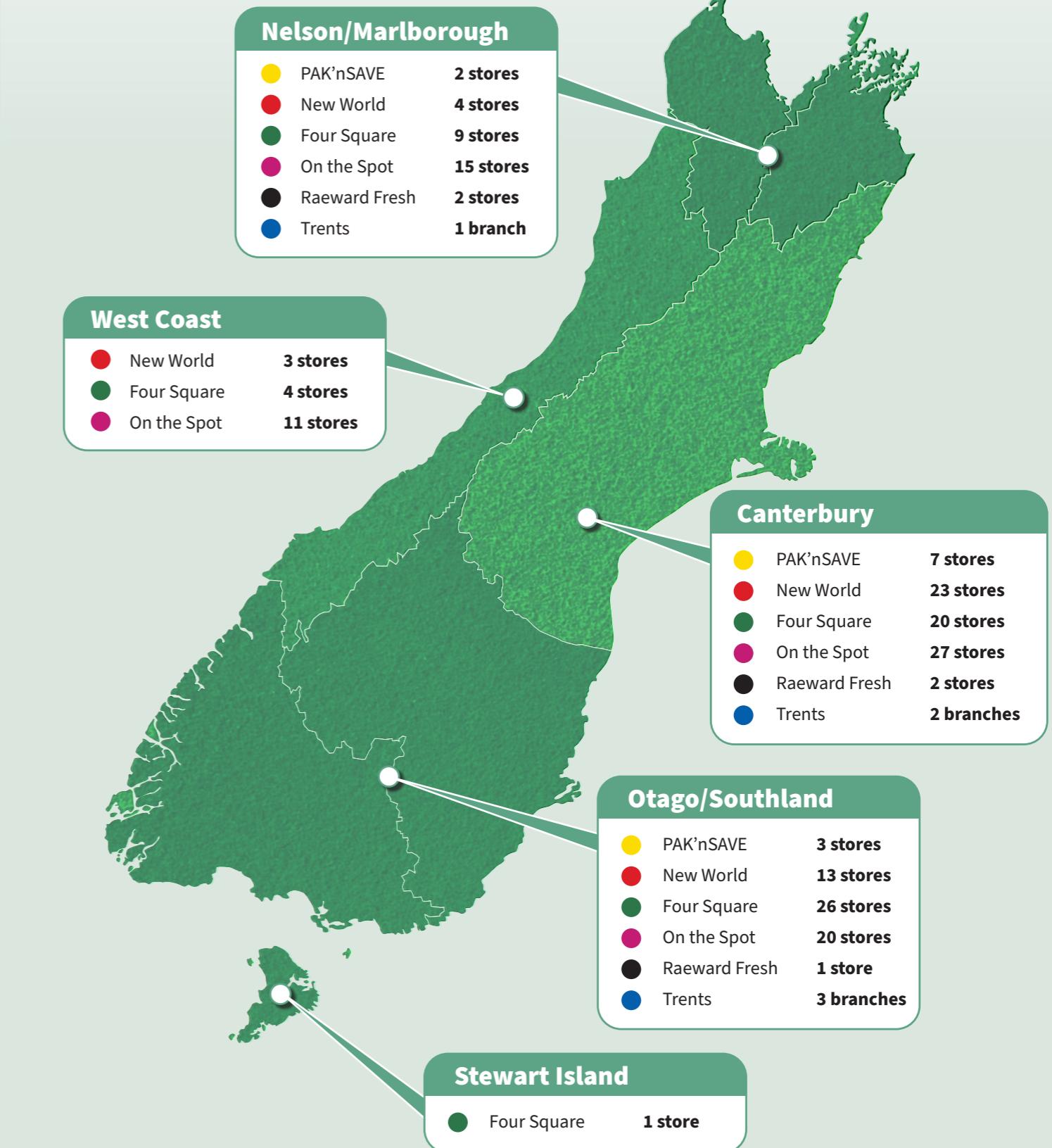
FY24 was another milestone year for Foodstuffs South Island. We continued to build meaningful connections and partnerships with our people and our partners, while delivering value for customers through best in class technologies and providing more opportunities that enable our people to thrive.

We are proud of the role we play in New Zealanders' lives, from BBQs to birthday parties, after school jobs to lifelong careers, and local support to large-scale impact. As we head into FY25, we endeavour to maintain momentum, and continue to look for opportunities to improve, go further, do better, and achieve more.

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Our *Store* network



FY24 Highlights

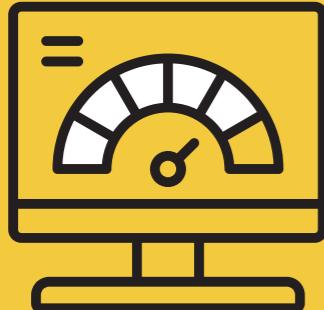
COMPLETED THE

rollout of e-Commerce

across all New World & PAK'nSAVE
stores in the South Island



ENHANCED OUR



Customer Promises Tracker

to ensure we are delivering on our customer promises for New World,
PAK'nSAVE, and Four Square through daily customer insights

SUPPORTED

1001

people
gain new skills



across 87 development
programmes and courses

WELCOMED

8 new

Owner Operators to the co-op



SERVED OVER

3M
customers

and continue
to see customer
loyalty grow in
the South Island

REFRESHED OUR
APPROACH TO

*Owner
Operator
selection*

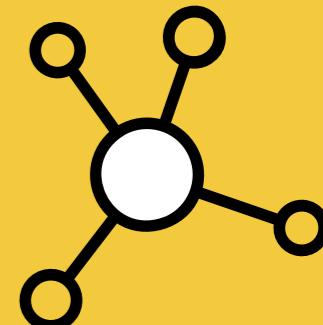
creating a transparent
process accessible to those
in and outside of the co-op

INCREASED OUR
team
engagement

score for both our operational
and office-based workforces
when compared to our FY23 results

TRANSITIONED TO
newSAP

technology (S/4 HANA) enabling future strategic
advantages and setting us up for the future with
best in class technologies



Nearly
95%

of our New World and
PAK'nSAVE **stores** have a
relationship with a local food
bank or food rescue partner

716

of our supermarket based
team members **participated**
in leadership development
programmes



OUR MEMBERS
DONATED OVER
\$2.3
million

to South Island communities
including **\$200,000** to 24 South
Island foodbanks, and **\$406,000**
through the **South Island
Community Trust**

99.5%
OF OWN BRAND

international supplier sites
have been **onboarded to
Sedex**, supporting them
to continuously improve
environmental, social,
and governance outcomes
through data insights

WE'VE
reduced
OUR CARBON
EMISSIONS BY
11%
from our baseline year FY20


All OWN
BRAND
products **use responsibly
sourced palm oil**

NEARLY
5000
children



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

A note from our Chair

FY24 has been a pivotal year in Foodstuffs South Island's history, and one where we have seen our co-operative take decisive steps into the future while remaining focused on our core strengths.

Our locally-owned co-operative model has always been one of our greatest strengths, and it has been a pleasure to welcome eight new Owner Operators to the co-op as well as see thirteen changes of ownership take place this year. The opportunity the co-op provides for New Zealand families to own and run their own businesses, and build their capabilities to take on bigger challenges, is one of the things that makes this place so special to me.

The implementation of SAP S/4 HANA was a significant milestone for us this year – the culmination of one of the biggest projects ever undertaken at Foodstuffs South Island, with around 200 team members involved over more than 18 months of work. This future-fit technology platform will enable future strategic advantages including increased digital security and the ability to take advantage of new technologies.

The strategic plan we completed in FY23 has provided us with a clear roadmap throughout FY24, and we have seen excellent progress in all key pillars of our strategy this year: winning customer loyalty, growing our people and partnerships, leading and innovating to meet customer needs, and driving simplicity.

Another significant milestone for the year was the announcement of a proposal to merge our co-op with Foodstuffs North Island. This proposal is driven by a clear ambition: “to become the best grocery co-operative in the world, owned by the best local grocery retailers and wholesalers delivering the best experience and value to New Zealanders.”

The Boards of both co-operatives are clear that a merger must deliver meaningful benefits for customers and all our stakeholders. If the proposed merger proceeds, we'll continue to be a proudly

100% NZ-owned co-operative with each store owned and operated by a local grocer. Our focus on delivering the best range and value for their customers will not change.

A nationwide Foodstuffs co-operative would also continue to have significant operations and leadership capabilities in the South Island.

What would change is the way we're governed and operated. By combining the very best ways of doing things from each co-op and forming one national business, we have an opportunity to reduce the complexity that comes from running two co-ops. Ultimately, this will make us more efficient and able to deliver more innovation and better value for New Zealanders.

Our Members are due to vote on the merger proposal in June 2024, and we are continuing to engage with the Commerce Commission on our merger application.

FINANCIAL REVIEW

Our co-operative has performed well in FY24. Annual revenue of \$3.6 billion was an increase of 8.0% compared to FY23, primarily driven by food price inflation, but also by the continued growth of domestic and international tourism.

Driven by customer data insights, we continued to focus on delivering value for customers including the enhancement of our Customer Promises Tracker as the main way we measure customer satisfaction. It is a privilege for our Members to be at the heart of their communities, and together our stores have given over \$2.3 million to communities across the South Island, including \$406,000 through our South Island Community Trust.

