

Connector

News and views from the co-operative.



Chair's update

As we move toward the end of the first quarter of the new financial year sales demand through our Plumbing World and Metrix network has remained strong, although we are starting to observe some headwinds as inflation continues to rise and the Reserve Bank strives to reign that in with ongoing interest rate hikes. What the net effect of these competing tensions amounts to remains to be seen, and there will undoubtedly be many challenges for the economy, however the solid longer term construction sector pipeline places our industry in a very favourable position for the future.

Our NZPM co-operative continues to maintain a robust balance sheet, and this will form an important pillar as we navigate our way through the medium and longer term, and continue to develop the business and implement solutions that will deliver efficiencies and productivity for both our staff and our customers. Fundamental to these solutions will be a significant upgrade of our core technology systems that I've previously mentioned, and during May the Board approved a proposal to move the business from our current Frameworks legacy system to a future-proofed Microsoft based ERP system that will enable us to realise our strategic objectives.

We are currently working through contract details with a preferred implementation partner, recognising that this new technology represents both a significant milestone and investment for our co-operative, and we expect that implementation will be spread across a two to three year period as we develop and deploy the technology and reshape parts of the business for the future. Overall, this will be a progressive and gradual implementation, and accordingly, we don't expect that our customers will be impacted at an operational level, except where the various customer facing components deliver the benefits of smoother and more frictionless transacting.

Another area of significant investment for NZPM over the last 12 months has been an increase in our inventory, as we recognised the need to ensure our customers were well supported through the significant disruptions experienced across the global supply chain. Availability of core product has been a key factor in the success of our service proposition, and our range of own brand and exclusive products in particular has seen increased demand from both our existing and new customers.

In April the Board approved a new Code of Ethics and Conduct for the co-operative, and this will shortly be available on the NZPM website. In line with the Rochdale principles that guide all co-operatives, we aim to keep these values at the forefront of decisions that we make, and to ensure that NZPM continues to fulfill its social responsibility as a co-operative company, and is in harmony with our people, our community, and our environment.

In April we also opened applications for our 2022/2023 Future Governance Programme, and we're hopeful to again see more applicants of the calibre of previous years, as we look to continue development of the governance training pathway for our ordinary shareholder members. NZPM is a large and complex business, and from a governance perspective it's critical that we continue to develop core competencies for a pool of potential future directors, with the expectation

that those appointed to the programme will go on to build their individual capabilities beyond their initial programme term.

This is a great opportunity for members to gain an understanding of the governance aspects of the co-operative by learning more about your Board and how they operate, whilst at the same time receiving independent professional

training and mentoring 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 021 424 944.

Kind Regards,
John DeBernardo
NZPM Chair



CEO update

As John has already mentioned, the new financial year has started well for NZPM and with COVID-19 challenges slowly but progressively diminishing, this enables the co-operative to more easily progress a number of our operational and strategic initiatives.

We are seeing the uptake of tradespeople using the pwGO App and pwGO Online platforms steadily increase, with approximately 5% of our revenues now transacted through these mediums. Users of pwGO are reaping a number of benefits including viewing and downloading product specifications enabling businesses to operate more efficiently.

We are currently trialling pwGO Express (an extension to pwGO) with a broad group of customers in ten branches across the Plumbing World network with a further ten branches joining the trial in June.

pwGO Express enables you or your tradespeople to walk the aisles in a branch and purchase product by scanning QR codes on the product bins, entering the number of units you are

purchasing, with the information automatically uploading into our main computer system. This means no rekeying of information at our counter, simply a quick check of what you are purchasing, and you will be on your way saving valuable time and money.

As I'm sure you will appreciate, the global supply chain continues to be under immense pressure. Port closures in China due to COVID, energy restrictions in Europe, a shortage of shipping containers around the world, and the war in Ukraine all at a time when global demand is incredibly strong mean product supply for all sectors into New Zealand is very challenging.

To support our customers' higher business activity and to help offset some of the supply chain disruption challenges we are all continuing to face, we have significantly increased our inventory levels to help ensure the product you need is there when you require it.

NZPM's 58th Annual Meeting will be taking place in Rotorua on Friday 19th of August. We have a bunch of exciting things we will be announcing, and I encourage you to come along to see how the company performed for the year ending March 2022, hear what's coming up in the future and to enjoy the camaraderie of your fellow shareholders and friends in the industry.

