

# Annual Report 2017

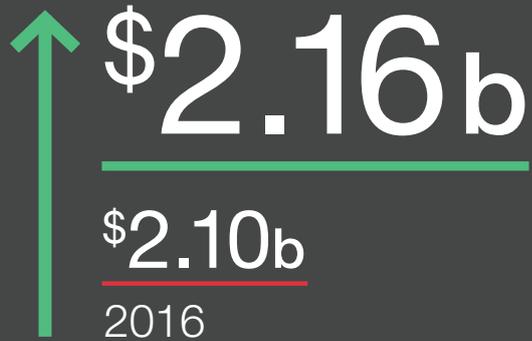


**Farmlands**  
co-operative

The logo features a stylized orange and white wave above the text. The background of the entire page is a photograph of a large crowd of people with their hands raised in front of a building with a corrugated metal facade and a red roofline.

## Financial Highlights

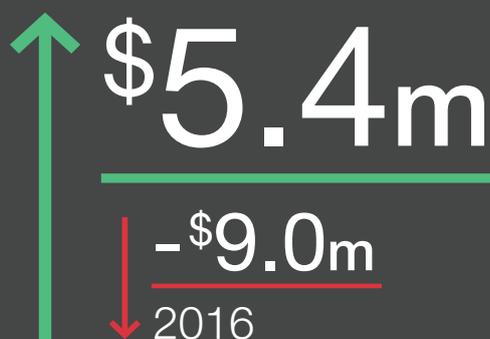
### 2017 Revenue



### 2017 Debt



### 2017 Profit



### 2017 Shareholder Numbers





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As part of our commitment to sustainability this Annual Report is printed on recycled paper.



## Farmlands Eskdale School and Community Hall

Like most great New Zealand stories, Farmlands Co-operative Society Limited was born from a couple of get-togethers - one at Eskdale Hall in Hawke's Bay, the other the Outram Hotel in Otago. The original Eskdale Hall has recently been redeveloped into a new hall for the Eskdale School and community and was officially opened on 1st September 2017. This year it's our venue for the Annual General Meeting.



# NOTICE OF ANNUAL GENERAL MEETING

07 NOVEMBER, 2017

Notice is hereby given that the fifty-fourth Annual General Meeting of shareholders of Farmlands Co-operative Society Limited will be held at **3.30pm on Tuesday 7<sup>th</sup> November, 2017** at **Farmlands Eskdale School and Community Hall, Hill Road, Eskdale.**



Shareholders are invited to join the Directors and Executive of the Society for refreshments at the conclusion of the meeting. At this function, shareholders will be entered into a complimentary sweepstake in the Melbourne Cup that will run at 5.00pm.\*

PRIZE

**A TRIP FOR TWO TO MELBOURNE INCLUDING FIVE NIGHTS' ACCOMMODATION, VALUED AT \$3,000!**

We look forward to your attendance at our Annual General Meeting.

**Please RSVP by Friday 3<sup>rd</sup> November to [rsvp@farmlands.co.nz](mailto:rsvp@farmlands.co.nz) or 0800 200 600.**

## Business

1. To receive and adopt the Annual Report for the year ended 30<sup>th</sup> June 2017.  
*Resolution to be put: That the Annual Report for the year ended 30<sup>th</sup> June 2017 be adopted.*
2. To appoint the auditors.  
*Resolution to be put: That the auditors, PricewaterhouseCoopers, continue in office and that the Directors be authorised to fix their remuneration.*
3. To approve an increase in Directors' fees.  
*Resolution to be put: That the total Directors' fees be increased to \$735,000 from the year ended 30<sup>th</sup> June 2018.*

EXPLANATORY NOTE: the current level of total Directors' fees per annum approved by shareholders is \$700,300. This approval has been in place since February 2013. The recommended increase to \$735,000 is based on the advice of independent external advisors, the amount being at the bottom end of the range recommended by them.

4. To transact any other business which may be properly considered at the Annual General Meeting.

**By order of the Board**  
S J Higgs, Secretary  
Christchurch  
3<sup>rd</sup> October 2017

\* Terms and Conditions apply. See [www.farmlands.co.nz](http://www.farmlands.co.nz) for details.



Our Organising Idea

# Together Stronger

Together is the foundation of the co-operative spirit and is our organising idea to guide and inspire all Farmlanders. Together with our people, we will develop our skills to answer the future needs of shareholders. Together with our suppliers we will continue to deliver genuine value. Together with each other we will strive to be better, to be safer and to grow. Together stronger means together success.

## Our Purpose

**To re-invent the Farmlands Co-operative Spirit, ensuring our shareholders' future success is at the centre of everything we do.**

## Our Values

### Unity

- We are united as one organisation surrounding and serving each other and the shareholder.
- The greater good of the group over the individual every time.
- Consult, consider and communicate widely and well.

### Trust

- Think and act like an owner.
- Own your customer, own your decisions, own your actions and own the outcomes.
- Own putting it right and making it happen.
- Own safer work practices – yours and your workmates.

### Courage

- Say what you believe and do what you say.
- Make the tough calls, admit your mistakes, take smart risks and celebrate success.
- Treat everyone with respect, trust each other's actions and confidently work as one.

### Influence

- Make a positive difference.
- Focus on goals, results and accountability.
- Build a reputation for being a team player who is a passionate and reliable Farmlander.

### Forward Thinking

- Seek to disrupt.
- Challenge the old thinking and champion the new.
- Create simple solutions that solve complex problems.

### Integrity

- Be candid, upfront and accountable.
- Talk directly to people rather than behind their backs.
- Never be afraid to ask for help.

# Chairman and Chief Executive's Report



Lachie Johnstone, Farmlands Chairman

**At the outset of the 2017 financial year we set ourselves two overarching goals for the 12-month period ahead: a return to profit and to align the many components of the Farmlands business to a new, cohesive, strategic direction.**

As we put the final figures to bed for the latest annual period, we are pleased to report we have succeeded on both counts.

After a tough 2015/16 trading period that saw Farmlands post a \$9.0 million loss, we turned the co-operative around over the 2017 year to emerge with a \$5.4 million Net Profit Before Tax and Rebate.

But as well as that creditable profit result, Farmlands over the last 12 months also significantly bolstered our balance sheet. We have reduced our debt by about \$18.5 million during the year to close with \$66.1 million in borrowings as at 30th June, compared to \$84.6 million year-on-year. We have now reduced our debt by almost 40 percent from the peak of January 2016 of \$106.2 million.

Together, the shift to profitability and debt-reduction have clearly laid the groundwork for a financially robust co-operative that we can now build on.

While the financial turnaround was partly due to overall improving market conditions, we are particularly pleased to note that the decisive range of measures we implemented across the board during the 2016/17 period played a significant role in our dramatically-improved performance.

During the year, those operational enhancements included:

- Reducing our cost base
- Exiting unprofitable businesses
- Managing our mix – finding the right balance of offering and inventory
- Reducing our debt-servicing cost

We have been driving hard to improve the performance across the whole co-operative after a difficult 2015/16 period. For example, our focus on managing inventory more efficiently saw less funds tied up in stock. We also adopted a more prudent approach to our capital spending while keeping tight control of the receivables process.

**We have posted a \$5.4m profit for the 2016/2017 financial year, bringing debt down by \$18.5m.**

**New strategic partnerships we have established with Toyota and Z Energy are ground-breaking in our industry and deliver better deals for our shareholder base.**

The sale of our Finance arm to Finance Now means we no longer have to take on debt to back those loans. The move to Finance Now also provides Farmlands shareholders with access to a more complete and effective finance offer. Given the performance of that business over time, our shareholders were clearly telling us they didn't want their co-operative to borrow money to lend them money. That is now no longer the case yet we still have an attractive range of finance options provided through our partnership arrangement with Finance Now.

In the case of our Livestock business we were in a position where we had "half" a business, predominantly South Island based. Carrfields, similarly, had half a business predominantly North Island based. Logic put these two businesses together and then it became who was best placed to operate them. Given the challenges of our performance and priorities elsewhere for the co-operative, we determined Carrfields was better placed to provide the investment and leadership required to build a national livestock business.

However, our challenge now is to keep on the growth course we have so successfully charted in the 2017 financial year. Only by achieving this can we assure Farmlands' future as the stronger, more secure co-operative it needs to be.

Consequently, this year the Board has decided not to issue our year-end Bonus Rebate to shareholders. While this is primarily a fiscal measure designed to position Farmlands for our next period of growth, we acknowledge that it will cause some disappointment.

Our aim is to reinstate the year-end Bonus Rebate next year.

In addition to boosting our immediate financial health over the year past, we also took steps in the 2016/17 period to future-proof the Farmlands operating model via a business transformation programme we have titled Braveheart.