Our Vision

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

We continue to focus on driving efficiency in the face of increased cost pressures across the business, so that we can provide the value our customers are looking for.

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 our funding partners.

THANK YOU

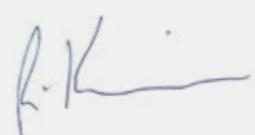
I'm proud to be part of one of New Zealand's most passionate, talented teams – a team of 14,000 who are all truly committed to feeding the South Island and creating successful communities.

A huge and sincere thank you to all our team members who work hard in our supply chain, support centre, distribution centres and stores to deliver for customers every single day. We are a 24/7 operation with people in nearly every South Island community and it's wonderful to know that wherever you go, there will be a member of Foodies not too far away.

Thank you to our CEO Mary Devine, the Foodstuffs South Island Leadership Team, and my fellow Directors for your world-class, dedicated leadership over this past year.

Thank you to our suppliers for your ongoing commitment to our shared customers. These partnerships are fundamental to the success of our co-operative, and we highly value the close relationships we hold with you.

And finally thank you to all our Members and your families for everything you contribute to our co-op and our South Island communities. It is a pleasure to work alongside you all.



**RUSSELL
MCKENZIE**

Chair
Owner Operator
New World St Martins



A note from our CEO

We began FY24 with a clear vision: To be the South Island's most loved and trusted retailer, positively impacting our customers' lives every day.

As we look back on FY24, it is clear that we've remained future focused, progressing our strategic roadmap to win customer loyalty, grow our people and partnerships, lead and innovate, and focus on simplicity.

Our Owner Operators are passionate about serving their communities through our iconic Kiwi brands, and our people are at the heart of Foodstuffs South Island. In FY24, we have continued to strengthen the ways we look after our people, our customers, and our partnerships.

We've focused strongly on delivering value for our customers and have made progress on strengthening a seamless customer experience for both online and instore shoppers. We have enhanced a number of initiatives, including significant work on our Customer Promises Tracker, ensuring we continue to deliver on our customer promises for PAK'nSAVE, New World, and Four Square. Based on feedback from our Members, we now track and deliver daily customer feedback to stores to ensure continuous improvement.

We're proud to have a presence in communities throughout the South Island, and this year we expanded our offering, opening two new On the Spot stores and wrapping up work on PAK'nSAVE Papanui, which opened in early FY25. PAK'nSAVE Papanui is a great investment for our Papanui community, and features innovative and sustainable solutions that increase efficiency and enhance our customers' shopping experience. By including solar panels, a dedicated click and collect space, and the ability to keep trading for three days in the event of an emergency or natural disaster, this store is future focused and a real testament to the retail excellence Foodstuffs South Island is known for.

We strengthened our supplier engagement strategy to enhance relationships with our supplier partners, and ensure we are working powerfully together to deliver positive outcomes for our shared customers. We further developed the ways we interact with our supplier partners including through our in-person Foodies Forums, regular supplier newsletters, and tours of our Hornby Distribution Centre to provide an insight into how our supply chain operates. Importantly, we reset our Joint Business Planning process to enable more strategic conversations and drive improved outcomes for our businesses and our customers. We have had an absolute focus on customer loyalty in FY24, and it has been fantastic to see our suppliers' support and enthusiasm for this.

After its FY23 launch, our retail media network powered by Precision Media, has continued to evolve with our supplier partners to continue delivering a valuable, multi-channel connected store experience for customers. Foodstuffs Precision Media has run 422 national campaigns since its launch, and rolled out 126 new retail media screens across the co-op this year. Recent campaign performance indicators are exceeding global retail media benchmarks for a business at this stage of its journey, and we look forward to keeping this momentum in FY25.

We drove hard to increase efficiency this year, progressing a number of projects to simplify and reduce cost across the value chain from our suppliers to our customers. Investment in our advanced supply chain technologies programme, commissioning the build of a new frozen distribution facility in Hornby, and progressing our supplier partnership programme have been key examples of this.

Our Purpose

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

The most significant project in FY24 was our transition to new SAP technology (S/4HANA). This marks a milestone for our co-op, enabling further strategic advantages and setting us up for the future with new, best in class technologies. Over 18 months, around 200 team members and SAP professionals worked to ensure the transition was seamless.

We also invested a lot of time this year into expanding the opportunities for our teams to develop, grow and engage. This included continuing refurbishment on our Papanui Support Centre to create a collaborative and contemporary working environment, and placing a real focus on goal setting and tracking across our co-op. We also refreshed our approach to Owner Operator selection to create a transparent and supportive process.

It's been fantastic to see our team engagement score increase for both our operational and office-based teams, reflecting the work we have done to listen and action our team's feedback. We have continued to receive positive feedback about our regular company updates, where leaders in the co-op share information with team members and engage in question and answer sessions. We've also introduced a number of new connection opportunities throughout the year. A few highlights have been our Community of Analytical Practice where analysts from across the co-op connect and share learnings, sharing the joy of our pets at our Papanui Support Centre each Friday, and coming together socially at our monthly drinks.

The results of our first Member engagement survey were very good, and we observed an average engagement score of 72%.

The insights from this survey prove invaluable as we continue to ensure we are effectively supporting our Members to serve their local communities and feed the South Island.

This year, our brands continued to perform well, with the return of tourism contributing to Four Square's 10% increase in revenue. PAK'nSAVE finished the year strongly with a 13.1% increase in revenue, demonstrating the importance of delivering value for our customers. Customers also found value at New World, with 74.2% of customers finding deals through Clubcard each week and the brand seeing an 8.9% growth in revenue. Trents and On the Spot continued to serve their communities, increasing their revenue by 0.3% and 5.4% respectively. Raeward Fresh closed the year with a 1% decrease in revenue, impacted by changing customer trends.

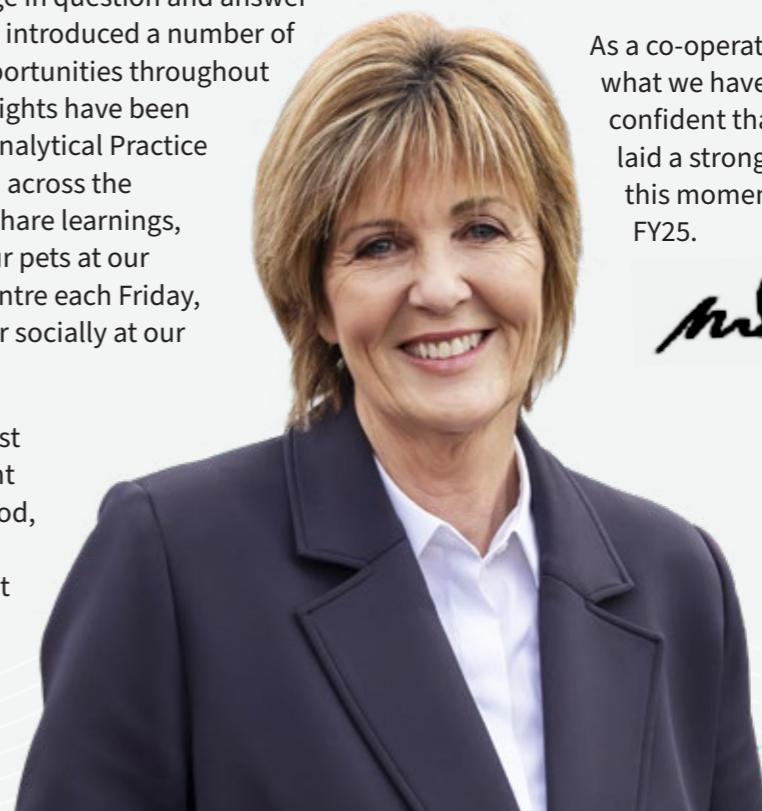
Our continued focus on looking after and positively impacting our communities remains steadfast through our Here for New Zealand promises and the Foodstuffs South Island Community Trust. Supported by our Community Trust, we have made a difference to our local communities, including our team members, their families, supplier partners and the environment through a number of initiatives.

Looking ahead, we are committed to advancing our key strategic projects and I have every confidence in our collective skills, expertise, and dedication to drive sustainable growth and deliver on our strategic goals.

As a co-operative, we are proud of what we have achieved and can be confident that together we have laid a strong foundation to carry this momentum forward into FY25.



MARY DEVINE
CEO



Brand Reports



In FY24, we showcased our ongoing commitment to providing value by utilising key insights to deliver lower prices on the products that matter most to our customers.

We continued to engage closely with our local communities and deployed innovative marketing strategies that reinforced our value position to shoppers. Our Customer Promises Tracker score – the main mechanism we use to monitor the experiences of our customers – increased during FY24, highlighting our commitment to delivering New Zealand's lowest food prices.

This year we have strengthened the ways we deliver value to our customers. A significant milestone was completing the rollout of online Click & Collect to all 12 South Island stores, enabling our customers to shop consciously and efficiently. Our SHOP'nGO tech continued to go from strength to strength, with over 35,000 customers maximising the value of their shop each week by scanning and packing their groceries as they shop.

To help our customers make the most out of their grocery shop and reduce food waste, we also created Savey Meal-bot – an easy-to-use AI tool that creates recipes from leftover ingredients.

FY24 was a great year for the progression of PAK'nSAVE's Top 50 Price check tool. Top 50 is an easy way for customers to find value by comparing the actual price difference between PAK'nSAVE and our competitors on a local level. We have celebrated Top 50 becoming fully automated, allowing for a quick read on results so our customers have the most up to date deals at their fingertips.