Your support of NZPM, Metrix and Plumbing World — the only 100% trade-owned plumbing merchant in NZ is much appreciated — thank you.

Rob Kidd
NZPM Chief Executive Officer

SHAREHOLDER ROADSHOW 2022

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.**

| Date | Time | Region | Address |
|----------------------------|---------------------------------------|---|---|
| Thursday 30th June | 9:30am – 11:00am 12:30pm – 2:00pm | West & North Auckland Central & South Auckland | Henderson Branch, 140 Central Park Drive Kingsland Branch, 383 New North Road |
| Friday 1st July | 9:00am – 10:30 am 12:30pm – 2:00pm | Wellington & Kapiti Coast | Lower Hutt Branch, 40 Bouverie Street Wellington Branch, 15–21 Able Smith Street |
| Wednesday 13th July | 12:30pm – 2:00pm | Bay of Plenty | Tauranga Branch, 36 Birch Avenue |
| Thursday 14th July | 8:30am – 10:00am | Waikato | Te Rapa Branch, 5 Daniel Place |

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

plumbingworld |  **metrix**

Shareholder Communications

With the digitisation of our communications, NZPM co-operative now issues most shareholder notices via email and on the communication page of our website.

All formal shareholder communications come from our Syndex share registry system and are sent to the primary contact who will most commonly receive communications regarding NZPM share dividend statements, graded cash notices and year end statements. However, the Syndex system allows for managing additional contacts, such as Directors who could then receive specific communications, such as voting papers, in

addition to the primary contact.

Recently, we issued our Notice to Call for Nominations for the Board of Directors for NZPM Group Limited by email and concurrently posted the notice on our website at www.nzpm.co.nz/shareholder-communications. If you did not receive that email or the notification of the change in Redeemable Preference Share Dividend Rates, please email your preferred address or an additional address to our share registrar, Lauren McEniery at shares@nzpm.co.nz or call her on (09) 379 1832

NZPM Annual Meeting - Save the date!

19th – 20th August 2022 — Novotel Rotorua Lakeside, Rotorua

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 emailed out on 22nd June.





Director's point of view

Businesses are forever evolving as is the landscape we operate in. NZPM is no exception.

As Chair of the Health and Safety Committee we focus on a broad range of factors to ensure the safety of our people. As well as physical harm prevention we focus on the wellbeing of the team that strive to deliver every day for you, our shareholder. Never more so than in the post-COVID environment, we find ourselves in a situation where stress is a very real consideration.

To say the global supply chain is in disarray will not be news, but the extent to which it disrupts the supply of product is not to be underestimated. I

know first-hand how that disruption adds stress to our business and affects our ability to meet deadlines. In some cases business failures in construction are a direct result of this disruption. Our Plumbing World and Metrix people are moving heaven and earth to mitigate the disruptions as they occur. They carry the burden of that every day through constant communication with suppliers and liaising with customers sometimes having to pass on news we don't want to hear.

There are so many moving parts between product being manufactured overseas and the time it reaches our sites, that some of those parts will put a spanner in the works. NZPM has increased stock levels in key areas and is doing everything in its power to offset as many disruptions as possible. If you get the chance, some acknowledgment to our people would be appreciated.

Our co-operative has not only a social responsibility to its people, but also to the broader community. We are obligated to source product with a clear social conscience in today's world and this means ethical supply, and from places where environmental risks are mitigated. This is being demanded by consumers and corporates alike. To this end NZPM is moving to ensure our suppliers can verify to us that their products are of ethical origin.

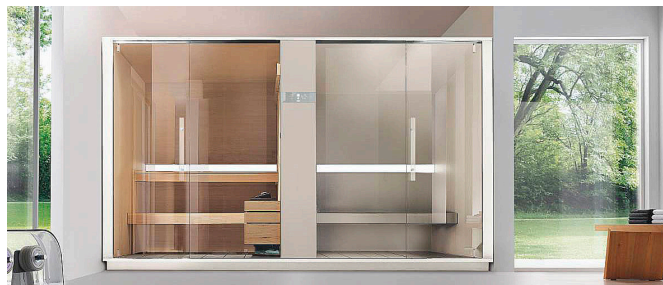
All the best,
Peter Faul



Metrix update

Our strategic focus on securing specification for all NZPM brands gained further momentum this month with Metrix now Gold sponsors of the NKBA. The National Kitchen and Bathroom Association is a great conduit for us to engage with designers and specifiers in this relevant field. We are sponsoring the Bathroom Distinction Award in the \$50,000+ category at their upcoming national conference in Queenstown and will look forward to sharing the winners with you in due course.