Peter Reidie, Farmlands Chief Executive

Our priority is that Farmlands shareholders, no matter where they are located, deserve to be offered the same opportunity. Carrfields Livestock represents a better option for all our shareholders, wherever they farm in New Zealand.

And clearly, turning around a \$9.0 million loss into a \$5.4 million profit in the space of just 12 months demonstrates that Farmlands is heading in the right direction.

The programme is designed to tie the various strands of the operation into a seamless whole, with a culture that builds on the proven strength and capability of our people, our shareholders and the Farmlands offer. We are confident that Braveheart will ensure the Farmlands experience is unrivalled in our sector.

**We are confident that  
Braveheart will ensure the  
Farmlands experience is  
unrivalled in our sector.**

We have laid out three Strategic Imperatives: delivering enduring customer relationships, building an impregnable business model and providing leading agricultural knowledge and expertise. These goals are what we believe we can do consistently better than anyone else in our sector.

As a more unified team, we can deliver 'Whole of Business' opportunities to all shareholders, enabling them to leverage off the scale of their co-operative. For example, the benefit of choosing Farmlands for their rural supplies, services and subscriptions is not limited to monthly rebates – it provides a simpler, consolidated invoice and will soon provide other incentives for shareholders who utilise the breadth of our business.

We have also put in place six strategies that we are confident will lead Farmlands to greater success and position us as New Zealand's co-operative of choice:

1. Ensuring our people come first
2. Deepen our offer to all shareholders
3. Deliver the right product, in the right place, at the right time, for the right price
4. Successfully implement Braveheart
5. Identify opportunities to grow New Zealand agriculture
6. Ensuring success by protecting our shareholders' funds

At the same time, we have put a renewed emphasis on leading the push to bring lower prices to the primary sector. For instance, our Buying Power Promise promotion has seen an increase on promoted product sales by 124 percent over the previous year. These monthly deals complement our Whole of Business offer, which is consistent with our founding principle of working collectively to increase the profitability of shareholders.

**Our people have been  
instrumental in delivering  
the turnaround and fostering  
shareholder relationships.**

We are also investing heavily in our position as the market leader in agricultural knowledge and expertise through our own in-house training programme, which will raise the technical skills of our field team.

The quest for improvement over the last year has shown up in practical results across virtually all our business units. Notably, after a tough 2015/16, our Nutrition business executed a significant turnaround due to focused and responsive management by our team. And for the second year in a row, our Horticulture business increased sales by 5 percent.

Meanwhile, the new strategic partnerships we established with Toyota and Z Energy are already delivering better deals for our shareholder base.

Other key business unit milestones of note include:

- Increasing the Farmlands Fuel tanker fleet to 45 truck and trailer units, complementing our full range of fuel storage and advice options
- The leading Challenge service station network, which is wholly supplied by Farmlands Fuel, won the Canstar Blue Most Satisfied Customer Award for the third time in 4 years in the service station category
- During the year, Challenge also began stocking Gulf lubricants – owned in New Zealand by Farmlands
- The Grain and Seed business added new seed store sites in Invercargill and Rolleston while implementing a nationwide Seed Web Portal via the Farmlands network – bright spots in an otherwise tough year for a sector that has been affected by unusual weather patterns
- Farmlands Real Estate has continued to expand into the North Island as we build up a growing and respected presence in this important market

Shareholders rightly demand we demonstrate clear evidence of progress in our bottom-line business statistics and growth strategies. Just as importantly, though, Farmlands needs to provide proof that it is committed to looking after our most valuable asset: the people who work for and with us.

We continually seek to improve the safety of our team by implementing and monitoring our compliance with best-practice standards. In September of last year, we were awarded tertiary level compliance with ACC's Workplace Safety Management Practices.

This year, over February and March, we took that a step further by contracting an independent, external provider to conduct a sweeping review of Health and Safety at Farmlands. The report particularly noted our positive culture with respect to Health and Safety – and our willingness to learn and improve. We are gratified to be scoring well on this front and intend to further raise the bar of safety compliance in our industry.



Mark McHardy, GM - Fuel  
John Clark, Feed Production Supervisor

**On behalf of the Board of Directors, the Farmlands Leadership Team and the wider Farmlands family, we thank you for your ongoing support.**

We are first and foremost an organisation built by shareholders, for shareholders. Our ongoing goal is to be the rural hub of the local communities we support. And while providing essential business services to those communities is our core proposition, we also aim to contribute at a local level.

This year, for example, our extremely popular 'HeART of the Community' project has captured the imagination of shareholders and non-shareholders alike – and intrigued the media as well. All up, 15 of Farmlands' 82 stores nationwide will ultimately have a mural designed and painted by world-renowned artist, Mr G. Another (rather lateral) illustration of how Farmlands' co-operative spirit is enriching the life of our communities!

After a challenging 2015/16 it is pleasing to see Farmlands re-emerge with a profitable bottom-line and a renewed sense of direction for further growth. Farmlands may operate as a big business but we always have the heart of a co-operative: together we can take that ethos into a new era.

We stated at the outset that we have been working hard this year to meet the twin challenges of returning to profitability and making the right strategic calls to secure our future.

Last year was tough. This year has been much better – reassurance of a solid kind that we are on the right track. On behalf of the Board of Directors, the Farmlands Leadership Team and our wider team of Farmlands, we thank you for your ongoing support.

What we do, we do best together.

Together Stronger.

# Chairman's Acknowledgements

**As we continue on our journey to becoming a truly great co-operative, I would like to take the time to pay tribute to those that have helped pave the way.**

The past 12 months have signalled a great deal of change for the Board of Directors, with four Directors leaving the Board.

As a former Chairman of CRT and a quarter of a century of service to Farmlands and its predecessors, this will be Don McFarlane's last year on the Board of Directors. His contribution to Farmlands – and the New Zealand co-operative movement – cannot be underestimated.

Likewise, Tony O'Boyle has chosen not to seek re-election in this year's Director Elections. Tony has been on the Farmlands Board for 7 years and has been a stabilising presence in a period of great change.

Independent Director Craig Boyce left the Board of Directors in January of this year. Craig joined the CRT Board in September 2006 before being chosen as the South Island Independent Director on the merged Farmlands Board in 2013. Craig has been a valued member of our Board and its Remuneration Committee.

Finally, as a result of last year's Director Election, John Foley was not re-elected to the Board. John was a member of the Board for 16 years, having joined by direct request as a replacement between election cycles.

I would like to thank Don, Tony, Craig and John for their contributions to our co-operative and wish them all the best for the future.

I would also like to thank our retiring Company Secretary, Stephen Higgs, for his services to the Boards of CRT and later Farmlands post-merger. Stephen joined CRT as Company Secretary in 1997 and has served these successive Boards for more than 20 years. Our co-operative has benefited greatly from the many years of quality service from Stephen and we wish him and his family well in the future.

While there is gratitude for those that have left the Board, there is also an opportunity to welcome those bringing new ideas and lines of thinking to our co-operative. At last year's Annual General Meeting, I announced that Chris Dennison was successfully elected to the Board of Directors. I would like to once again publicly congratulate Chris on his election.



Craig Boyce



John Foley



Stephen Higgs



Don McFarlane



Tony O Boyle



Chris Dennison



Braden Hungerford

**“(Don’s) contribution to Farmlands – and the New Zealand co-operative movement – cannot be underestimated.”**

We are also committed to encouraging our shareholders to grow their knowledge of local governance. In April, Farmlands welcomed applications to become a Board Observer, which was a role created to support the development of co-operative governance experience and skills. We appointed two Board Observers to serve for a 12-month period. Congratulations to Braden Hungerford on his selection for this role for the first 12 months.

The 12-month position will allow Braden to attend all Board meetings and activities, with full speaking rights. While Braden will be unable to vote on co-operative matters, he will receive full mentoring and support from experienced members of the Board.

I extend my thanks to Farmlands shareholders for their faith and support as we continue our drive to build a ‘great’ co-operative.

## Safety

**At Farmlands our focus is on engaging with our shareholders and employees so that everyone gets home safely, every day. Together we are working towards being safer and healthier.**



Farmlands has engaged external health and safety professionals to undertake assessments of our health and safety policies, procedures and performance. We received tertiary level compliance with ACC's Workplace Safety Management Practices, the review stating – "Everyone's commitment to safety shone through."

Earlier this year, Mike Cosman from CosmanParkes conducted a thorough review of Health and Safety at Farmlands. He said in his report there was a positive culture towards Health and Safety and a willingness to learn and improve. "A number of individuals at all levels stood out as safety leaders. Our overall conclusion is that Farmlands is at a key juncture as it moves from a predominantly compliance based approach to one where Health and Safety is seen as an integral part of its business, a differentiator and potentially a key benefit to its members."