To help lower our advertising costs during Christmas 2023, Stickman found a way to get around the

high prices of advertising by securing himself a weeklong 'Adternship' at TVNZ. Throughout an entire week in December, he tried his hand at showbiz, while slipping in savey messages throughout TVNZ & TVNZ+ programming. We reached millions of households across New Zealand by simultaneously sharing our Super Deals message.

A highlight of this partnership was our first ever PAK GIVES BACK integration. Launched on Seven Sharp we asked New Zealand to nominate individuals, families or communities who had been Kiwi legends throughout the year. Two recipients were announced on Breakfast, and each received a \$5,000 PAK'nSAVE gift card in recognition of their amazing hard work. The chosen South Island recipient was Sue Harrex from Timaru who supports the elderly community through social activities and communal meals.

Another highlight of FY24 was the launch of our PAK'nSAVE Tik Tok channel. Managed 100% in-house and positioned to capture our next generation shopper into the brand, we have already gained over 25,000 followers.

We're proud of how PAK'nSAVE has shown up for our customers and we were recognised as leaders in fairness and responsibility in the 2023 Kantar Reputation Index, ranking as the third top performing company in Aotearoa. We also received 18 finalist nominations at the 2024 Axis Awards, including a Silver award for our 'Borrow the Brand' advertising campaign. We look forward to helping our customers find value through future campaigns.





Hey, Canterbury

58% of us ate more blueberries than cherries last year*



≥MJ≤



*Based on Canterbury New World Clubcard data from 1 November 2022 to 31 October 2023. See newworld.co.nz

Clubcard Trolley Truths

Find Your Wonderful

NW



Find Your Wonderful

NW



New World delivered strong results in FY24, and we continued to strengthen our brand and deliver value for customers.

A real highlight for New World was completing the rollout of online delivery across all our South Island stores. We also finished the refurbishment of New World Greymouth, providing better in-store experiences for our community.

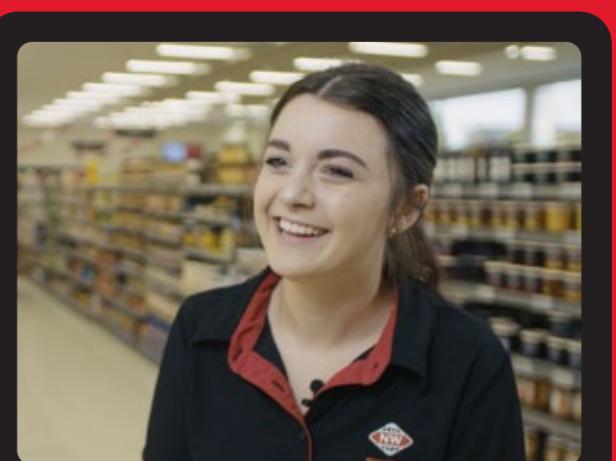
This year, our Everyday Low Price (EDLP) programme continued to help our customers find value at New World. The bright blue ticket is on hundreds of products, including many of the everyday items that matter most to households across Aotearoa. Our continued focus on EDLP highlights our promise to Provide Fair Value Everyday and has been a key contributor to our Customer Promise Tracker score increasing from 73.6% to 79.6%.

Our Clubcard loyalty programme continues to be a key way that customers find value at New World, with 74.2% of customers consistently scanning their Clubcard each week to save with Club Deals, earn rewards, and win prizes. This year we ran our first Trolley Truths campaign; a data led approach highlighting shopper insights in a fun way that was tailored to each region. This campaign saw great engagement and encouraged discussion between regions in the South Island.

We continued our partnership with the Christchurch City Mission and local foodbanks, giving back to our local communities through another successful Family2Family campaign. Our South Island customers donated 8,323 bags, equivalent to \$166,460 value, and New World donated \$250,000 to the three City Missions nationwide.

Customers redeemed over 322,000 pieces of MasterChef cookware as part of our MasterChef continuity campaign. This was the first time we ran a continuity campaign over the winter period, and it proved to be a hit with customers.

Thousands of New Zealanders walk through the doors of New World supermarkets every day, each with their own stories and reasons for visiting. We've captured the essence of the experience our stores deliver to customers through our new brand platform, 'Find Your Wonderful', which was developed with a strong understanding of why shoppers choose New World, and what makes us different from our competitors.



Our people are the foundation of the New World brand, so we put a call out to our New World team members to audition to be the voice talent for the *Find Your Wonderful* song. New World Halswell team member, Mikayla Sippel successfully auditioned, and her recording of *You Got What I Need* has featured on our latest TV, radio, and social media advertisements. This opportunity also allowed Mikayla to gain additional exposure in the music industry.



FY24 was a record year for Four Square as we continued to see tourists return to the South Island. We have focused on delivering better value for our customers, getting the right range on our shelves, and evolving for the future.



Four Square's customer focused approach saw more than 12% growth in both the number and spend of our loyal customers. Our focus on being the go-to stop for daily grocery shops, and making everyday life easier was reflected by our 23 point leap in customer centric measures in the Kantar Customer Leadership Index. A key part of this focus was improving our customers' in-store experience through the roll out of our refreshed store format and design standards. This year, Four Square Queenstown, Palmerston, Brightwater, and Māpua all led the way with refreshed store layouts.

April 2023 marked Four Square's return to television advertising after an 18-year hiatus, with our 'King's Feast' advertisement. The move aimed to rekindle New Zealanders' affection for our iconic Kiwi brand, and emphasise that with over 220 stores nationwide, including 60 in the South Island, we are the go-to destination for whatever customers need, when they need it. We were proud to be recognised in the top 5% of advertisements in New Zealand, and receive the Kantar Ad Impact Award in April 2023, as well as the overall Supreme Ad Impact Award for 2023.

We are at the heart of our communities, and in July 2023, Four Square celebrated our 99th birthday by giving cakes to our local community heroes, and awarding the winner of our major prize, Tina Waitaika, a \$9,999 Four Square gift card from her local Four Square Mataura store!

I've lived in this house my entire life. It once belonged to my grandparents and I have fond memories of them walking me over to shop at the supermarket when I was a young kid, back even before it was a Four Square.

TINA WAITAIKA



Our longest serving Owner Operators, Cheryl and Stewart Mitchell handed over the reins of Four Square Outram to their daughter Emily and her partner Mike O'Connor, after 38 years.

“We're so excited to have the opportunity to own and operate the same Four Square store as my mum and dad. They've left us with some pretty big shoes to fill, and we want to continue to build on all the fantastic things they've done and relationships they've created in the community.

EMILY O'CONNOR
Four Square Outram
Owner Operator



RAEWARD *fresh*

your fresh food people

This year we continued to deliver fresh food and great value to our customers by driving brand awareness and increasing customer loyalty. After navigating a challenging winter, we finished FY24 with a positive full year result.

A real highlight for Raeward Fresh was the introduction of centralised marketing campaigns and promotions. A standout was our first ever group Christmas campaign. Customers spending over \$150 were entered into a draw to win over \$1,000 worth of groceries in the month leading up to Christmas. This created an exciting instore experience for shoppers, and we saw an increase in new customers.

Foodstuffs Emerge is a national competition that helps bring emerging suppliers into the forefront. We pride ourselves on our positive and straightforward relationships with suppliers, and supported some of the Foodstuffs Emerge winners to navigate the vendor setup process as small suppliers.

By setting up better store compliance of group promotions, we improved our supplier partnerships overall, resulting in increased supplier support with our promotions and advertising.



Foodstuffs South Island



This year, we have been proud to continue supporting our South Island hospitality and foodservice customers to keep their kitchens stocked.

It's been pleasing to see tourism numbers continue to grow, with our team seeing a lift in the number of deliveries to our partners in Central Otago. Trents has built a reputation as one of the key suppliers for events in the Canterbury region and with an increased number of cruise ships and large-scale events returning to the South Island, event supply has been a key focus of FY24. As demand continues to increase, our teams have worked hard to support customers access the highest quality products at great prices.

We pride ourselves on our team's passion to always deliver the best for our customers and in FY24 we recognised Stephen Erdman, Trents Metro Ambient Driver, for his 40 years of service with Foodstuffs South Island! Starting his journey with the co-op in 1984, Stephen joined Trents in 2009 as a delivery driver, and has been an integral part of our team ever since.

Trents have been a fantastic partner and have assisted us in delivering some amazing events and helped us give back to the wider Canterbury region. Trents share our goal of helping rebuild the Canterbury region so when we talk to them, we know they use and support local producers wherever possible.

NICK KEEN,
EXECUTIVE SOUS CHEF –
TE PAE CHRISTCHURCH
CONVENTION CENTRE



Foodstuffs South Island

on the spot

On the Spot remained committed to serving our communities and finding ways to deliver greater value for our customers.

We were excited to welcome two new stores to the group, opening On the Spot Northlake in Wānaka, and On the Spot Challenge Halswell in Christchurch. These stores join the group in creating greater opportunities for grocery essentials and food-to-go options in their communities.

We continued the rollout of our iconic pink branding and refreshed the signage of eight On the Spot fuel sites, as well as our two new stores.

Throughout the year, we focused on delivering value for customers, and to reduce cost, we shifted the source of all product supply for all stores to our Hornby Distribution Centre. We also made it easier for our customers to find great prices through the launch of our On the Spot Facebook page, where we directly share all our fantastic deals with our community.