The Parnell showroom is having great success with the Effe Steam and Sauna having recently been specified into residential projects. The display in



Parnell is an opportunity for your clients to see this cutting edge technology combined with beautiful style. We have partnered with the Italian brand Effe as it is a world class designer of public and private spas. With 30 years' experience in the sector, it combines the latest cutting-edge technology with innovative, stylish design to deliver the best possible wellness experience. It is also possible to use an Effe Steam Generator in a conventional shower space to provide the benefits associated with steam showering.

The new Metrix catalogue is available in Plumbing World branches — this is a great resource for your team and clients to have all Metrix product details in one place. It's also available for download from our website at www.metrix.co.nz.

Karin Cunningham
Metrix General Manager

Future Governance Programme

Following the success of this initiative over the last five years, and the continued support shown for the programme by our members, NZPM is pleased to invite applications for our 2022/2023 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 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 2022 and August 2023, and during that time they'll also undergo some Institute of Directors structured governance



NZPM
Future
Governance
Programme

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 development as a company director.

We are currently seeking applications from interested ordinary shareholder members until Friday 22nd July 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 021 424 944.

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."



Sarah Jamieson

2021 Appointee

"The Future Governance Programme has cemented my desire to pursue further governance roles. The experience has been invaluable and I highly recommend the programme to shareholders of the cooperative."

Social Responsibility

Big Buddy Partnership

We are pleased to announce that Plumbing World has signed on with a one year partnership agreement with Big Buddy under our 'Social Responsibility' objectives.

Big Buddy is an organisation designed to help at risk, young boys aged 7 – 14 years old that don't have a male role model in their lives. They partner them up with a trusted member from the community to spend time with them and mentor them. Other key sponsors of the programme are GJ Gardners (main sponsor), Pak'n'Save and Autex, among others.



We have been creating Social Media posts about this new partnership and are working with Big Buddy on some joint initiatives. If you are interested in being involved in some aspect of being a mentor, simply visit: www.bigbuddy.org.nz/mentoring/

This is a great foundation to be involved with and we look forward to working with them over the next 12 months (and potentially beyond).

Aramis Big Buddy Story

We know that having a Big Buddy makes a positive difference in a boy's life, but for some it is truly life changing. One of these boys is ten-year-old Aramis from South Auckland who was matched with his Big Buddy Michael two years ago.

Aramis and his sisters went to live with his Aunty, Michelle, shortly after their mother passed away suddenly of cancer. Aramis was just over 3 years old. Heartbroken and confused Aramis struggled through life. Michelle told us that although his face would smile, his eyes told another story of deep grief. He withdrew and was very frightened of almost everything.

Then a few years ago his Nana, who also lived with him, also passed away suddenly in her sleep and Aramis had lost another key person in his life. Michelle noticed that he seemed to withdraw further into himself and started to become very angry with the world. Concerned, she called upon family and counsellors to help, but nothing seemed to make a difference in the long-term. And then Michelle contacted Big Buddy. Aramis was matched with Michael and from the very first visit Michelle started to notice a difference: "He woke up singing the next day, he didn't seem as withdrawn as he had previously. He was smiling and laughing a lot more. And his anger slowly started to wilt away. Slowly he started talking more and more, and now he is no longer withdrawn. He is becoming more and more confident and can hold a conversation. As his school teacher will attest, perhaps a little too talkative now, but we wouldn't have it any other way".



This incredible change has been the result of Aramis and Michael simply hanging out together — going to a sausage sizzle, doing a bit of DIY or going for a bike ride. Aramis is learning from Michael how to be himself. How to be kind and caring, reliable and honest, and how to have fun. Michelle tells us that Aramis' eyes now shine as bright as they did when his mother was alive. He sings as soon as he wakes every morning and then starts chatting about anything and everything. He is fast becoming a very popular boy at school but considers Michael his best friend.