We have continued to engage with our people to create a safer and healthier place to work. We have implemented traffic management plans for our sites throughout the country, making it safer for both pedestrians and vehicles. Some of these safety improvements have impacted on our shareholders and we would like to thank everyone for slowing down, travelling in the direction the road is marked, parking or walking in designated areas and staying outside the barriers when forklifts are operating.

**There were 56 Safety Award nominations for Farmlands employees, allowing us to recognise and reward excellence and innovation in Health and Safety.**

Actura "Switch On" safety leadership training was attended by 54 managers at Farmlands, which has enabled them to lead working safely, both at work and at home. We have also appointed Toyota as our fleet vehicle provider and 350 of our drivers attended driver safety training to equip them to be safer on the road.

There were 56 Safety Award nominations for Farmlands employees, allowing us to recognise and reward excellence and innovation in Health and Safety. If our staff are injured, our 0508 INJURY management service offers staff an opportunity to get assistance with managing any discomfort, pain or injury. If our staff need someone to talk to, our Organisational Counselling Programme (OCP) continues to support the wellbeing of Farmlands employees.

We will not be satisfied until we not only become a 'great' co-operative – but also a safe co-operative. Farmlands will be investing in improvements to our racking systems to make it safer for everyone who visits our sites. We will continue to train our people so that they can complete their work safely and we will engage with all our workers in order to improve our Health and Safety performance and support their wellbeing.

It is Farmlands' objective to support safety throughout our supply chain – from supplier to shareholder. We are currently working on a number of exciting and innovative initiatives that will bring both operational and safety benefits to our shareholders – so watch this space.

**3%**

reduction in Medical Treatment Injuries

## People

**We are very proud of our people, our Farmlanders. They are the lifeblood of the co-operative, integral to everything we do, both today and for our future. Our focus over the last 12 months has been to set the foundation to build from good to great.**

To deliver future success for the co-operative we need a supportive culture where our Farmlanders are empowered with the right expertise and skills.

And, just as importantly, our collective mind-set must not only embrace change but lead it. We are on an exciting journey where Farmlanders and shareholders are at the heart of everything we do.

Over the last 12 months we have invested heavily in our people to help them, together with the co-operative, to make that journey. As detailed elsewhere in this report, numerous initiatives are underway.

Much of our focus has also been on developing leaders, who are fundamental to supporting the growth of the co-operative. During the past year Farmlands developed a very clear picture of what great leadership looks like for us. With this in mind we can build the capability of our own leaders while identifying new talent to bring into the business.

We are also continuously investing in tools and techniques for our frontline teams to ensure they deliver the right products and solutions, at the right time (and every time) to shareholders.

We all understand the value of recognition for a job well done. But often it's the quiet achievers who go above-and-beyond, bringing our values to life, to support their team or our shareholders, that may not always get the kudos they deserve.

This year we introduced our 'Shout Out' recognition programme, allowing Farmlanders to nominate colleagues who bring special effort to their roles. After a successful launch, this programme is now open for our shareholders and suppliers to highlight any out-performing staff members.

But as well as reinforcing a positive work culture, Farmlands has also committed to raising some of the 'hard' skills of our staff. Significantly, over 25 percent of our team have undergone defensive driver training. With many light utility vehicles driven over varied terrains on a daily basis, this programme focuses on refreshing each driver on the knowledge, skills and attributes to safely operate these vehicles with an emphasis on accident prevention and safe decision-making.

# 350

staff completed  
driver safety training

Our Regional Orientations are another important tool for both on-boarding new Farmlanders and educating entire teams on the breadth of the co-operative offering. The Orientation programme ensures we are best-enabled to service all of our shareholders regionally: during the year Farmlands successfully hosted 15 of these events throughout the country.

We are committed to our people, both shareholders and Farmlanders. Undoubtedly, we live in times where a rapidly-changing world combined with new technologies can be challenging for all of us.

But both change and technology can be successfully navigated by people, by Farmlanders, working as a team.

Together – Success.

As we have embarked on our journey to "ensure shareholders' success is at the centre of everything we do," we felt very compromised about the misalignment between our Staff Card privileges and our shareholders' buying price. In a year when we were reporting a loss and not paying an annual rebate, we felt it was not right to persist with a staff privilege that meant our staff could buy product at cost, particularly when this in reality meant we were selling at a loss when we included our operating costs. We wanted greater alignment between our people and shareholders. As we removed the Staff Card, we created a way for our team to become shareholders to put our people on the same page as our shareholders – Together. It is fair to say this has not been without some angst from some of our people but we believe the stronger we can align our own staff with shareholders, the stronger co-operative we can create. What we are seeking to do is deliver great outcomes for our shareholders, which ultimately results in great pricing and a year end distribution – our staff as shareholders will benefit from this. We continue to explore ways where we can get all of our staff to be members of the co-operative. We are pleased that over 800 of our 1,400 staff have become shareholders. Our ambition is to have every staff member become a shareholder so that together our people and shareholders all benefit from a strong performing co-operative.

# Our Strategic Imperatives

**The Farmlands Co-operative strategic journey is centred on the concept of good to great. We're a good co-operative now and our desire is to be a great one.**

Three Strategic Imperatives have been identified that will guide and inform this journey, they are ultimately the end outcome and measure of the work we are undertaking to achieve our 2020 goal.

The first is to build upon and reinforce our Enduring Customer Relationships. We will do this by understanding current and future needs, becoming a solutions led business delivering knowledge and expertise that drives shareholder success.

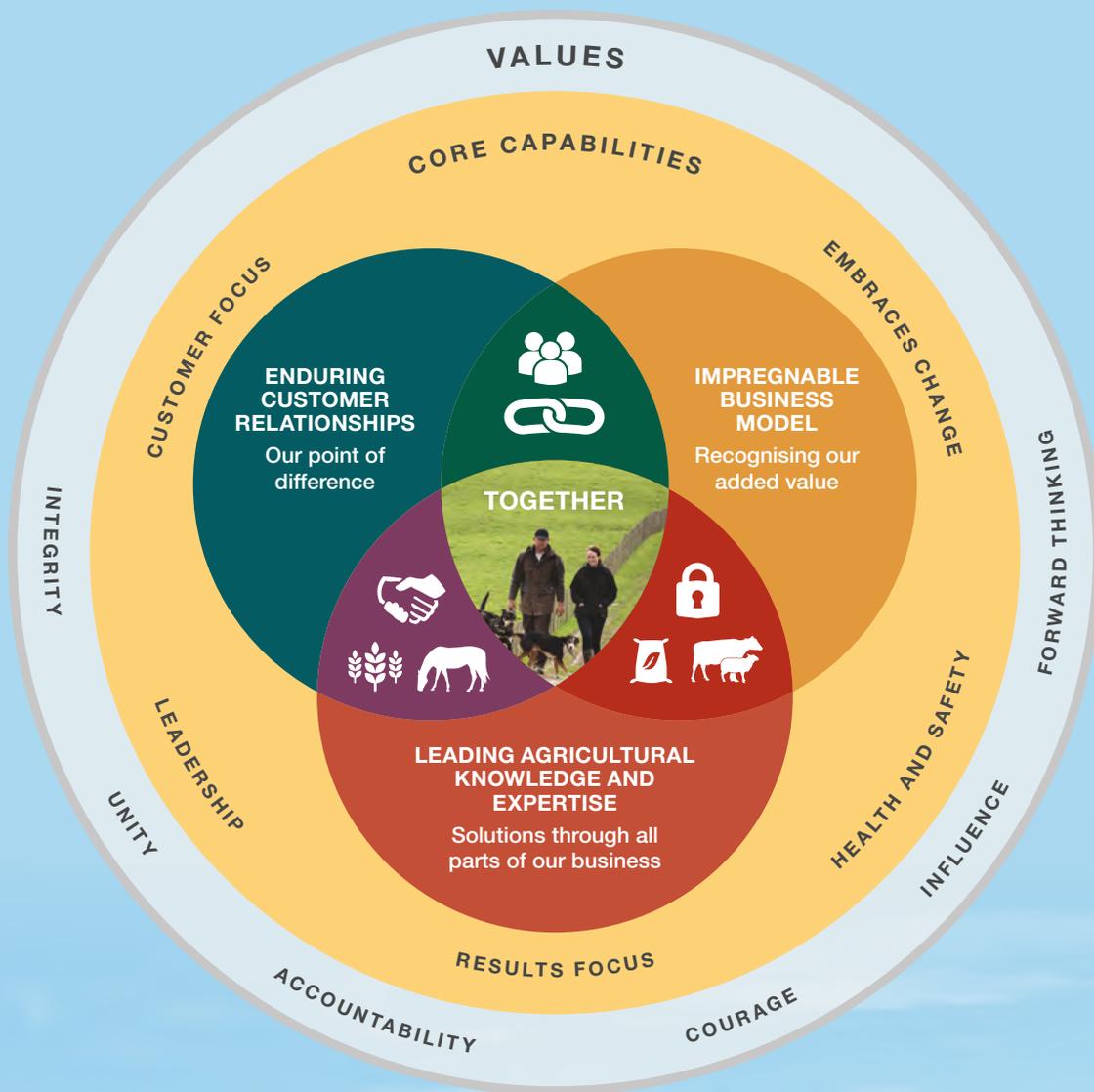
The second is to deliver Leading Agricultural Knowledge and Expertise. This will see us work as one, offering all of farm thinking and solutions that brings the breadth and depth of our entire offer to the table for shareholders. Future focused thinking will help our shareholders make the big decisions that will keep them ahead of the curve.

