

Connector

News and views from the co-operative.



Chair's update

Having just completed the financial year, I'm delighted to report that we've finished with another very strong quarter of revenue and earnings, and early indications suggest this will be the biggest ever financial year in our co-operative's history. These results continue our trend of year-on-year growth and improvement, which can largely be attributed to our loyal shareholders and all of the people throughout our NZPM Co-operative who strive daily to support our members and customers.

Whilst we expect that trend of strong revenue and earnings to continue through the remainder of 2021, we're also mindful of the lingering downturn in some sectors of the economy, and the possible medium and long-term effects of the Government's latest measures to cool the housing market. Likewise, in the short-term we're continuing to face the ongoing disruption of the global supply chain, so the next few months will undoubtedly deliver a new range of challenges for both NZPM and our members.

These challenges will continue to place enormous pressure on our customers and on our network, so it's been really pleasing to see a number of the initiatives that we've implemented over recent years are starting to pay dividends. These include our investment in Aquasource to help grow and protect

our supply chain, the introduction of Frameworks in the business, and a range of digital edge technologies such as the pwGO app and pwGO.co.nz that help improve our customer's businesses with their daily transactions and interactions with the co-operative.

As we continue to develop and implement more of this digital edge technology capability, we also need to ensure our core operating systems are robust and suitable for our future world, so the board has recently authorised a scoping project to evaluate our ongoing technology requirements across the business. This is a significant piece of work that will require a full review of our business capability and processes, and will seek input from our staff, customers and suppliers, so we expect it will take around 6-9 months to carry out before any recommendations can be considered.

This project will also be a key part of the board and executive's sustainability planning for NZPM, and that planning includes stronger engagement with the Rochdale Principles that form the fabric of our co-operative. Aligned with those principles we recognise the rapidly increasing tempo for greater Environmental and Social Governance (ESG) both worldwide and in New Zealand, so the board has also recently approved an updated Social Responsibility Action Plan that looks to address a range of key ESG goals including Environmentally Friendly Products & Practices, Recycling & Waste Management, Carbon Reduction, Community Support & Engagement and Well Being.

In line with this action plan, it was therefore really pleasing to see increased member support for our ESG responsibilities in our recent Shareholder Survey that was completed by a wide range of members. The survey results feature later in this edition of Connector, and show strong ongoing support for the co-operative, and for developing our future generation of shareholders and directors through activities such as member business training and our Future Governance Programme.

Following the success of that initiative over the last four years, we'll be operating the Future Governance Programme again in 2021/2022, and applications are

Chair's update cont.

now invited from shareholders who have a strong desire to be involved in the future governance of the co-operative, and who also demonstrate the core attributes for development and mentoring as potential future directors. This is a great opportunity for members to become involved in the governance aspects of the co-operative by learning more about your board and how they operate, whilst at the same time receiving professional learning as a company director. If you've got any questions or would like to apply to participate in the programme, please email us at: governance@nzpm.co.nz or you can give me a call on 021 424944.

And finally, the board and Compliance Committee are working through a range of proposed updates for our constitution to ensure it remains compliant with legislation and is fit-for-purpose in our current and future co-operative environment. We've received a range of suggested changes from our legal advisers Buddle Findlay, and the board will now finalise its recommendations for shareholders to review and consider prior to the AGM in Rotorua in August.

Kind regards,
John DeBernardo
NZPM Chair



A word from Rob Kidd, CEO

As you all know, 31 March signalled the end of another financial year and despite being in a nationwide lockdown in April last year, the NZPM Co-operative has delivered the best financial year in its history. This comes about through the combination of, operating in a strong market sector, the strategies we have put in place over recent years, the absolute support of our members and customers and the incredible hard work and dedication of our staff throughout the organisation.

NZPM is focused on building a sustainable co-operative business; a co-operative that is able to look forward to one day celebrating 100 years in business. That means balancing the three very important aspects of financial, environmental and social stewardship.