For so many of these boys, having a Big Buddy to trust and rely on is truly life changing, and it's hugely reassuring for mums and caregivers to have this additional support. Michelle says: "I sincerely believe that Big Buddy and Michael have saved this little boy from falling through the gap of society and I will always be eternally grateful."

uPVC Recycling Station Pilot

After several months working with Plumbing World, Waste Management New Zealand, and support from the Auckland Council's Waste Minimisation Innovation Fund, Marley New Zealand are proud to rollout their first set of uPVC Recycling Stations!

- These stations are in Plumbing World stores near major urban growth centres — Silverdale, Albany, Kingsland, Panmure, and Takanini.
- This is a free service that Marley New Zealand are piloting to work towards creating a circular loop for plastic material manufacturing.
- If you have any clean uPVC that you can't reuse then you can drop it off at these stores to be recycled — you never know, the next pipe you buy could contain the product you returned!



Pink shirt day

We wore pink to unite against all forms of bullying, to support diversity and friends, whānau and workmates who are impacted by bullying and/or exclusion in any part of their lives. Teams all around the country unified with a pink shirt to support diversity. Speak up, stand together, stop bullying!

In addition to staff donations, the company supported the Mental Health Foundation by donating \$3,000 to help end bullying, celebrate diversity and spread aroha.



Shareholder loyalty





Redeemable preference share dividend rates

Dividend rates for Redeemable Preference Shares issued by NZPM Group Limited (NZPM) are set in advance of each quarter by the board.

The board has recently reviewed the dividend rates on offer for our Redeemable Preference Shares with reference to previously received independent advice from Bancorp on the methodology to benchmarking NZPM returns to market data on dividend yields for similar investments and recent changes to market rates of return.

The board concluded to increase the rates with effect from 1 June 2022 as follows **in the table below**.

NZPM will continue to monitor market and will continue to take advice as required to ensure that we are offering competitive returns to our investors.

NZPM thanks all shareholders for their continued support of the co-operative.

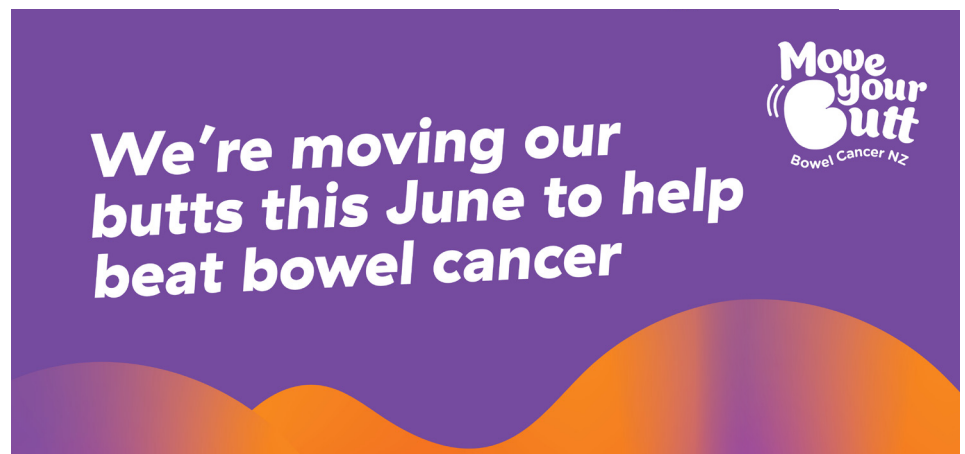
Brett Cruickshank
Chief Financial Officer

NZPM Redeemable Preference Share Dividend Rates

| Fixed Dividend Period | New Rate from 01 June 2022 | Previous Rate |
|-----------------------|----------------------------|---------------|
| Quarterly | 5.75% pa | 5.00%pa |
| Two Year | 5.75% pa | 5.20% pa |
| Three Year | 5.90% pa | 5.20% pa |
| Four Year | 5.90% pa | 5.20% pa |

Move Your Butt's June fundraiser

To make a donation to Bowel Cancer NZ and to support the Plumbing World staff participating, visit: www.bowelcancernz.grassrootz.com/move-your-butt-2022/plumbing-world-ltd



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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