Finally, we will see Farmlands evolve and develop to having an Impregnable Business Model. A model that minimises shareholder risk and maximises return on all areas of our business, both existing and future focused.

Underpinning and driving these three Strategic Imperatives are six organisation wide strategies that will see us re-invent the Farmlands Co-operative Spirit by ensuring shareholder success is at the centre of everything we do.



**Together we will re-invent the co-operative spirit, so the Farmlands of the future is a world class co-operative anticipating the needs and desires of its shareholders to ensure their future success.**



# Our Strategies



## 1

### Ensuring our people come first

Our people are our most valuable asset and first and foremost we keep them safe. We will develop and train our people to raise engagement and deliver market leading knowledge and expertise. By leading from the front with actions not words, we will inspire and influence staff behaviour to deliver our brand promise and values consistently in ways that ensure the co-operative is increasing the value of shareholders' farms. We will continue to be focused on the greater good of all our shareholders' local communities.



## 2

### Deepen our offer to all shareholders

By better understanding the needs of our shareholders today we can anticipate their future demands. The emphasis is on deepening our offer rather than adding breadth. A strong ethos of alignment in our market approach, underpinned by stronger and more collaborative relationships internally and with our network partners, will ensure enduring shareholder relationships.



## 3

### Deliver the right product, in the right place, at the right time, for the right price

We will evolve to meet the ever-changing needs of our shareholder. To deliver this we will elevate future shareholder needs to the epicentre of our business model. Better understanding of their current and future needs ensures that Farmlands can engage, advise, transact and fulfill with the right product, in the right place at the right time for the right price every time.

## 4

### Successfully implement Braveheart

The successful implementation of the Braveheart Programme is central to enabling operational excellence. We recognise that its power will come from input and design from within the business, especially our staff's articulation of what they require Braveheart to do.



## 5

### Identify opportunities to grow New Zealand agriculture

Farmlands is uniquely placed to be at the forefront of changing the way New Zealand farms. We will develop our knowledge and expertise and harness our network of shareholders, staff, suppliers and partners to identify, create and exploit new highly profitable segments, audiences and markets for shareholders.



## 6

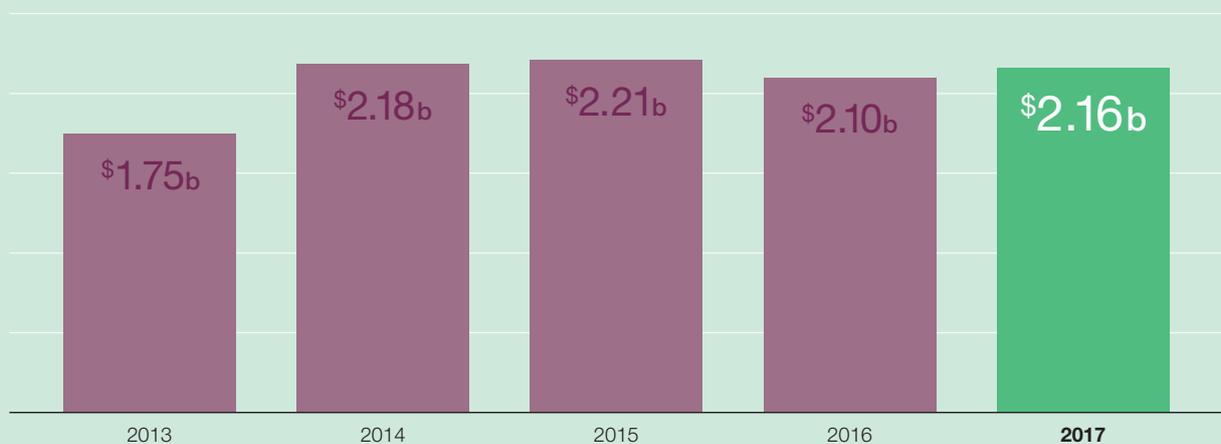
### Ensuring success by protecting our shareholders' funds

We will deliver re-invention and growth strategies without putting our balance sheet at risk. Operational excellence and sound capital management will drive profitability, allowing for self-funded sustainable re-investment for future growth. The end result will deliver our very reason for being – reduced cost on shareholder inputs and an increased annual dividend allowing them to grow and succeed.

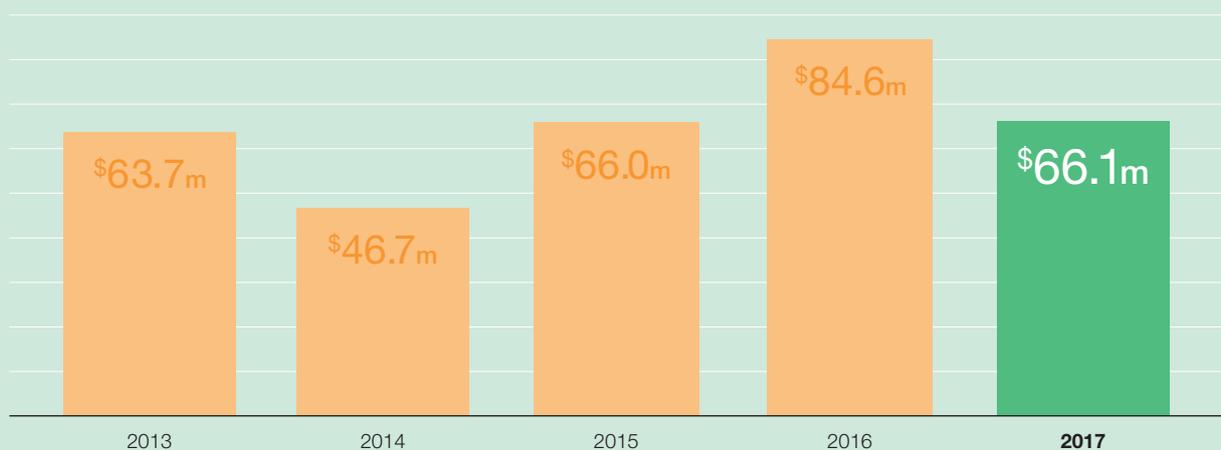


# Financial Highlights and Remuneration

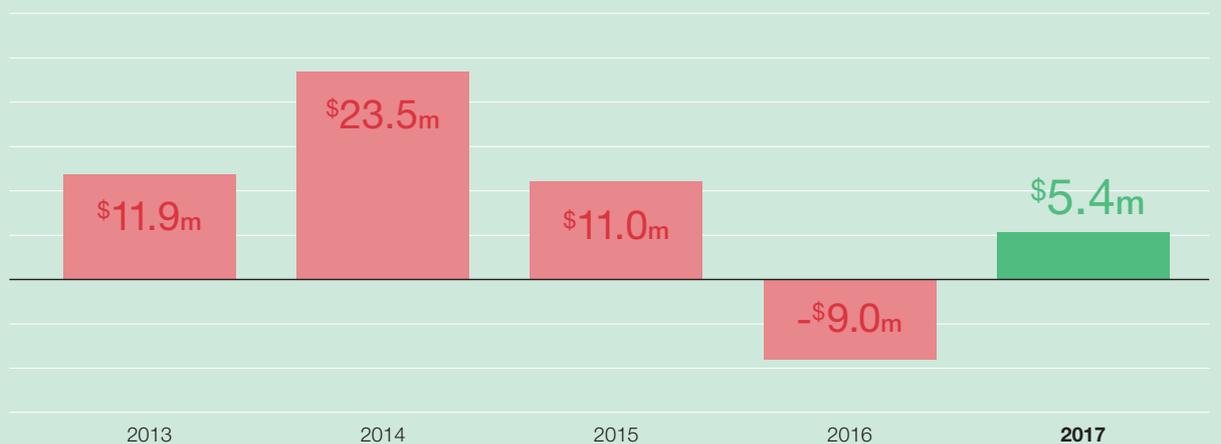
## Revenue



## Debt



## Net Profit Before Tax and Rebate



## Monthly Rebate



# 65.8k

## Shareholders

# 82      1,400

Stores

Staff

After a tough 2015/16 trading period that saw Farmlands post a \$9.0 million loss, we turned the co-operative around over the 2017 year to emerge with a \$5.4 million Net Profit Before Tax and Rebate.