We have initiatives in place to support, develop and grow each of these three features to ensure the longevity of NZPM while at the same time helping to safeguard our planet, along with protecting our people, the people we source our products from and society as a whole.

Our collective biggest challenge over the next 6–12 months will be trying to manage and minimise the disturbance in our supply chain which comes about from a circa 25–30% increase in global demand for products, container shortages, shipping delays and a poor NZ transport infrastructure.

The increased demand on raw materials and associated supply chain problems are also resulting in continual and significant cost and price increases that are outside both suppliers and merchants' control. It would be very wise when pricing contracts to not fix your price beyond 2–3 months and also tag your quote subject to product availability at time of the work being undertaken. I know this time frame is not normally accepted on larger projects or contracts, however, in the present market conditions, it is one of the most prudent things you should consider.

Our focus on own brand, exclusive and strategic products is also helping to offset at least some of the supply chain challenges while also building a sustainable future for the co-operative. Purchasing LeVivi, TIVA, the Metrix range, Pipe King and Toto products also gives you a special shareholder only quarterly Gold Rebate.

We are continuing to develop our technology platforms and offers. Over the next few months the business will roll out additional functionality on our new inventory management software, Metrix will go live on the Frameworks software and new releases of the pwGO App and pwGO Online digital ordering and business management tools will continue. There are now over 3,230 customers benefiting from using pwGO to more efficiently run their businesses.

Thank you for your ongoing support of NZPM, Metrix and Plumbing World (the only 100% trade-owned plumbing merchant in NZ) — we truly appreciate it.

Regards,
Rob Kidd
NZPM Chief Executive Officer



Director's point of view

It is the beginning of April and already a quarter of the year has passed us by. Only seems like the other week that we were completing projects before Christmas — I am sure you have all been busy.

There has been a lot happening around the NZPM board table over the last three months. I chair the Remuneration Committee, am a member of the Audit & Risk Committee and also the Compliance Committee. Over the year we have a program of reviewing different policies or procedures within all committees. Some we review annually, others bi-annual or on a different rotation.

Remuneration has reviewed its Terms of Reference and we have engaged PwC to undertake a review

of our Executive Incentive Scheme (EIS) — we last reviewed this in 2019 and felt it timely to confirm that it is still fit for purpose.

The Audit & Risk Committee has discussed and reviewed the Annual Audit Plan by Deloitte, Terms of Reference and the Corporate Policy Register. The second quarter of the year is a busy period on this committee as we review the Annual Report.

The Compliance Committee has signed off new policies for Modern Slavery and Privacy. The Modern Slavery Policy is a minimum standard we expect our suppliers to comply with. The Privacy Policy is about how NZPM collect, store, and use personal information.

The board has also approved a Social Responsibility Plan. This includes items like environmentally friendly products and practices, recycling and waste management, carbon emissions, wellbeing, and donations and fundraising. The Social Responsibility Plan is a high priority for the future of the Co-operative.

Some of this work may sound mundane, but it underpins our director governance responsibilities. I do enjoy the committee duties as you get the chance to work with fellow directors, the senior management team and it is extremely satisfying being able to add value to the Co-operative, now and for the future.

Regards,
Mark Whitehead



Metrix update

The closer alignment of Metrix and Plumbing World is without question delivering what we felt was possible; a much greater cohesiveness between the imports and distribution businesses whilst maintaining the individuality of both brands and each business excelling in their own right.

The brands we represent are what differentiates Metrix from similar competitors in the market — the Metrix brands are world renown for their aesthetics, performance and innovation. Sustainability is definitely becoming more of a focus for our clients and the European brands we work with — they are advanced in their technologies around water saving and reduction of manufacturing emissions to ensure they lead the market in delivering an exceptional user experience, whilst minimising harm to the environment.