To continue improving our offering, we expanded our food-to-go offerings by introducing a wider range of cooking options across our stores. Stores were equipped with new fryers which has resulted in positive growth, reflecting our customers' desire for more options at their local On the Spot.



LiquorLand

We've had another record year, and have expanded the banner to a network of 173 stores nationwide.

Customer trends in traditional liquor retail continued to see greater demand for the 'better for you' options, with lower sugar, lower carb, and lower alcohol categories being the go-to for many customers. Spirits remain our largest category, followed by beer, RTDs, and then wine. While Liquorland grew in all our categories in the last 12 months, we are starting to see the impact of inflation driving cost increases across all alcohol segments, and in the last quarter of FY24 we experienced limited volume growth in spirits.

Off the back of last year's conversion of Henry's stores, we converted another 11 West Auckland Licencing trust stores onto the Liquorland platform. The West Auckland Trust relationship is a "first in 50 years" initiative driven by a successful

trial of the Liquorland brand in the West Auckland licencing trust area. This trial proved the strength of the brand and commercial opportunities for the West Auckland Licencing Trust. This sees the banner as the largest revenue retailer in the traditional liquor sector.

Our brand remains in great shape with the highest equity score of any liquor specialty retailer in NZ, and twice that of any other traditional liquor retailer. After the successful launch of our retail media screens, development of our social media platforms, and strong digital campaigns, we have seen an increase in customer engagement and look forward to continuing to provide customers with great options in the year ahead.

FY24 has shown that New Zealanders continue to support private label products, with over one million people purchasing at least one Pams product every week.

This year, we've focused on laying the groundwork for our own brands, nurturing our goal of providing products that meet the needs and expectations of every New Zealander.

We began the rollout of our refreshed Pams brand strategy with three distinct Pams options for New Zealanders to shop from: Pams Value, Pams and Pams Finest. This evolution of Pams makes it easier for Kiwis to find products that meet their needs regardless of their shopping occasion.

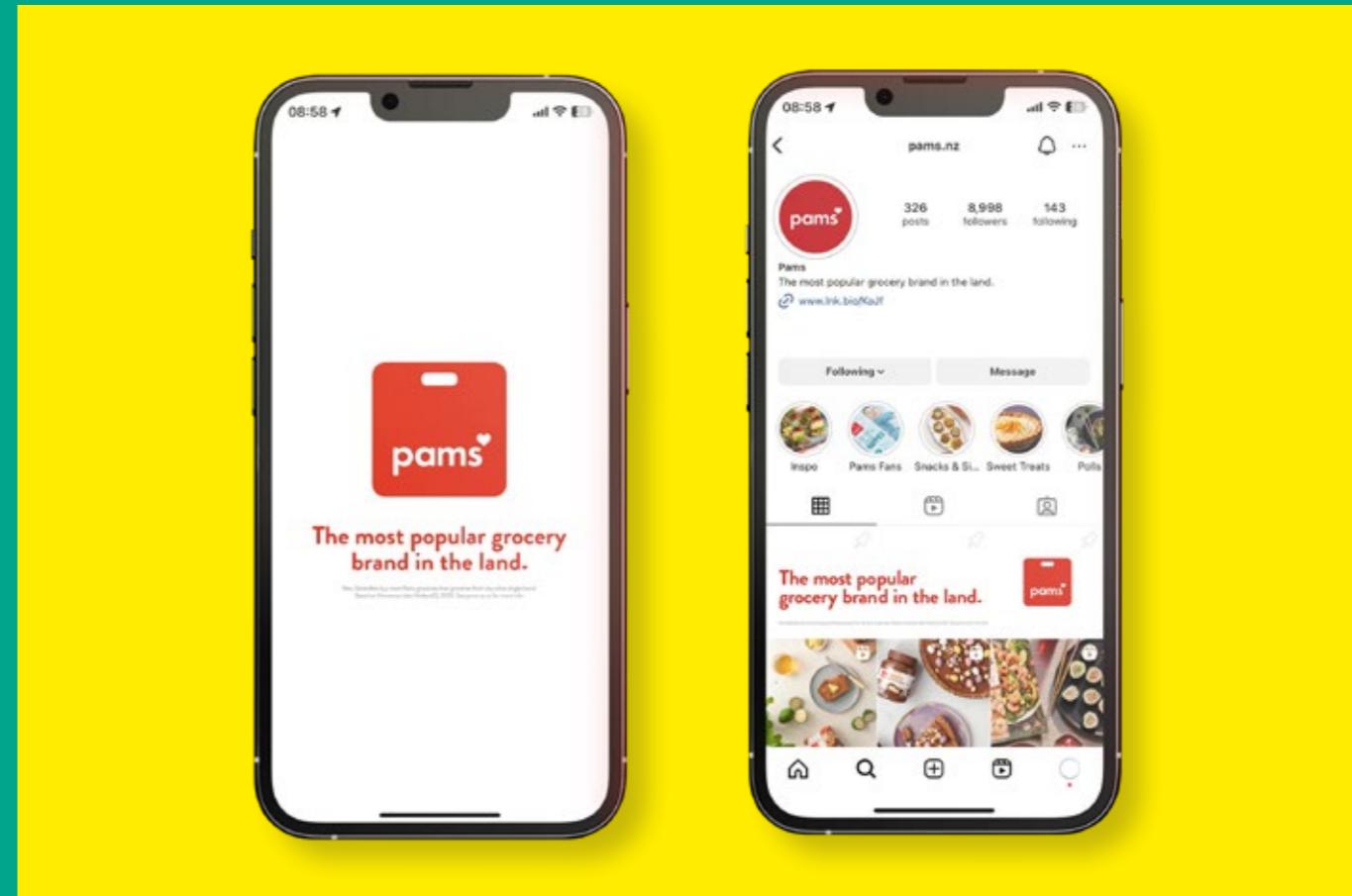
- **Pams Value:** the reliable choice for affordable basics and great prices.
- **Pams:** the go-to for your everyday grocery needs.
- **Pams Finest:** for when you want to treat yourself or others.



Over the past year, we've introduced over 150 exciting products under the Pams brand, providing even more choice to our customers!

In addition to our new brand strategy, we launched an engaging marketing campaign, proudly positioning Pams as “the most popular grocery brand in the land!” This playful campaign displayed on a wide variety of marketing channels celebrates the iconic ‘little red square’ Pams logo. This marketing activity has made it simpler than ever for shoppers to spot Pams products lining the aisles of any Four Square, New World or PAK'nSAVE store.

Driven by our aspiration to be the go-to brand for every New Zealander, we've forged meaningful partnerships with Kiwi organisations and people, strengthening our connection within our communities. We continued our partnership with Royal New Zealand Returned and Services Association and The Royal New Zealand Defence Force, ensuring a small piece of Aotearoa New Zealand reaches every Kiwi deployed overseas at Christmas.





Our
People
and culture



Our People and Culture

One of the core strengths of a co-operative is the meaningful connections it creates and fosters between people.

The success of Foodstuffs South Island has been driven, in large part, by the quality of relationships our teams hold and the productive interdependency that exists amongst our markets, support office and supply chain.

We made a commitment to our people this year, to continue to build on the things that make Foodies a great place to work, and to tackle some of the areas where we can improve. Driven by our people's feedback, we focused our efforts on continuing to improve health and safety outcomes, creating an environment where our people feel they belong, and establishing practices that support people to perform, and thrive.

“I am now better equipped to make people feel at ease and talk openly about issues they may be having with their mental health and how it impacts their workday.

SUSAN BARR - HEALTH & SAFETY DESIGNATED INVESTIGATOR

EVERYONE HOME SAFE, EVERYDAY

We are committed to making sure everyone gets home safe every day, and we focused our energy on reducing harm to our people and improving the way we proactively manage risk.

This year, we continued to strengthen our health and safety culture across the co-op, seeing an overall decrease in Total Recordable Injury Frequency Rate (TRIFR), and an overall improvement in injury reporting culture. Over the past year, our near miss reporting rate has doubled, which demonstrates the change in our team's approach and commitment to working safely. We have continued to implement and enhance a number of initiatives to keep our people safe, including our early intervention programme that supports our people to proactively manage any pain or discomfort before it gets worse.

The development of a comprehensive risk assessment framework has enabled us to be confident in the way we manage risk, and we are continuously re-evaluating our approach to ensure we are effectively supporting our people to be safe at work. It has been pleasing to see this translate into our people's overall confidence in the way we manage health and safety. Our people told us through our annual Have Your Say survey that they recognise our commitment to creating safe working environments and our desire to consistently make progress towards our safety goals.

To support our people to thrive, we focused on equipping our leaders with tools and training to support their team's wellbeing. Throughout the year, all operational supervisors and leaders completed level three health and safety training courses and received opportunities to gain new skills through our mental health first aid programme, both of which have made a huge difference to our teams.





Our Merchandise team voted to name their new space Mahi Tahi. The name serves as a reminder to the team that 'We are working together as one'.