## Remuneration

### Director

Director	Value
L J C Johnstone (Chairman)	\$123,790
C D Boyce, Independent (up to 31 December 2016)	\$32,082
N P Davies-Colley, Whangarei	\$64,165
C Dennison, Oamaru (From 1 November 2016)	\$39,086
D S Ferraby, Seddon	\$58,950
J J Foley, Oamaru (up to 1 November 2016)	\$19,864
R J Hewett, Lawrence	\$58,950
D P Jensen, Tauranga	\$58,950
D G McFarlane, Geraldine	\$58,950
A M O'Boyle, Masterton	\$58,950
P Wilson, Independent	\$64,165

**\$637,902**

### Staff

Remuneration and value of benefits	Number of employees
\$100,000 - \$150,000	100
\$150,000 - \$200,000	25
\$200,000 - \$300,000	19
\$300,000 - \$400,000	6
\$400,000 and over	4

# Financial Statements

## Summary Statement of Comprehensive Income Year Ended 30th June 2017

<b>HOW THE DOLLARS WERE MADE AND SPENT</b>	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Revenue	2,160,536	2,102,515
Cost of Goods Sold	(1,906,520)	(1,863,761)
Gross Profit	254,016	238,754
Plus Other Income	1,884	2,604
Less paid/due to suppliers for goods and costs to run the Society	(164,553)	(170,836)
Interest paid to the bank	(1,991)	(2,843)
Monthly rebates to shareholders	(83,989)	(76,728)
<b>PROFIT/(LOSS) FROM OPERATING ACTIVITIES</b>	<b>5,367</b>	<b>(9,049)</b>
Less distribution to shareholders		
Bonus Rebate owing to shareholders	-	(94)
<b>Profit/(loss) after distribution to members</b>	<b>5,367</b>	<b>(9,143)</b>
Less income tax credit/(expense)	(2,404)	1,282
Profit/(loss) left in our Society	2,963	(7,861)
Other comprehensive income, net of tax	221	(430)
<b>TOTAL INCOME/(LOSS)</b>	<b>3,184</b>	<b>(8,291)</b>

## Summary Statement of Financial Position As at 30th June 2017

<b>THE VALUE OF OUR SOCIETY</b>	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Current assets:	\$000	\$000
Stock held at retail branches, grain and seed, stock feed	93,021	96,449
Money owed to us by customers and income tax refundable	214,193	214,986
Investments	-	-
	307,214	311,435
Non-current assets:		
Land, buildings, vehicles, fixtures and plant	72,388	67,458
Investments	38	51
Computer software and goodwill	31,253	22,885
Money owed to us by our customers	572	1,119
Income tax receivable in future years	2,157	4,551
	106,408	96,064
<b>Total assets - the things we own</b>	<b>413,622</b>	<b>407,499</b>
Current liabilities - take away what we owe:		
Money we owe to the bank (net of cash held)	66,110	84,615
Money we owe to our suppliers and employees	203,514	184,021
Money we owe Inland Revenue for GST and income tax	22,391	20,040
Money we owe for Bonus Rebate payable in cash	-	-
	292,015	288,676
Non-current liabilities:		
Money we owe our employees	469	469
<b>Total Liabilities other than share capital repayable on demand</b>	<b>292,484</b>	<b>289,145</b>
<b>This leaves the total members' interests of our Society at</b>	<b>121,138</b>	<b>118,354</b>

## Changes in Equity and Members' Interests Year Ended 30th June 2017

	2017	2016
	\$000	\$000
Equity at the beginning of the year	1,263	9,124
Profit/(loss) left in our Society	2,963	(7,861)
Equity at the end of the year	4,226	1,263
Share capital repayable on demand at beginning of the year	117,091	118,673
Net contribution from owners	(400)	(1,038)
Other comprehensive income	221	(430)
Bonus Rebate applied to share capital	-	(114)
<b>Members' interests at the end of the year</b>	<b>121,138</b>	<b>118,354</b>

## Summary Statement of Cash Flows Year Ended 30th June 2017

Net cash flows from operating activities	46,479	8,674
Net cash flows (to) investing activities	(27,574)	(20,914)
Net cash flows (to) financing activities	(400)	(6,332)
<b>Net increase (decrease) in cash held</b>	<b>18,505</b>	<b>(18,572)</b>

The specific disclosures included in this summary financial report have been extracted from the full financial report which was authorised for issue on 4th October 2017. The full financial statements have been prepared in accordance with full NZ GAAP as a profit-oriented entity and the Group has made an explicit and unreserved statement of compliance with IFRS's in the full financial report. The full financial statements have been audited and an unmodified audit opinion has been issued. These summary financial statements comply with FRS 43. Figures are in New Zealand dollars, which is the Group's functional currency. All financial information has been rounded to the nearest thousand. The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report of the Group.

If you require a full set of accounts, please write to: The Secretary, Farmlands Co-operative Society Limited, PO Box 271, Christchurch 8140, giving your name, address and shareholder number and we will forward a copy to you. Alternatively full financials for your co-operative can be obtained from the Farmlands website. The Board of Directors of Farmlands Co-operative Society Limited authorised this summary of the financial statements on 6th October 2017.



**Lachie Johnstone**  
Chairman of the Board



**Peter Wilson**  
Chairman of the Audit and Risk  
Management Committee

# Report of the independent auditor on the summary financial statements



To the members of Farmlands Co-operative Society Limited

The consolidated summary financial statements comprise:

- the summary statement of financial position as at 30 June 2017;
- the summary of statement of comprehensive income for the year then ended
- the summary statement of changes in equity and members' interests for the year then ended
- the summary statement of cash flows for the year then ended; and
- certain notes to the financial statements.

## Our opinion

The summary financial statements are derived from the audited consolidated financial statements of Farmlands Co-operative Society Limited (the Society), including its subsidiaries (the Group) for the year ended 30 June 2017.

In our opinion, the accompanying consolidated summary financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

## Consolidated Summary financial statements

The consolidated summary financial statements do not contain all the disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Reading the consolidated summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The consolidated summary financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

## The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 4 October 2017.

## Responsibilities of the Directors for the consolidated summary financial statements

The Directors are responsible, on behalf of the Society, for the preparation of the consolidated summary financial statements in accordance with FRS-43: *Summary Financial Statements*.

## Auditor's responsibility

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

We are independent of the Society. Our firm carries out other services for the Group in the areas of Real Estate Trust Account audit services, financial analysis and treasury advisory services. The provision of these other services has not impaired our independence as auditor of the Group.

## Who we report to

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an 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 Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', is written over a faint, larger version of the same signature.

Chartered Accountants  
Christchurch

6 October 2017

PricewaterhouseCoopers, 60 Cashel Street, PO Box 13244, Christchurch, New Zealand

T: +64 3 374 3000, F: +64 3 374 3001, pwc.co.nz

# Governance and the Board of Directors

**Farmlands has eight shareholder Directors elected and approved by shareholders and two independent Directors appointed by the Board. Shareholder Directors retire by rotation after 3 years.**

## Overview

As required by the rules, Farmlands' eight shareholder Directors are located equally between the North and South Islands, four in each. Likewise, the independent Directors are also based one in each island.

## Board Responsibilities

The Board has responsibility for the affairs and activities of the co-operative, while the day-to-day operations and administration are delegated to the Chief Executive.

The Farmlands Board follows best governance practice and the four pillars of governance, as advocated by the New Zealand Institute of Directors, establish the basis for that best practice.

The four pillars are:

- Determination of purpose
- An effective governance culture
- Holding to account
- Effective compliance

More specifically, the responsibilities include directing and supervising management in the following areas:

- Ensuring that the co-operative's goals are clearly established and strategies put in place to achieve them
- Establishing there are policies to improve performance
- Monitoring the performance of management
- Overseeing and monitoring the co-operative's financial position
- Ensuring that the co-operative adheres to appropriate values, ethics and corporate behaviour
- Ensuring that there are risk management and compliance policies in place

## Board Committees

The Farmlands Board operates with two multi-director committees:

- Audit and Risk Management – Peter Wilson (Chair), Tony O'Boyle and David Jensen
- People and Performance – Nikki Davies-Colley (Chair), Lachie Johnstone and Don McFarlane

The Audit and Risk Management Committee assists the Board in matters relating to auditing, financial reporting and risk.