Our vision at Metrix is we want our customers to love our brands as much as we do — come into Parnell, your local Plumbing World showroom or log into our website www.metrix.co.nz and we are confident you will join us in loving our brands, just like we do.

Regards,
Karin Cunningham
Metrix General Manager

Future Governance Programme

Following the success of this initiative over the last four years, and the continued support shown for the programme by our members, NZPM is pleased to invite applications for our 2021 Future Governance Programme, as we continue to foster future elected director capability from within our ordinary shareholder membership pool.

The objective of the programme is to identify potential future elected directors for the NZPM Co-operative, by selecting up to two shareholder applicants to join and participate in our board and committee meetings each year. It is expected that the successful applicants will be shareholders who have indicated a strong desire to be involved in the future governance of the co-operative, and who also demonstrate the core attributes for development and mentoring as potential future directors.

Applicants will be interviewed by an independent selection panel during July and the successful candidates will be announced at this year's AGM in Rotorua in August. The appointees will be expected to attend and participate in our board and board committee meetings between September 2021 and August 2022, and during that time they'll also undergo some Institute of Directors structured governance training and receive one-on-one mentoring from independent governance professional Richard Westlake of Westlake Governance.

The NZPM Future Governance Programme offers a great opportunity for members to become involved in the governance aspects of the co-operative by learning more about your board and how they operate, whilst at the same time receiving professional learning as a company director.

We are currently seeking applications from interested ordinary shareholder members until Friday 25th June this year.

If you have any questions or would like to apply to participate in the programme, please contact us at: governance@nzpm.co.nz or you can speak directly with NZPM Group Chair John DeBernardo on 021 424944.

Past Appointee's Testimonials:



Dave Morgan
2019 Appointee

"I found the programme to be a great shareholder experience. The future governors of NZPM should get involved and contribute to your co-operative."



Sam Tyson
2019 Appointee

"The great thing about being a future governor with NZPM is being able to learn and grow in a safe place and have the freedom to ask the "why" questions, which has helped me build confidence for my governance career."



Scot Pearce
2020 Appointee

"I have witnessed the preparation and hard work that goes on behind the scenes to keep the momentum behind the machine moving forward. This experience with the board has been both personally and professionally invaluable, and I would highly recommend the programme."

National Shareholder Roadshow 2021.

NZPM Group invite you and your partner to attend a presentation/discussion on what's happening in your Co-operative, given by NZPM Chairman John DeBernardo and CEO Rob Kidd. **We encourage any prospective shareholders to attend too.**

See the schedule on page 6, or visit nzpm.co.nz/events.

For any questions, or for more details, speak to your local branch manager.

Concern for the *community*

Habitat for Humanity

Habitat for Humanity believes everybody deserves a decent place to live. With the help of thousands of volunteers each year, they build new homes, repair and renovate houses to meet the needs of their occupants.

Plumbing World Christchurch has recently donated 20 bathroom storage towers to Habitat for Humanity to use in some of their upcoming new builds. We are in the process of finding a similar opportunity in Richmond where a further 60 units will be donated.



Move your butt this June

What will move you to help beat bowel cancer?

If you know someone suffering from bowel cancer — or if you've lost a loved one to this disease — it can be difficult to see how you can help. Signing up for the Move your Butt challenge in June is a powerful way you can make a difference — by raising awareness of the symptoms and raising funds to help beat this silent killer.

It's easy: simply move more than you usually would during the month of June and ask your friends, whānau and colleagues to sponsor you. Even better, get a team together — you'll have more fun, raise more funds and stay more motivated!



Giving back this Easter

Plumbing World Support Office donated Easter Eggs to StarLight Foundation in Palmerston North, which has been running for over 10 years supporting mentally ill patients by bringing hope and joy at important times of year.

In the last 12 months, they delivered 750 Easter gifts, 750 Christmas gifts and more than 500 amenity packs to Ward 21.

Our recipients also include 300 children receiving mental health care from the Child, Adolescent and Family Service at Palmerston North Hospital.