CREATING AN ENVIRONMENT THAT SUPPORTS OUR PEOPLE TO THRIVE AND PERFORM

At the start of FY24, we undertook our second annual Have Your Say survey, where we asked our teams in the support centre and supply chain to share feedback on their experience working at Foodstuffs South Island. It was pleasing to see our efforts to improve the experience our people have at work recognised through the results of this survey. Our main measure of team engagement – the metric that helps us understand the overall sentiment from our people – increased for both our operational and office-based workforces when compared to our FY23 scores. We also recorded improvements in measures of work satisfaction, leadership, communication, and culture. This

feedback provided valuable insight into what changes would have the most positive impact for our teams.

We continued our work to refresh our Papanui Support Centre, welcoming our Digital Services and Merchandise teams into their newly refurbished communal areas. These spaces have helped enable our flexible, cross-functional, and collaborative ways of working, with new meeting rooms, breakout spaces, and open areas. We also created and opened a brand new prayer and privacy room, which is designed to be a private space to breastfeed, take personal time, or engage in cultural or religious practices. Our teams are excited about the completion of the support centre refresh in FY25.

During FY23 we also conducted an independent capability review of our Digital Services function, which found that while our digital services expertise was technically strong, we required a refreshed approach and team structure to deliver even better results for the co-op and ensure a positive environment for our teams. The results of the review helped shape our pathway forward, and throughout FY24 we increased the Digital Services engagement score by 13.5%, investing in mapping career pathways, promoting skills development, and increasing the learning opportunities for the team.

The ability to take time away from work is an important part of achieving balance and fostering wellbeing. In FY24, we offered improved leave benefits to our team members including enhanced parental, long-service, and bereavement leave entitlements. Our lifestyle leave enables our team to take extended breaks from work with the security of coming back to their job.

We also introduced a range of opportunities for our people to connect and engage, including monthly drinks where our teams take turns to host themed drinks for the wider support centre team, 'Furry Fridays' where our people can share the joy of having their pet at work, and regular celebrations of our people's achievements, important milestones, and national events.



I used my lifestyle leave in 2023 and spent 3 months travelling around Europe with my husband, Ben. We loved experiencing the different cultures, sights, and local cuisines in each of the 13 countries we visited. Some highlights of the trip included the Rugby World Cup in Paris, Oktoberfest in Munich, Formula 1 Grand Prix in Monza, and FC Barcelona match in Spain. Lifestyle leave is such a great benefit offered by Foodstuffs South Island, and I loved being able to take a break, create some incredible memories, and come back to work refreshed!

HOLLY LILL – RANGE AND SPACE INSIGHTS MANAGER

We created our Women in Digital Services group as a supportive and inclusive space for all women.



A PLACE TO BELONG

In FY24, we continued to make progress on our commitment to promote diversity and to be a co-operative that reflects the communities we serve. A central aspect of this work is to foster a culture where our teams are supported to thrive, perform, and belong.

One of our goals is to ensure we're providing our people with the right opportunities to grow and learn within Foodies. As a mark of our progress, the proportion of women in leadership roles has increased, especially within our supply chain and Digital Services teams. We still have an exciting opportunity ahead of us to promote diversity in more roles and areas, but we can be proud of the progress we are making.

This year, members of our team set up a Women in Digital Services community designed to support our women to grow, network, and thrive at Foodies.

GROWING THE FUTURE

Our people told us that learning and development opportunities are an important part of work, and we are proud to be able to offer a comprehensive range of meaningful career pathways across the

co-op that enable a high performance culture at Foodstuffs South Island. Driven by our goal to keep selecting the best people to achieve endorsement for store ownership, we refreshed our approach to Owner Operator selection. Our new approach is a clear and transparent process, accessible through an online portal to everyone in the co-op as well as external people who are interested in the goal of operating a store. It defines key decision points, clarifies the expectations at each step, and has new tools to positively support applicant development.



This year, we also welcomed four graduates to the co-op as part of our inaugural graduate

programme. The Graduate Programme is a 24-month rotational programme of work placements, learning and development courses, and improvement projects designed to support graduates to grow meaningful careers throughout our co-op.

We remain committed to developing strong, empathetic leaders and this year, supported 1001 learners across 87 professional development programmes and courses. Our focus on goal setting and performance reviews has also made a big difference to our teams, and our Learning and Development teams are keeping this momentum in FY25 by continuing

to offer more opportunities to help people take ownership of their personal development.

We recognise the important role we hold in supporting people to follow their vocational passions, especially those who may have left school without a formal qualification. We're proud to be one of the largest providers of apprenticeships in the South Island and over the past 12 months, 181 Butchery and Bakery apprentices have either started or continued their studies with us, plus another 29 members of our Supply Chain team have gained a formal qualification.



One of our talented butchers, Morgan Moore (New World Motueka), won the national butchery competition run by Retail Meat New Zealand. She was crowned the ANZCO Foods Butcher Apprentice of the year and will be competing as part of the ANZCO Foods Young Butchers of New Zealand squad at the World Champion Butcher Apprentice and Young Butcher competition in Paris in March 2025!



Supply Chain all about efficiency

**Our vision is to be
New Zealand's leading
warehouse and logistics
operation, and be the
number one employer
of choice for supply
chain careers.**

Guided by our strategic plan, our team work hard to efficiently feed the South Island. We have made progress against all three of our supply chain strategic pillars, setting a strong foundation for the future.

Develop & Protect Our People:

Our people are our greatest asset, and we have continued to work hard to make our supply chain a great place to work, and continuously improve our health and safety culture to protect our people.

- We saw an increase in team engagement and have seen ongoing, improved retention rates.
- We continued to foster and develop our people through our Storeperson Development Programme and other key supply chain learning initiatives.



Optimise Today:

We worked to unlock value in our current business through continually improving and optimising our network.

- We improved our peak trade service performance to ensure on time delivery and on shelf product availability during key seasonal periods.
- Across our supply chain, we diverted 1,177,403kg of waste from landfill, including diverting 92,254kg of food from landfill through our partnerships with food rescue organisations.



Transform Tomorrow:

Our future includes a focus on transformational change to business processes, systems and technology performance.

- We are progressing Project Mako, implementing modern, efficient, warehouse, transport and asset management systems to optimise our supply chain.
- Our AutoFreeze transformation project is under way. This expansion will enhance the capability of our Temperature Controlled Distribution Centre (TCDC) to manage and sustain our current and future growth.





*Supporting
our
Communities*

Supporting our Communities to thrive

Working in the heart of our communities, our Owner Operators are passionate about supporting their local people, including through financial giving. In FY24, our stores donated over \$2.3 million to South Island communities, including a \$200,000 donation to 24 foodbanks across the South Island, and \$406,000 through the Foodstuffs South Island Community Trust. Through the Trust, our Members are able to support their local communities, making a tangible difference where it matters most.

EDUCATION GRANTS

The Trust contributed \$17,000 to education grants in FY24. Funding from educational grants is prioritised for students who need support due to hardship. The majority of those supported are employed in our stores and entering local tertiary education.

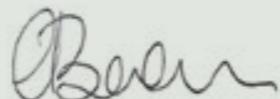
COMMUNITY GRANTS

In FY24, the Trust contributed \$389,000 in community grants to directly support our local communities. This included grants for grocery vouchers, not-for-profit organisations that help people, and funding to support local tamariki and rangatahi learn how to access and grow healthy food. For James and Kim Bishop, Owner Operators of New World Kaikoura, the Community Trust enabled them to endorse a grant that secured \$3,620 of funding to support young people to learn, connect, and build confidence through a local fishing club.

SUPPORTING OUR PEOPLE

We remain committed to looking after our people and offering assistance during challenging times. In FY24 we extended support to a number of team members to help them through difficult situations.

A warm thanks to our Members and all those who have supported the Trust, for their generosity and ongoing contribution, and to our charitable partners who help us do amazing work in our communities. We look forward to continuing to support our communities in FY25.



LUCY BOOCK
Chair
Owner Operator
PAK'nSAVE Papanui

**Our FY24
FINANCIAL GIVING
INCLUDED:**

OVER
\$406,000

in support of our local communities



We want to give back to the community in a meaningful way, so supporting the club to get up and running was a no-brainer and a good opportunity to give back and create a positive impact for young people in town

James Bishop,
New World Kaikoura

Building a sustainable future

SERVING OUR COMMUNITIES IN FY24 AND BEYOND

In FY24, we completed our property network strategy, ensuring we remain focused on the future of the Co-operative and continue to have stores where our South Island communities need us to be. We completed the refurbishment of New World Greymouth, ensuring the store is set to continue serving the community now, and into the future. We also completed works on New World Gardens, New World Gore, Four Square Reefton, and PAK'nSAVE Timaru. Our On the Spot network expanded, with the additions of On the Spot Northlake and On the Spot Challenge Halswell. Completing works on PAK'nSAVE Papanui marked a key milestone in our commitment to implementing sustainable features throughout our construction projects. This store features innovative and sustainable solutions, including solar panels, waste minimisation solutions, and the ability to keep trading for three days in the event of an emergency or natural disaster.

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 the South Island.

REDUCING WASTE AND INCREASING OUR SOFT PLASTICS RECYCLING SCHEME

Reducing food waste is a key priority for Foodstuffs South Island and 94.4% of our New World and PAK'nSAVE stores now partner with a local food rescue organisation to divert food from landfill – up from 69% of stores in FY23. All our Distribution Centres now also have partnerships with the New Zealand Food Network and Kiwi Harvest, which has resulted in over 90 tonnes of food being shared with some of our most vulnerable communities. We are also members of Kai Commitment alongside major food sector businesses all of whom are committed to reducing food waste, and associated carbon emissions.