The People and Performance Committee reviews the performance and sets the remuneration of the Chief Executive, reviews the remuneration of the Executive team and recommends remuneration of Directors to shareholders.

## Board Meetings

Farmlands Board meetings are generally scheduled monthly, with extra meetings held if required.

Management reports from across the business are provided to Directors prior to the monthly meetings. Senior management from the co-operative are introduced to answer specific queries on those reports and to provide insight into relevant issues.

# Directors

## Lachie Johnstone (Chairman)

Lachie, Chairman of the Board of Directors, boasts a strong record in diverse commerce roles along with a deep understanding of the rural issues.

After completing a B.Com at the University of Auckland, he first embarked on an accountancy career before launching into a variety of leading positions in the broader business and rural sectors. As well as holding the Chairman's role, Lachie is a member of the Board's People and Performance Sub-Committee and Director of Farmlands Fuel. His commercial interests include a shareholding and directorship in Waimaha Farms Ltd, which farms 520ha in the western Waikato, predominantly finishing bulls, and a majority stake in food logistics company Wholesale Frozen Foods Limited. Lachie also fills a number of other governance roles including: Chairman of Centreport Ltd and Centreport Properties Ltd, Director of C. Alma Baker Trust (NZ) Ltd, and Deputy Chair of the Board of Governors at Kings College.



## Don McFarlane MNZM, JP

A Nuffield and Kellogg Scholar, Don McFarlane, Chair of Farmlands Fuel, has directorships with Moeraki Ltd and Presbyterian Support SC. Don also chairs Clough Holdings/Duncan Ag, which manufactures farm equipment and seed drills for New Zealand farmers and exports to several countries. He is a Trustee of both the SC Irrigation Trust, which has consents to develop the Hunter Downs Irrigation scheme south of Timaru, and of the Mackenzie Charitable Foundation. Based in Geraldine, Don, along with wife Di and son Hamish farm 700ha of fully irrigated land near Temuka, producing carrots, cereals, potatoes, grass seeds and blackcurrants. The multi-use block also provides grazing opportunities via dairy support and cow wintering, as well as winter lamb finishing.

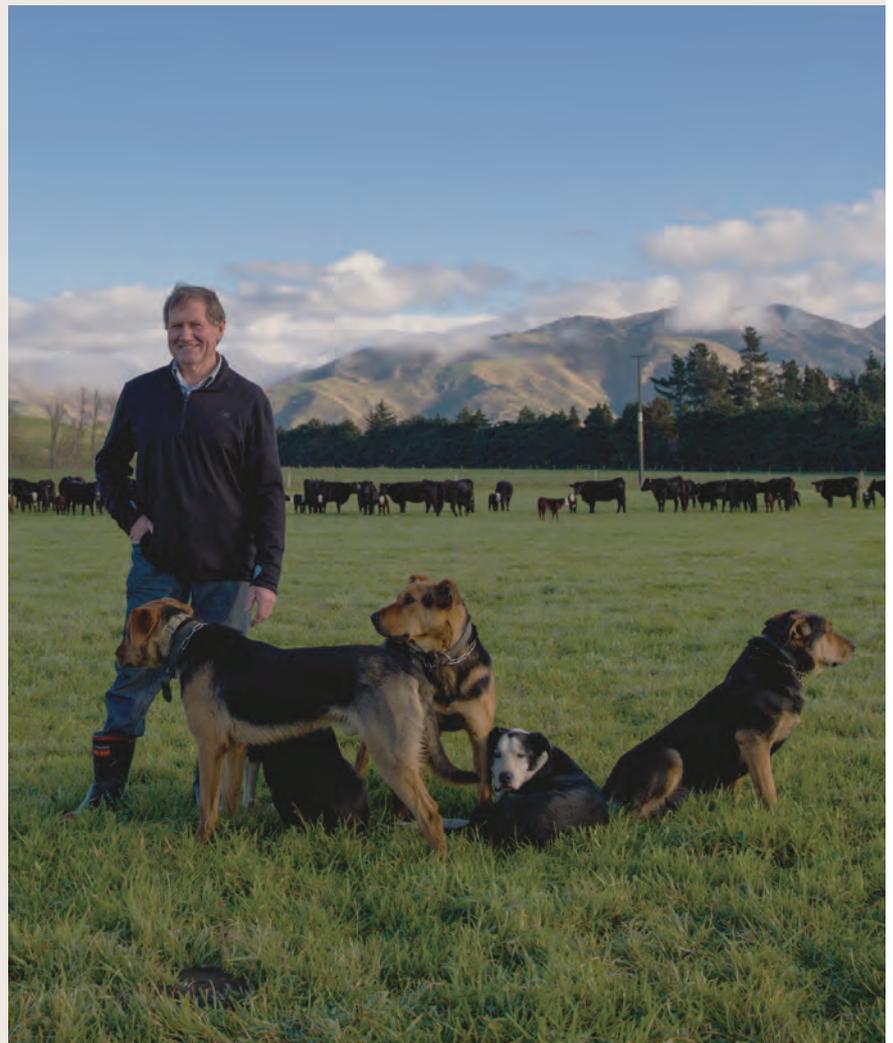


### **Nikki Davies-Colley**

Nikki is Chair of the People and Performance Sub-Committee of the Farmlands Board. Along with husband Peter, she has been involved in the Northland farming and forestry industries for over 30 years, developing a high profile in the local business and rural communities. The pair were early supporters of the co-operative in the region, taking up shares in Farmlands when it first moved into Northland in 2004. As well as an impressive academic record, including a Masters in Business Administration and Kellogg Scholar credentials, Nikki is a fellow of the New Zealand Institute of Directors. She holds several other governance roles such as Chair of Northpower Ltd, Director of Landcorp Farming Limited (where she is Chair of the People and Safety Sub-Committee), and Director and member of the Audit Committee of the WorkSafe Board.

### **Joe Ferraby**

Another Kellogg Scholar, Joe and his wife Carolyn live on their 640ha irrigated sheep and beef property in the Awatere Valley in Marlborough. Joe is a Trustee and Director of a large neighbouring property and a Director of a large corporate farming business with properties in New Zealand and Australia. He chairs Terra Vitae Vineyards, a publicly owned viticulture company owning 400ha of vineyards in Marlborough and Hawke's Bay. He is also Chairman of a large, family-owned construction company and its subsidiary companies associated with the construction industry, based in Blenheim. Joe's previous governance positions include chairing CRT (through two mergers), Destination Marlborough, Marlborough Lines and Nelson Electricity. He has also served on the boards of PPCS, Silver Fern Farms and The Equitable Group. Joe is a Chartered Fellow member of the Institute of Directors and committee member of the Nelson Marlborough Branch of the IOD.



## Directors



### **Rob Hewett**

A 6th generation farmer, Rob has operated a 9,000 stock unit sheep, beef and forestry operation in the Clutha District since 2002. Rob returned to his farming roots following a successful corporate career working with Shell across the Asia-Pacific region. In addition to his farming interests, Rob has been a member of the Silver Fern Farms Board since 2008 and Chairman since December 2013. He also chairs the Clutha District Economic Development Agency while holding directorships with Ngai Tahu joint venture, Hilton Haulage, and Central Otago-based Pioneer Energy. Rob is a Lincoln graduate with a Masters of Commerce and a B.Com (Ag). He is also a Chartered Member of the Institute of Directors.

### **Chris Dennison**

Chris, wife Kay and adult children Rebecca and Harry grow 400 hectares of arable crops on the Waitaki Plains just north of Oamaru, producing wheat, barley, ryegrass seed and rapeseed. The Dennison family also run a dairy farm milking 800 cows and producing 360,000kg of milksolids. Chris has extensive experience as a Director, including as former Deputy Chairman of Ravensdown Fertiliser, as well as chair roles with the Lower Waitaki Irrigation Company, Tracmap and Network Waitaki, an electric lines company. He holds a B.Com (Ag) from Lincoln University and is a graduate of the Rabobank Executive Development Programme.





### **David Jensen**

Based at Pyes Pa near Tauranga, David runs a 750 cow dairy farm as well as 24ha of gold and green kiwifruit and 3ha of avocados. He is currently a Director of Livestock Improvement Corporation and Chair of Expressway Orchard GP. David's previous governance roles include chairing Eastpack Growers Forum, Satara Kiwifruit Supply Ltd, and AvoFresh, as well as directorships with Satara Co-op and Figured. He has been a NZ Dairy Board dairy farm consultant and manager of the Dairy Excellence Awards.

