

SUPPLIER RELATIONSHIP GUIDELINES

Purpose:

As leading, successful, well-established New Zealand businesses, the Foodstuffs Co-operatives; Foodstuffs North Island Limited and Foodstuffs South Island Limited, must ensure we hold the trust and respect of all of our employees, suppliers, customers and the wider community.

The purpose of these guidelines is to affirm to all Foodstuffs' stakeholders the importance of good working relationships and that we aim to operate within reasonable, ethical and sound commercial guidelines.

In order to achieve mutually beneficial conduct and performance, we see these Partnership Guidelines applying to all of our subsidiary companies, employees and members, as well as our external business partners.

The Foodstuffs businesses value strong and positive supplier relationships and consider all suppliers to be our most important business partners.

We believe that it is important to acknowledge this value, to respect this partnership and, as a result, commit to conducting ourselves in a courteous and fair manner.

We believe that our supply partners are crucial to our commercial performance, the quality of our products and are essential in fulfilling the following business principles:

Our Business Principles:

1. Our fundamental role as an integrated retail organisation is to provide our communities with ready access to their everyday purchasing needs.
2. As a proudly 100% New Zealand owned and operated business, we wish to support local business and the New Zealand economy by selling New Zealand made products. All other things being equal, it is Foodstuffs preference to source locally produced products when available.
3. We want our supplier partnerships to be based on working together in an environment of goodwill and trust with the aim of providing our customers with ready access to the best possible products to meet their everyday purchasing needs and requirements.
4. It is our commitment to obtain the best possible terms from our suppliers to pass on value to the customer through our retail members and stores.

Our Expectations:

We expect our supply partners to meet all applicable statutory and regulatory requirements and also follow sound commercial practices. We expect our supply partners will:

- Act with honesty and integrity in all dealings with us.
- Work with us in good faith to build sustainable businesses.
- Identify opportunities for joint business development.
- Address mutual business challenges with common sense.
- Face future competitive challenges with a focus on continuous improvement and innovation.
- Deliver products or services to Foodstuffs as agreed.
- Make all relevant staff aware of these commitments.

Our Commitments:

We will:

- Act with honesty, fairness, integrity and courtesy in all our dealings with supply partners.
- Work with suppliers in good faith to build long term sustainable businesses.
- Maintain good communication with suppliers on all aspects affecting their businesses.
- Give reasonable notice of changes to our business requirements, including such things as changes to purchase orders
- Identify opportunities for joint business development.
- Pursue mutually beneficial commercial arrangements and seek to promote sound commercial relationships with our supply partners.
- Base our business decisions on evidence and sound economic criteria, but also take into account genuine social and environmental considerations.
- Prohibit any agreements or situations that might lead to or suggest a conflict of interest between personal activities and the business.
- Make all relevant staff aware of these commitments.

Key References & Communication:

In addition to the above expectations and commitments, specific details on some key points of commercial engagement include:

1. Conditions of Supply & Terms of Trade

- Conditions of Supply will be available in writing at the request of the supply partner and detailed on the Foodstuffs National Suppliers website.
- Reasonable notice of any variation in the Conditions of Supply shall be given.
- Any Terms of Trade specific to a supplier will be available in writing at their request.

2. Promotional Notification

- As promotions play a significant part of the business relationship, all parties shall provide reasonable notice of a proposed promotion.

3. Supply Chain

- Foodstuffs will work together with supply partners to identify opportunities for cost reduction, improve efficiency and maximise total supply chain effectiveness, including its Primary Freight service.

4. Partnership Guidelines Communication

- Foodstuffs will communicate these guidelines to all its employees and members and will expect compliance with them.
- Additionally, Foodstuffs will take practical steps to make suppliers aware of these guidelines.

Conflict and Dispute Resolution

It is acknowledged that at times disputes and disagreements arise. Based on Foodstuffs' partnership principles, our hope is that in all cases we can resolve these by working together with suppliers in good faith.

However, should there be significant instances where resolution has not been reached through normal business practices; we welcome the referral of these issues to the Managing Director of the relevant Foodstuffs Company.

Those listed below give their assurance of confidentiality, that in the case where a matter has escalated, they will treat the issue fairly, appropriately and will work to achieve a positive outcome for those involved.

- Foodstuffs North Island Limited
 - Chris Quin – Chief Executive Officer
- Foodstuffs South Island Limited
 - Steve Anderson – Chief Executive Officer.

Where an issue relates to joint national activities, and only in this instance, the issue may be elevated to the Managing Director of Foodstuffs (NZ) Ltd.

- Foodstuffs (NZ) Limited
 - Steve Anderson – Managing Director.