Our South Island stores have supported the expansion of the Soft Plastic Recycling network – now in Marlborough, Nelson, Queenstown and Wānaka, as well as the recent re-opening of Dunedin – with 23 stores offering soft plastic recycling bins. The material collected is sent to Future Post in Blenheim, where it is recycled into sustainable fence posts.

REDUCING OUR CARBON EMISSIONS

We've reduced our carbon emissions by 11% from our baseline year FY20. 84% of our New World stores in the South Island are on or actively transitioning to CO₂ systems and 100% of PAK'nSAVEs are on or transitioning to CO₂ systems. Refrigerant emissions make up about a third of our emissions, so transitioning to CO₂ systems is a key element of our carbon reduction efforts. We have also reduced our electricity by 28% across the co-op, through improved energy monitoring and increased uptake in energy audit programmes in our stores and Distribution Centres.

PAK'nSAVE Papanui features innovative and sustainable solutions, including solar panels, waste minimisation solutions, and the ability to keep trading for three days in the event of an emergency or natural disaster.





Here for NZ

HereforNZ 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.

In FY24, we undertook a materiality assessment to help us understand what areas are most important to our customers, suppliers, government and non-government agencies, as well as our teams. In total, we did over 40

interviews with key stakeholders, as well as undertaking customer and staff surveys. This helped us determine our priorities for FY25 and beyond.

Our FY25 priorities are clear:

1. A laser focus on food affordability
2. Reducing our carbon emissions
3. A focus on reducing food waste, ensuring we feed people, not landfill

HereforNZ has four commitments:

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 FY24.



Healthy and Affordable Food

Nationally, more than 16,000 children participated in Food for Thought, a free nutrition education programme delivered in primary schools since 2007. Along with in-class learning sessions, Food for Thought and Heart Foundation nutritionists organise class visits to a local New World, PAK'nSAVE or Four Square store to support children to learn how to make healthier food choices.

We are committed to supporting our customers to make healthier choices by displaying the Health Star Rating on products and are on track to meet our target of 100% of relevant products in FY25.

We continue our work with the Heart Foundation and have adapted a number of our products to improve nutritional options for our customers. We have already exceeded our FY25 target for meeting Heart Foundation nutrition criteria.

MEASURES & TARGETS	Actual FY23	Actual FY24	Target FY25
Number of children participating in the Food for Thought (FFT) programme. (South Island)	5,506	4,930	Year on year improvement
Display the Health Star Rating on all relevant* food products (National)	73%	99%*	100%
In food categories where Heart Foundation nutritional criteria exists, a defined percentage of Own Brand products will comply with those criteria (National)	68%	73%	70%

*Definition of 'relevant' has been updated in FY24 to align with HSR programme guidelines, and is where space permits. Based on the previous definition, the FY24 result corresponds to 78% of eligible products – an increase from FY23.

REDUCE FOOD POVERTY

One of our core values and social promises at Foodstuffs South Island is to ensure that everyone has access to healthy and affordable food.

Our Food Donation Guidelines help stores to redirect surplus food to those in need, and this year nearly 94.5% of our New World and PAK'nSAVE stores now have a relationship with a local food bank or food rescue partner.

MEASURE	Actual FY23 (Mar 22-Feb 23)	Actual FY24 (Mar 22-Feb 23)	Target FY25
Number of 'equivalent meals' donated by sites on the Waste Minimisation Programme to Food Rescue Organisations and Food Banks	1.43m	TBA*	No set targets

*FY24 results will be available mid 2024, in the Foodstuffs New Zealand Sustainability Report.



Sustainability Leadership

REDUCE CARBON EMISSIONS

As a co-op we are committed to reducing our carbon emissions, and have a science aligned target in reducing our Scope 1 & 2 emissions.

We have been making large strides in transitioning our store refrigeration systems from synthetic refrigerants to CO₂ systems which have a much lower global warming potential. As we improve our load and route efficiencies, we have observed a decrease in diesel use. Our electricity use has also decreased due to our transition to more energy efficient systems and regular energy audits. In FY25, we will continue our CO₂ refrigeration rollout, focus on increasing energy efficiency across the business, and optimise our transport fleet.

MEASURE	Actual FY23	Actual FY24	Target FY25
% reduction in carbon emissions. South Island (Scope 1 & 2 cumulative reductions from FY20 baseline)	3.0% (decrease)	11% (decrease)	21%

MINIMISE OUR WASTE

We're committed to not only diverting our waste from landfill, but also reducing our waste and looking for better ways it can be used. In FY24 our diversion efforts remained focused on moving waste further up the waste hierarchy.

MEASURE	Actual FY23	Actual FY24	Target FY25
Improve our landfill diversion rate (from FY22 baseline). (South Island)	74.7%	TBA	81%

IMPROVE PACKAGING SUSTAINABILITY

We are committed to transitioning all our in-store packaging to be reusable, recyclable, or certified home compostable by 2025. This commitment extends across all our fresh departments where we prepare and package all fresh produce, meat, seafood, bakery, and deli items.

Our South Island stores have supported the expansion of the Soft Plastic Recycling network – now in Marlborough, Nelson, Queenstown and Wānaka, as well as the recent re-opening of Dunedin – with 23 stores offering soft plastic recycling bins. The material collected is sent to Future Post in Blenheim, where it is recycled into sustainable fence posts.

MEASURE	Actual FY23	Actual FY24	Target FY25
% of packaging that is reusable, recyclable or certified home compostable (National) Instore Retail FSSI & FSNI (retail packaging only) by weight of material type place on market.	83%	TBA*	100%
Own Brands Packaging (including retail, inner and trade unit) by component	98.9%*	TBA*	100%

*FY24 results will be available mid 2024, in the Foodstuffs New Zealand Sustainability Report.

We have discontinued the reporting on the application of the Australasian Recycling Logo (ARL) on our Own Brand products due to changes to kerbside recycling as of 1 February 2024. This has impacted the accuracy of claims on-pack and our reportability.

RESPONSIBLE AND ETHICAL SOURCING

We are committed to supporting positive outcomes for people, the planet, and animals through the responsible and ethical sourcing of products and services. Our Responsible and Ethical Sourcing Policy outlines our high-level commitment to continue developing a more sustainable supply chain, and sets expectations for our supplier partners.

HUMAN RIGHTS & LABOUR PRACTICES

We support the development of Modern Slavery legislation in New Zealand and have continued our participation 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.

To support the reduction of risk and improve supply chain transparency, we require all international Own Brand suppliers to onboard onto Sedex, a platform used to assess and audit environmental and social risks in supply chains. Suppliers are required to complete a Self Assessment Questionnaire (SAQ) that provides a risk rating, and where risk has been identified as medium or high risk, we require completion of a social compliance audit.

As of the end of FY24, all but one Own Brand supplier site has completed onboarding onto Sedex, and this supplier is expected to complete their on-boarding within FY25. We also require our New Zealand produce suppliers to undertake social audits.

MEASURE	Actual FY23	Actual FY24	Target FY25
% of Own Brands international supplier sites onboarded to Sedex to monitor social and environmental risks (National)*	71%	99.5%	100%
% of medium to high-risk Own Brands international supplier sites that have completed a social compliance audit.	Not reported in 2023	67%	100%

*Part of the increase compared to last year's figure can be attributed to a new exclusion to our policy where egg as an ingredient that comprises less than 1% of the total volume of the formulation.

ANIMAL WELFARE

We have continued to work with our supplier partners to transition to selling 100% cage free eggs (barn or free-range) for all packaged eggs sold within our stores.

Despite ongoing supply challenges, we have maintained progress to providing 100% cage free eggs in our Own Brand products.

The decline in packaged cage free egg sales by volume this year is largely the result of supply issues associated with the government phase-out of battery caged eggs and challenges faced by the sector including increased input costs. Resulting elevated prices for free range eggs have seen shifts in consumer purchasing to more affordable colony egg options. We are still working towards a phase-out of caged eggs by the end of 2027.

MEASURE	Actual FY23	Actual FY24	Target FY25
% of Own Brands packaged eggs are cage free (National)	100%	100%	Achieved
% of Own Brands products use cage free eggs as an ingredient (National)	47%	52%	75%
Number of FSSI stores that have gone 100% cage free for packaged eggs (own brand and vendor brand)	2	8	100% by 2027
% of FSSI packaged egg sales (by volume) are cage free (own brand and vendor brand)	48%	29%	100% by 2027

SEAFOOD

To support healthy fish stocks and marine ecosystems, our goal is that by the end of 2025 all wild and farmed seafood in our Own Brands products will be responsibly sourced. We verify and audit our seafood sourcing against independent certification standards, such as the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC).

There are three remaining product ranges that we are focusing on to meet our commitment in FY25: Frozen Prawns, Smoked Salmon, and Canned Mackerel.

Due to challenges in sourcing affordable and responsibly sourced Own Brand canned Mackerel, we made the decision to delete this offering until a suitable option arises, we expect to sell through stock in Q3 of FY25. We still provide customers with other responsibly sourced and affordable canned seafood options such as our MSC-certified tuna and salmon, and sardines.