### **Tony O'Boyle**

Tony O'Boyle joined the Farmlands Board in 2010, serving as chair and member in several Farmlands Board sub-committees. Currently based in the Wairarapa, where they farm a 1,080ha hill country sheep and beef farm, Tony and Pattie have considerable experience in both dairy and drystock earned during their formative years in the Central Plateau. Tony has been elected to hold various industry roles, including Councillor and Chairman of the Fonterra Shareholders' Council. His other past and present board roles include being a Director of both Rotorua Vet Club and ANZPAC Oils, Airtel Wairarapa Limited and Silver Fern Farms Co-operative.



### **Peter Wilson MNZM**

Peter is a Wellington-based professional Director with extensive experience in banking, business establishment, problem resolution, asset sale and management of change functions. Currently, Peter is Chairman of Arvida Group Limited, Deputy Chairman of Meridian Energy Limited and Chairman of P.F. Olsen Limited. He is the immediate former Chairman of Westpac New Zealand Limited.

## Achievements and Awards

Farmlands Pukekohe took out both top prizes at the Farmlands Awards, winning both Branch of the Year and the Health and Safety Excellence Award.



Farmlands' success is built around our ability to work together to bring shareholders a better deal. To acknowledge this, each year Farmlands pays tribute to the two groups that allow us to provide the best possible service to our shareholders – our staff and our suppliers. Congratulations to the winners of our Staff, Branch and Supplier Awards.

### Staff Awards

- Card Account Manager of the Year: Rachel O'Brien
- Top Performing Salesperson – Gulf Oil: Carey Ellison
- Top Business Growth – Fuel and Lubricants: Carey Ellison
- Territory Manager of the Year: Bruce Davis
- Livestock Agent of the Year: Scott Gibson-Smith
- Livestock Lifetime Achievement Award: Rob Blincoe
- Real Estate Salesperson of the Year: Simon Richards
- Real Estate Overall Top Branch of the Year: Timaru
- TFO or TA Rookie of the Year: Stacey Lloyd and James Abbiss
- TFO/TA Seed Top Gun: Andrew Brown
- TFO/TA Greatest Growth Award: Erik Thomas
- TFO/TA of the Year: Robin Moody
- Shout Out of the Year: Scot Pollard and Emma Monk





5.



7.



6.



8.

### Branch Awards

- Animal Health and Dairy Management: Timaru
- General Farm Merchandise: Cromwell
- Infrastructure: Te Puke
- Pasture and Horticulture: Amberley
- Retail Nutrition: Inglewood
- Bulk Nutrition: Helensville
- Seed: Opunake
- Branch of the Year: Pukekohe
- Health and Safety Excellence: Pukekohe

### Supplier Awards

- Dairy and Animal Management: Allflex
- General Farm Merchandise: Betacraft
- Infrastructure: Gallagher Group
- Pasture and Horticulture Management: Nufarm
- Retail Nutrition: Milligan's Feeds
- Bulk Nutrition: Glencore
- Seed Supplier of the Year: Agricom
- Shareholder's Choice Card Partner of the Year: Smiths City
- Card Partner of the Year: Spark NZ
- Special Acknowledgement Award: FMG
- Rural Supplier of the Year: Gallagher Group

**Shareholders are at the heart of everything Farmlands does – but without the help of suppliers, we could not provide the level of support we strive for. Gallagher Group won two awards at our Supplier Awards evening – the Infrastructure Award and the top prize, Rural Supplier of the Year.**

Photo captions: **1.** GM - Card Jaimie McNabb and Card Account Manager Rachel O'Brien. **2.** Members of the Pukekohe team. **3.** Winners from Farmlands at the Hamilton Regional Conference. **4.** GM - Fuel Mark McHardy and Fuel Territory Manager Carey Ellison. **5.** Peter Reidie with Spark National Channel Manager Jonny Munro. **6.** Peter Reidie with FMG Chief Operating Officer Conrad Wilkshire. **7.** Tony Laker from Laker's House of Travel, with Peter Reidie. **8.** Gallagher National Sales Manager Darrell Jones, Peter Reidie and Gallagher Key Account/Regional Manager Kevin Marquand.

# Together with our shareholders





## Together with Mr G

This exciting project will see world famous, Bay of Plenty based artist Graham Hoete – known as Mr G – paint 15 locally inspired murals on Farmlands stores, each embodying what makes that town and the land surrounding it unique.



Farmlands Invercargill

His journey started in Paeroa in early May, with Putaruru, Invercargill and Gisborne next in line for the Mr G treatment.



Farmlands Gisborne



**An international photorealist superstar.**

Last year, he made headlines with his massive murals of Kiwi NBA superstar Steven Adams, unveiled in downtown Oklahoma City, and Prince in the singer's hometown of Chanhassen, Minnesota (now one of the most visited tourist attractions in the city).

While appreciated internationally, Mr G's heart is in rural New Zealand, so he leapt at the chance to be involved in our HeART of the Community project, his largest to date. "It's given me the opportunity to put these hardworking people on the map", he says. "It's an honour to be able to do this".

You can follow Mr G and his HeART of the Community journey on our Facebook page or Instagram.



# Together with our community





# Together with our partners





# Together with our staff





## Meet the Leadership Team



Neal Shaw - General Manager - Sales  
Peter Reidie - Chief Executive Officer  
Malcolm Scrymgeour - General Manager - Operations

Ruth Knewstubb - Director - People and Safety



Matt McGrath - Director - Technology (Acting)

Tony van der Hoorn - Chief Financial Officer

Andrew Horsbrugh - Director - Agri Products and Services

Jaimie McNabb - General Manager - Card



Colm Hamrogue - Director - Strategy and Communications

Jess Strange - Director - Marketing

Mark McHardy - General Manager - Fuel

# Braveheart - change for good



Christchurch Change Clan members



## Farmlands has embarked on a 3 year transformation programme – labeled Braveheart – that, as the name suggests, is a bold step into the centre of our business.

Under the Braveheart banner, Farmlands has committed to fearlessly examine all aspects of our business, including, but not limited to:

- how we use technology
- the effectiveness of our processes and systems
- how we can better serve our shareholders in future

We have engaged leading technology firm, Microsoft, to help us achieve our ultimate goal of becoming New Zealand's greatest agribusiness provider.

The scale of the challenge is reflected in the fact that Microsoft has labeled the Braveheart Programme as one of its Top Five Global Projects – as measured by scale and complexity, not dollars invested.

We are positive that the technology solutions Microsoft is developing for Farmlands will lift the performance of our business – and yours.

Over the next 3 years, the Microsoft upgrade will see Farmlands morph into a data-centric organisation: an essential strategy in this digital age for the co-operative and all its shareholders.

However, we see this as building on our traditional strengths rather than implementing an entirely new culture.

As a co-operative, strong shareholder relationships have always been fundamental to our success: that won't change.

In fact, under Braveheart those relationships will only strengthen as we deliver high-value data, insights and technological solutions along with our existing expert and personalised service.

Our new technology platform will provide a helicopter view of a shareholder's business covering data points such as:

- farm profitability
- input costs
- crop or stock performance
- environmental and safety compliance

Furthermore, shareholders will have access to all the data and analysis relating to their business that the system collects.

When our TFOs and TAs call in, they'll have all of this information at their fingertips – as well as in-store improvements, historical data, NIWA weather forecasting and benchmarking.

The ability to mine and harness data will allow shareholders to make fact and evidence-based decisions. It will mean, too, you can measure the effectiveness of your relationship with Farmlands.

Farmlands is also building a new planning tool to help us respond intuitively to shareholder needs. Among other items, the new planning tool will allow shareholders to input budgets or enter key on-farm events and milestone dates to produce an automated calendar laying out when products and services need to be delivered: no more having to fit in a store visit when you're knee-deep in you know what.

But the benefits don't end here. The increased knowledge Farmlands has of shareholders' businesses means we can leverage our buying power in new and innovative ways, driving prices down as product quality and range increase.

The Braveheart Programme is a challenging but necessary step to take Farmlands into our next phase of growth by providing a competitive advantage and better outcomes for our shareholders, while enabling us, together, to have a profound and positive impact on moving the agriculture sector in New Zealand from good to great.

Braveheart will build a stronger Farmlands.

**Braveheart signifies unity, many groups coming together as one passionate team striving to achieve a common goal with fresh thinking, innovative solutions and permission to challenge the status quo.**

# 120

strong

Change Clan created from all levels of the business to liaise with all our people, helping them understand what change means for them.

# 40

Kilts

Farmlanders trained to train our people on new initiatives and technology.

# 37

Musters

The Leadership Team in the regions updating shareholders and staff.