Left to right: Dianne Wilde from Plumbing World Support Office and Kathy Simpson from StarLight.

NZPM Annual General Meeting - Save the date!

Shareholders will once again be able to meet with the directors, executives and fellow shareholders to review the company's performance and strategy as well as enjoy the fellowship of being a member of the NZPM co-operative. More information, and registration instructions will be available soon.

Friday 20th August — Novotel, Rotorua.

SHAREHOLDER ROADSHOW 2021

The NZPM Group invite you and your partner to attend a presentation/discussion on what's happening in your Co-operative, given by NZPM Chairman John DeBernardo and CEO Rob Kidd.

We encourage any prospective shareholders to attend too. **We look forward to seeing you there.**

MAY 2021

Date	Time	Event for Shareholders of	Address
Monday 24 May	10:00am – 11:30am	Papanui and Rangiora	Papanui Branch, 14 Winston Avenue
	4:00pm – 5:30pm	Christchurch, Greymouth and Hornby	Christchurch Branch, 104 Brisbane Street
Tuesday 25 May	9:30am – 11:00am	Ashburton	Ashburton Branch, Cnr Cass & Dobson Streets
	12:30pm – 2:00pm	Timaru, Twizel and Oamaru	Timaru Branch, 18 Bernard Street
Wednesday 26 May	8:00am – 9:30am	Dunedin	Dunedin Branch, 102 McAndrew Road
	1:00pm – 2:30pm	Invercargill	Invercargill Branch, 27 Bill Richardson Drive
Thursday 27 May	9:30am – 11:00am	Wanaka, Cromwell and Queenstown	Wanaka Branch, 20 Reece Crescent
Friday 28 May	8:30am – 10:00am	Nelson and Richmond	Nelson Branch, 40 St Vincent Street
	12:30pm – 2:00pm	Blenheim	Blenheim Branch, 21 Budge Street

JUNE 2021

Date	Time	Event for Shareholders of	Address
Tuesday 8 June	9:30am – 11:00am	Manukau, Takanini and East Tamaki	Manukau Branch, 21 Ronwood Avenue
	12:30pm – 2:00pm	Pukekohe	Pukekohe Branch, 223b Manukau Road
	4:00pm – 5:30pm	Lunn Ave and Onehunga	Mt Wellington, 50 Lunn Ave
Wednesday 9 June	12:30pm – 2:00pm	Kerikeri	Kerikeri Branch, 8-18 Skippers Lane, SH 10
	4:00pm – 5:30pm	Whangarei and Bream Bay	Whangarei Branch, 33 Okara Drive
Thursday 10 June	9:00am – 10:30am	Henderson and Kumeu	Henderson Branch, 140 Central Park Drive
	12:30pm – 2:00pm	New Lynn	New Lynn Branch, 48 Portage Road
	4:00pm – 5:30pm	Kingsland	Kingsland Branch, 383 New North Road
Friday 11 June	9:00am – 10:30am	North Shore and Silverdale	North Shore Branch, 26 Apollo Drive
Monday 28 June	10:30am – 12:00pm	New Plymouth	New Plymouth Branch, Cnr Gill & High Streets
Tuesday 29 June	9:00am – 10:30am	Lower Hutt and Upper Hutt	Lower Hutt Branch, 40 Bouverie Street
	12:30pm – 2:00pm	Porirua	Porirua Branch, 79 Kenepuru Drive
	4:00pm – 5:30pm	Wellington	Wellington Branch, 15-21 Able Smith Street
Wednesday 30th June	9:30am – 11:00am	Paraparaumu	Paraparaumu Branch, 118 Kapiti Road
	12:30pm – 2:00pm	Levin	Levin Branch, 55 Main Road South
	4:00pm – 5:30pm	Palmerston North	Support Office, 599 Main Street