MEASURE	Actual FY23	Actual FY24	Target FY25
% of Own Brands wild caught seafood responsibly sourced	92%	92%	100%
% of Own Brands farmed seafood responsibly sourced	58%	70%	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 FY25. This means we will only source from FSC or PEFC certified forests or use greater than 95% recycled content sources. It has been pleasing to see an increase from FY23 to FY24 and we will continue to work with our supplier partners to transition to 100% in FY25.

MEASURE	Actual FY23	Actual FY24	Target FY25
% of Own Brands products use responsibly sourced timber, bamboo, pulp and paper	74%	84%	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	2023 Calendar year*	2024 Calendar year*	Target FY25
% of Own Brands products use responsibly sourced palm oil (National)	99.5%	100%	100%

*These figures are calculated for each calendar year and are reported through the RSPO Annual Communication of Progress (ACOP) mechanism, a requirement of our RSPO membership. Products with less than 1000 units sold per annum are excluded from reporting.

Meaningful Work

INVEST IN OUR PEOPLE

We remain committed to developing strong, empathetic leaders and this year, supported 716 learners across various Leadership development programmes.

A further 210 learners have participated in Retail and Supply Chain development programmes, enabling them to develop and thrive in their careers.

MEASURES & TARGETS	Actual FY23	Actual FY24	Target FY25
Number of FSSI and SI supermarket team members participating in Leadership development programmes	527	716	795
Number of support/supermarket team members participating in Retail and Supply Chain development programmes	190	210	200

ENGAGING OUR PEOPLE

MEASURE	Actual FY23	Actual FY24	Target FY25
Overall engagement score for FSSI	65.23%	65.75%	Year on year improvement

COMMITTED TO FAIR AND INCLUSIVE CO-OPERATIVES

Part of our commitment to our people is to foster a culture that recognises the value of diversity, and we have continued our work to achieve a gender pay gap that is better than the national benchmark.

This year's gender pay gap results positively reflect our efforts to improve gender diversity within the Foodstuffs South Island teams and ensure that our teams are paid fairly for the amazing work they do.

We utilised the Statistics NZ methodology for calculating our gender pay gap in FY24, which is consistent with the approach used in FY23. Using this formula, our results show that the median wage for women is now slightly higher than that for men. This result is driven, in part, by the makeup of our teams, where a higher proportion of operational, frontline roles (especially within our supply chain division) are held by men when compared to women. Our analysis also suggests that the movement in the gender pay gap has been influenced by the establishment of our skills-based remuneration framework for our operational workforce and the promotion of more women into leadership positions over the past 12 months. While it is pleasing to see an improvement in our gender pay gap, we recognise that tangible opportunities remain to progress improving pay equality, especially in our office-based support teams.

MEASURE	Actual FY23	Actual FY24	Target FY25
Achieve a Gender Pay Gap that is better than the national benchmark.	0.58%	(3.54%)*	Year on year improvement

*Indicates that the median wage for women is 3.54% higher than the median wage for men.

While we have made good progress in improving the gender diversity of our organisation, we're continuing to actively drive greater representation of other groups across our Support Centre and Supply Chain teams, through refreshed recruitment practices and targeted development options.

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	Actual FY23	Actual FY24	Target FY25
Improve representation of women in leadership roles.	31%	34%	40-40-20

SUPPORTING THE WELLBEING OF OUR PEOPLE

We are committed to making sure everyone gets home safe every day, and this year we focused our energy on reducing harm to our people and improving the way we proactively manage risk.

This year, we continued to strengthen our health and safety culture across the co-op, seeing an overall decrease in Total Recordable Injury Frequency Rate (TRIFR), and an overall improvement in injury reporting culture.

Over the past year, our near miss reporting rate has doubled, which has contributed to the slight increase in Lost Time Injury Rate (LTIR) and demonstrates the change in our team's approach and commitment to working safely.

MEASURE	Actual FY23	Actual FY24	Target FY25
Lost-Time Injury Frequency Rate (LTIFR).	34.9	42.7	Year on year improvement
Total Recordable Injury Frequency Rate (TRIFR).	134.5	131.3	Year on year improvement



Supporting Local Communities

MAKING A DIFFERENCE TO OUR COMMUNITIES

Working in the heart of our communities, our Owner Operators are passionate about supporting their local people, including through financial giving. In FY24, our financial giving included over \$406,000 to South Island communities, through the Foodstuffs South Island Community Trust.

MEASURE	Actual FY23	Actual FY24
Amount donated by our stores to relevant local community organisations, causes and events.	\$2,148,331	\$2,331,660





Advocacy

Advocacy

Foodstuffs South Island and the grocery industry as a whole saw a major change in FY24 with the introduction of the Grocery Industry Competition Act 2023 and the related Grocery Supply Code. In response to the prior Commerce Commission-led market study, these new legislations are aimed at improving the overall competitiveness of the industry. Whilst the new regulations have brought a large amount of change to the way we do business, we have been proactive in our response, to ensure we are always doing right by our customers and suppliers. As part of this, our teams have overhauled their approach to engaging with suppliers to ensure we are building strong partnerships that uphold the principles of transparency, good faith and reasonableness. We engage regularly with the Grocery Commissioner, Pierre van Heerden, and his team to ensure our regulator is aware of the progress we are making.

Major changes brought about by the regulation have included:

- The introduction of a new wholesale access regime where non-member wholesale businesses can purchase goods from Foodstuffs South Island, thereby effectively accessing our scale purchasing benefits.
- Revising the terms of customer loyalty programmes so that customers have more certainty and transparency about how we use their data.
- Preparing our suppliers and business systems for wider scale introduction of unit pricing in 2024.
- Ensuring any Foodstuffs South Island properties have restrictive covenants removed.
- Preparing our teams for the introduction of the Grocery Supply Code – this has involved 4,000+ e-learning sessions totalling over 500 hours of professional development by our store and Support Centre teams.
- Sending out over 1,800 new Grocery Supplier Agreements to our supplier partners to ensure we are capturing our trade relationships in a Code compliant manner.

- Supporting our stores teams with resources and materials so they can issue Store Agreements for any direct dealings they have with suppliers.

In line with updated regulations from NZ Food Safety in 2024, we have introduced Plain English Allergen Labelling on our products. This has ensured our customers have more information and greater certainty about what is in their food, particularly when it comes to allergens, which is an increasing consideration for consumers across New Zealand.

Another area of change in legislative approach has been employment policy and the framework for labour bargaining. This includes the repeal of the Fair Pay Act 2022, where Foodstuffs had opposed a one-size-fits-all approach, highlighting the misalignment to the diversity existing within business sectors such as differences in business size, model, strategy, and market positioning.

The legislative framework for the sale of tobacco has also seen notable change. In 2023 the former government consulted on regulations for its Approved Smoked Tobacco Retailer regime (ASTR), and Foodstuffs submitted on this, highlighting the unintended consequences for the retail community and the customers they serve as well as recommendations on better approaches to reducing smoking. The new government has repealed the regime.

In 2023, Foodstuffs submitted on the former government's Natural and Built Environment Bill, and companion Spatial Planning Bill. Many of our recommendations were adopted, including improvements to the way decision-makers would address competing objectives to strike a better balance between environmental and economic development objectives, and improved consultation for regional spatial plans with greater input from developers. The new government quickly repealed the legislation and is now pursuing its own reform agenda. The first phase, the introduction of a fast-track consenting regime, is currently before Parliament, and our submission focuses on ensuring larger supermarkets and other critical infrastructure, such as distribution centres, have access to the regime.

Other input to public policy during the year included submissions on: proposed food standards; standards for imported products, organic products, and cosmetics; vaping regulations; business payment regulations; amendments to the Sale and Supply of Alcohol Act 2012; the Fuel Industry (Improving Fuel Resilience) Amendment Bill; the Emergency Management Bill; legislation to regulate gift card expiry dates; legislation to ratify the EU Free Trade Agreement; the Petition Committee's inquiry into mobility parking; and MPI's consultation on

proposals to expand New Zealand Food Safety's regulatory services and cost recovery for its work.

At the time of writing, we are undertaking a survey of the skill requirements of member businesses to identify the issues and opportunities for engagement with government on the policies needed to ensure members have access to the skills they need to achieve their business objectives.



A photograph of a worker in a bright yellow high-visibility vest operating a black Crown forklift in a large warehouse. The worker is smiling and looking towards the camera. The forklift is carrying a pallet of various packaged goods, including boxes of Powerade. The warehouse is filled with tall metal shelving units stacked high with boxes. In the background, there are red and green signs with the numbers '186' and '184' respectively. The floor is a light-colored concrete. A series of green curved lines are overlaid on the bottom left of the image, pointing towards the text.

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 62 to 65:

- i. Has been correctly derived from the audited Group financial statements for the year ended on 29 February 2024; and
- ii. Is a fair summary of the Group financial statements, in accordance with FRS 43 Summary Financial Statements.

The accompanying summary consolidated financial statements comprises:

- the summary consolidated balance sheet as at 29 February 2024; and
- the summary consolidated statements of income, other comprehensive income, changes in shareholders' equity and cash flows 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 tax advisory and compliance, due diligence 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 8 May 2024.

The summary consolidated financial statements do not contain all the disclosures required for a full set of consolidated financial statements under generally accepted accounting practice in New Zealand. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of the consolidated and the auditor's report thereon. The summary consolidated financial statements and the audited Group financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

KPMG

KPMG
Christchurch

24 May 2024

2024 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 29 February 2024, authorised for issue and signed on 7 May 2024 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 29 February 2024

	2024 \$000	2023 \$000
Net revenue	3,626,389	3,359,054
Cost of sales	(3,271,593)	(3,044,765)
Gross profit	354,796	314,289
Other income	490	3,074
Operating expenses	(353,349)	(295,407)
Operating profit	1,937	21,956
Finance income	228	453
Finance costs	(17,991)	(13,858)
Net finance costs	(17,763)	(13,405)
Share of profit from associates	2,798	3,227
Profit / (loss) before tax	(13,028)	11,778
Income tax expense	1,486	(4,861)
Net Profit / (loss) for the period after tax	(11,542)	6,917

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the Year Ended 29 February 2024

	2024 \$000	2023 \$000
Net Profit / (loss) for the period after tax	(11,542)	6,917
Other comprehensive income:		
Items that will not be reclassified to profit or loss	-	(1,164)
Movement in other reserves	-	(7,022)
<i>Items that are or may be reclassified subsequently to profit or loss</i>		6,298
Movement in cash flow hedge reserve	(7,022)	1,966
Transfer of deferred tax to reserves (revaluation of interest swap)	1,966	(1,763)
Total comprehensive income for the period	(16,598)	10,287

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Year Ended 29 February 2024

	2024 \$000	2023 \$000
At 1 March 2023*	367,751	389,092
Total comprehensive income	(16,598)	10,287
Dividends paid	(6,965)	(7,752)
Net share issue	(22,435)	(23,813)
At 29 February 2024	321,753	367,751

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

BALANCE SHEET

As at 29 February 2024

	2024	2023
	\$000	\$000
ASSETS		
Current assets		
Cash and cash equivalents	1,780	10,973
Trade and other receivables	282,201	244,623
Inventories*	141,168	138,676
Property, plant and equipment held for sale	17,571	2,618
Derivative financial instruments	2,362	2,039
Total current assets	445,082	398,929
Non-current assets		
Property, plant and equipment	936,177	913,767
Intangible assets	54,450	57,578
Investments in associates	6,276	14,708
Investments held at fair value	560	560
Derivative financial instruments	5,063	12,408
Total non-current assets	1,002,526	999,021
TOTAL ASSETS	1,447,608	1,397,950
LIABILITIES		
Current liabilities		
Trade and other payables	352,744	312,750
Borrowings	258,887	411,125
Trading deposits and trading deposit shares*	121,824	107,515
Employee entitlement liabilities	13,245	16,109
Lease liability	6,578	8,176
Rebates payable	59,288	84,508
Income tax payable	(61)	463
Total current liabilities	812,505	940,646
Non-current liabilities		
Borrowings*	230,371	371
Lease liability	67,225	68,829
Employee entitlement liabilities	1,912	1,642
Deferred income tax liability	13,842	18,711
Total non-current liabilities	313,350	89,553
TOTAL LIABILITIES	1,125,855	1,030,199
EQUITY		
Capital and reserves attributable to equity holders		
Share capital	212,933	235,368
Other reserves	7,425	14,447
Retained earnings*	101,395	117,936
TOTAL EQUITY	321,753	367,751
TOTAL EQUITY AND LIABILITIES	1,447,608	1,397,950

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

STATEMENT OF CASHFLOWS

For the Year Ended 29 February 2024

	2024	2023
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Customers	3,710,487	3,656,972
Interest received	228	452
Member trading accounts	12,862	18,352
	3,723,577	3,675,776
Cash was applied to:		
Purchases, wages and expenses	3,516,262	3,318,476
Members rebates	112,764	262,830
Interest paid	15,865	11,272
Income tax paid	1,940	2,992
	3,646,831	3,595,570
Net cash flow from operating activities	76,746	80,206
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Advances from other related parties and associates	12,050	9,374
Dividends from associates	1,600	800
Sale of Property, Plant, & Equipment	909	6,833
	14,559	17,007
Cash was applied to:		
Purchase of intangibles	11,736	14,593
Purchase of property plant and equipment	87,418	42,124
	99,154	56,717
Net cash flow from investing activities	(84,595)	(39,710)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Increase in Trading Deposits/Shares	14,309	6,381
Increase in bank borrowings	64,900	20,000
	79,209	26,381
Cash was applied to:		
Payment of Lease Liability	14,036	12,197
Retained Patronage Shares redeemed	56,847	60,362
Dividends paid on Retained Patronage Shares	6,965	7,824
Dividends paid on Trading Deposit Shares	2,705	2,586
	80,553	82,969
Net cash flow from financing activities	(1,344)	(56,588)
Net decrease in cash held	(9,193)	(16,092)
Opening cash brought forward	10,973	27,065
Ending Cash carried forward	1,780	10,973
Represented by:		
Bank and cash balances	1,738	10,146
Overseas currency accounts	42	827
	1,780	10,973

Our Leadership Team

Board of Directors

1 MARCH 2023 TO 29 FEBRUARY 2024

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

Executive Leadership Team

1 MARCH 2023 TO 29 FEBRUARY 2024

Mary Devine	Chief Executive Officer
Nick Barnes	General Manager Supply Chain
RESIGNED 20 DECEMBER 2023	
Andrew Crerar	General Manager People & Capability
Tim Donaldson	General Manager Retail & Property
Kris Lancaster	General Manager Supply Chain
APPOINTED 20 DECEMBER 2023	
Damian Lynch	General Manager Merchandise
Nathan Marsh	Chief Financial Officer
Lydia Matthews	Head of Strategy
Matt Richardson	Head of Project Management Office
Shayne Tong	Chief Digital Officer

PAK'nSAVE Executive Committee

1 MARCH 2023 TO 29 FEBRUARY 2024

Mark Elkington (Chair)	PAK'nSAVE Blenheim
RESIGNED AS CHAIR 1 DECEMBER 2023	
Bryan Walker (Chair)	PAK'nSAVE Papanui
APPOINTED AS CHAIR 1 DECEMBER 2023	
RESIGNED AS DEPUTY CHAIR 1 DECEMBER 2023	
James Flanagan (Deputy Chair)	PAK'nSAVE Rangiora
APPOINTED AS DEPUTY CHAIR 1 DECEMBER 2023	
Phillip Blackburn	PAK'nSAVE Riccarton
Bryan Dobson	PAK'nSAVE Invercargill
RESIGNED 6 DECEMBER 2023	
Marcel Gray	PAK'nSAVE Wainoni
Caroline Hall	PAK'nSAVE Timaru
Andrew Howard	PAK'nSAVE Richmond
Anthony King	PAK'nSAVE Queenstown
Kerri Lee-Lissington	PAK'nSAVE Hornby
William McDonald	PAK'nSAVE Dunedin
Brent Prue	PAK'nSAVE Invercargill
APPOINTED 6 DECEMBER 2023	
Jason Williams	PAK'nSAVE Moorhouse

New World Executive Committee

1 MARCH 2023 TO 29 FEBRUARY 2024

Ashley Shore (Chair)	New World Mosgiel
Kyle Burnett (Deputy Chair)	New World Lincoln
James Backhouse	New World Wigram
Marc Brokenshire	New World Ilam
Nicola Hollyer	New World Motueka
Bradley Patton	New World Elles Road
Julia Spence	New World Prestons
Simon Turnbull	New World Bishopdale

Raeward Fresh Executive Committee

1 MARCH 2023 TO 29 FEBRUARY 2024

Daniel & Rebecca Ellis	Raeward Fresh Harewood
Jono & Jess Ettema	Raeward Fresh Queenstown
Ross & Pip Freeman	Raeward Fresh Tower Junction
Mark & Louise Paton	Raeward Fresh Richmond & Tasman

Four Square Executive Committee

1 MARCH 2023 TO 29 FEBRUARY 2024

Graeme Neilson (Chair)	Four Square Ascot
RESIGNED AS CHAIR 1 FEBRUARY 2024	
Amy Bartlett (Deputy Chair)	Four Square Mataura
RESIGNED AS DEPUTY CHAIR 1 FEBRUARY 2024	
Tim Manson (Chair)	Four Square Bluff and Four Square Stewart Island
APPOINTED AS CHAIR 1 FEBRUARY 2024	
Nathan Hay (Deputy Chair)	Four Square Brightwater
APPOINTED AS DEPUTY CHAIR 1 FEBRUARY 2024	
Michelle Grundy	Four Square Maniototo
RESIGNED 8 DECEMBER 2023	
Shaun McFadden	Four Square Māpua
Glenn Pierson	Four Square Stafford Street
Damian Fernando	Four Square Atawhai
APPOINTED 8 DECEMBER 2023	
Annie Truman	Four Square Hanmer Springs
APPOINTED 30 MARCH 2023	

On the Spot Advisory Committee

1 MARCH 2023 TO 29 FEBRUARY 2024

Roisin Brady	On the Spot Fernhill
RESIGNED JANUARY 2024	
Murray Dryden	On the Spot Pleasant Point
Dale Gray	On the Spot Moana
APPOINTED OCTOBER 2024	
Pritesh Mandaliya	On the Spot Victory
RESIGNED SEPTEMBER 2023	
Jeff McLaren	On the Spot Caltex Nelson
Rosemary Moretti	On the Spot Collingwood Tasman
Mark Nicholl	On the Spot Challenge Milton Street
Susan Thwaites	On the Spot Collingwood Invercargill





2024

Foodstuffs
South Island