JULY 2021

Date	Time	Event for Shareholders of	Address
Thursday 1st July	10:30am – 12:00pm	Masterton	Masterton Branch, 421 Queen Street
Monday 12 July	11:30am – 1:00pm	Gisborne	Gisborne Branch, 21 Kahutia Street
Tuesday 13 July	8:30am – 10:00am	Hastings	Hastings Branch, 300 Albert Street
	12:00pm – 1:30pm	Napier	Napier Branch, 46 Wakefield Street
Wednesday 14 July	9:30am – 11:00am	Rotorua and Taupo	Rotorua Branch, Cnr Gilltrap & Old Taupo Road
	1:00pm – 2:30pm	Whakatane	Whakatane Branch, 7 Louvain Street
Thursday 15 July	8:30am – 10:00am	Tauranga, Mount Manganui and Papamoa	Tauranga Branch, 36 Birch Avenue
	1:00pm – 2:30pm	Thames	Thames Branch, 324 Pollen Street
Friday 16 July	8:30am – 10:00am	Hamilton, Te Awamutu and Te Rapa	Te Rapa Branch, 5 Daniel Place

If you have any questions or would like more information, please talk to your local Branch Manager.

2021 Shareholder Survey - Results Summary

Many thanks to all those Shareholders who took the time to complete our NZPM Shareholder Survey last month. Your valuable feedback allows us to understand what is important to you and how we can address both short-term and long-term planning to improve your Co-operative. It was great to have more than 25% of our members participate in this survey.

The overall summary from the survey is as follows:

- Similar to 2018, **80%** of shareholders agree that NZPM, Plumbing World and Metrix are meeting their expectations as a shareholder.
- Also similar to 2018, **75%** of shareholders place 'very high/high value' on being a shareholder of NZPM.
- **56%** of shareholders agree that 'Environmental and sustainability factors' have a very high/high level of importance in the business.
- **37%** of shareholders agree that 'Social Responsibility' factors should have very high/high importance.
- **70%** of shareholders agreed with providing more support for the future generation of the industry and the Future Governance Programme.
- Shareholders place highest importance on the Rochdale principles of 'education, training and information', 'democratic member control' and 'autonomy and independence'.

The main areas shareholders would like NZPM/PW/Metrix to work on or change is the continued development, training and retention of our staff.

Thank you again to all those who responded to this survey and keep a look out for our biennial full Trade Survey in July.

Congratulations also to Brad Turfrey of Turfrey Plumbing for winning 500 MaxPoints for completing this survey.

80%

of Shareholders agree that NZPM, Plumbing World and Metrix are meeting shareholder expectations

75%

of shareholders place 'very high/high value' on being a shareholder of NZPM

56%

of shareholders agree that 'Environmental and sustainability factors' need a high level of importance in the business



NZPM is pleased to offer all our Shareholders a **20% subsidy** on Master Plumber Training Courses.

Simply visit www.masterplumbers.org.nz/training/ to see what courses are available and what is coming up. These training courses will continue to be updated throughout the year.

To receive NZPM's 20% subsidy on your selected training course, enter the discount code **NZPM20** at registration/checkout.

Exclusive offer to NZPM Shareholders!

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Shareholder loyalty



James B Malcolm Ltd



Craig Plumbing Ltd



Ray Smith Ltd



B J Moss Ltd



Nations Plumbing Ltd



East Coast Bays Plumbing & Drainage Ltd



Advanced Plumbing Ltd

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YOU'RE OVER HALFWAY THERE ALREADY.

\$55K WORTH OF PRIZES

INCLUDING \$5K CASH AND \$30K WORTH OF TOOLS FROM TOOLWARE

plumbingworld
young plumber
of the year

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Bowel Cancer
NEW ZEALAND

New Zealand
Gynaecological Cancer
Foundation*

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Foundation NZ
We fight with Purpose. Together. We win.

NZPM's Mission

To contribute to our members' business success by representing their interests and delivering performance excellence.

Part of our **NZPM Co-operative**
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