# 120

Change Clan hours

Workshops supporting our Change Clan network and senior leaders to actively lead change.

# 12

deployments

of technology scheduled over the next 2 years.

## Sales



Neal Shaw

### **Farmlands prides itself on matching our shareholders' specific individual agricultural needs with an appropriate product and solution – every time.**

Consequently, the Farmlands Sales team focuses on truly understanding the practical problems our customers are looking to solve rather than merely selling them the latest product: we exist to service the shareholder.

Our team includes the technical expertise of nearly 150 agricultural Technical Field Officers and horticulture Technical Advisors, along with the specialised Business Development Team and Dunedin-based Contact Centre. Every member of the Sales team dedicate themselves to maintaining and building on essential long-term relationships with our shareholders: this is a commitment to shareholders as well as one of our three strategic imperatives.

**We are meeting the technology advances we see on-farm to better impart our expertise and advice to deliver world class solutions faster.**

While Farmlands can justifiably be proud of its historical connections with shareholders, we also need to ensure our Sales team stays ahead of the curve in a fast-changing world. We need to invest to guarantee all team members have the skills to provide the right solutions as agricultural products and practices rapidly evolve.

During the year we bolstered our offering by appointing a dedicated Sales Capability Manager. This newly-created position will provide Farmlands with greater insight into the developing needs of our team to better service our shareholders, which in turn will deepen and grow specialist knowledge across the entire Sales team, delivering the best Farmlands service to all our shareholders while moving our people from good to great.

During the year we also looked to technology to enhance the ability of the Sales team to react quickly and effectively to shareholder enquiries, covering the broad range of products and services our co-operative provides. For instance, all Sales staff now have a tablet that can provide a faster turnaround on queries and quotes relating to everything from fuel delivery to a new vehicle.



Increasingly, technology is becoming embedded as part of farming. We are investing in infrastructure to provide our shareholders with best in class advice and solutions. More developments in this space are planned for the rest of 2017 and 2018.

Our ability to provide fertiliser, finance and solutions through Ballance Agri-Nutrients and Finance Now complements this on-farm, real time service. Off the farm, we improved our Contact Centre functionality leading to a better overall experience for shareholders.

At the same time we have put renewed effort during the year into lifting Health and Safety standards across the Sales team – in line with the core 'people first' Farmlands philosophy to be leaders in the rural supplies arena.

For example, under our Connecting Farms trial we have investigated using the ambitious SafeOnSite (SOS) sensor. SOS is a GPS and alert system designed for lone workers or those working in isolated areas – a familiar experience for Farmlands Sales staff.

Over the next 12 months all Sales staff will also have completed driver training – reducing the risk for the team who spend a lot of time on the road to service our nationwide shareholders on their farms.

Looking ahead, the Sales team will follow the future farming route to market while deploying the highest capability field staff to provide shareholders with true Whole of Business value. As always, Farmlands Sales staff will only meet those goals by delivering ongoing quality solutions to the daily issues of those in the primary sector.

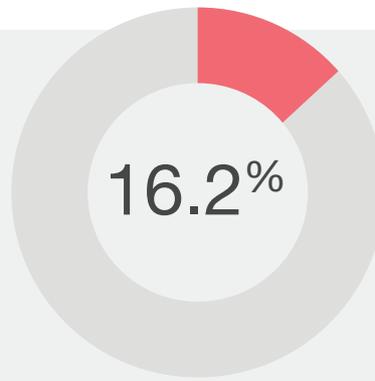
# 125,000 hrs

Of expertise and advice in-field

# 145+

Technical field staff

# Operations



Improvement  
in profit

## Farmlands stores have improved strongly from the previous financial year, posting an underlying profit up 16.2 percent compared to the 2015/16 result.

That impressive uplift in profitability in the space of just 12 months reflects a renewed focus on doing the little things right across our entire network of 82 stores, including:

- a strong focus on managing costs through product inventory management
- tightened overheads that more accurately follow performance and market conditions
- better margin management through improved mix

As well as introducing efficiencies, the Farmlands stores - like the rest of the co-operative's business units - have devoted more energy over the previous 12 months to implementing better Health and Safety processes for staff and shareholders.

The improved structures we put in place produced an increase in safety interactions and fewer Medical Treatment Injuries leading to a decrease in lost staff time across the store network.

While the result was pleasing our ambition is to further improve Farmlands stores' Health and Safety record with a number of major targets slated for the year ahead, namely:

- having two forklift drivers and two trained first aid representatives per site
- all Farmlands Operations staff will have completed driver training
- implement improved shelving and traffic hazard management processes

To position ourselves as a 'great' co-operative, we need to not only consolidate our return to profitability but to prepare our business for future growth. This year we began that process with an ambitious store layout project that has to date seen 10 Farmlands stores upgraded. We have already seen results in those 10 stores - including hosting higher volumes and wider ranges of products - that will be replicated in other locations as the refurbishment project continues.

Over the previous annual period we have also seen a strong return from our new streamlined pricing and product model. The approach has resulted in shareholders saving money while our monthly Buying Power Promise promotions have, on average, increased sales by 124 percent on highlighted products.

The new in-store arrangements may be the most visible changes across the network but we are also investigating better ways to service communities and shareholders outside the retail centre, in line with their changing needs. For example, we have instituted a new direct-to-farm delivery service for our shareholders in Whataroa and South Westland, which provides us with more efficiencies from the Hokitika store. We are also trialling a new 'Hub and Spoke' service from our Hawera Distribution Centre. This model saves shareholders time by delivering direct-to-farm via an area-based roster.

During the next 12 months and beyond we will work further with shareholders to better understand their evolving needs - improving our products and services as this knowledge builds. Naturally, this service-enhancement requires investment in the people who will deliver it, which Farmlands stores have committed to through RedSeed, our international training programme in-house. RedSeed is a major initiative designed to ensure our staff can provide shareholders with up-to-the-minute, expert advice and solutions.

In the year ahead shareholders will also notice more quality deals and solutions on offer while our in-store range will be enhanced to include more local and region-specific products.

We aim to make Farmlands stores centres of excellence where trusted local, regional and national product ranges will be delivered with superior service. In short, our ambition is to create the greatest retail experience in the New Zealand agricultural sector: the Farmlands experience.

Malcolm Scrymgeour



# 2.6<sup>m</sup>

Annual Retail Transactions

# 50<sup>k</sup>

Weekly Retail Transactions

## Card

### **Over the year our shareholders and their families enjoyed more than \$50 million in rebates and discounts courtesy of the Farmlands Card: an outstanding performance built on strong relationships with key partners and the unshakeable loyalty of the Farmlands shareholder base.**

There are now 140,000 Farmlands Cards in circulation, accepted at more than 7,000 Card Partner outlets nationwide. This year, we had the highest ever amount of spend transacted on Farmlands Card, allowing us to provide shareholders and their families with more benefits than ever.

Since 2014, sales on Farmlands Card have increased by 19 percent, with fuel spend increasing 23 percent over the same period.

Growth in the Farmlands Card has been underpinned by matching commercial partner offerings with our shareholders' needs and driving synergies between the two.

A good example of the power of the Farmlands Card is the new partnership with Z Energy, which after launching on 1st June of this year has seen thousands of shareholders enjoying the 12 cents per litre discount. Meanwhile, the key relationship between Farmlands and Challenge remains undiminished, offering Farmlands Card holders access to discounted fuel and other benefits.

The Farmlands Card is now accepted across a nationwide network of service stations and selected truck stops housed under the Challenge, Caltex and Z brands.

# 6.0<sup>m</sup>

Annual Card Transactions

# 116<sup>k</sup>

Weekly Card Transactions

Farmlands shareholders have also embraced the improved deals and range available through Toyota – another new deal inked over the year. The partnership includes preferential pricing across the Toyota vehicle range, an arrangement that has already delivered savings in excess of \$4.5 million to shareholders. The partnership with Toyota – a highly-respected brand in rural New Zealand – is going from strength-to-strength.

In spite of the many profitable highlights of the year, we, unfortunately, must also turn the spotlight on a lowlight. While the problem was of a technical nature rather than a fundamental flaw in the business plan, we apologise to shareholders hit by the PIN code setting errors caused with the re-issue of the North Island Card.

We get most things right; we got this one wrong. However, the lessons we learned makes us a stronger and better business for all our shareholders.

Having a high-quality supplier partnership network undoubtedly explains why Farmlands Card has been such a success. Acknowledging our suppliers for their hard work, support and commitment to all our shareholders is an important part of our co-operative, which we honour every year through our award system.

This year the following suppliers picked up major awards:

- Shareholder's Choice Card Partner of the Year: Smiths City
- Card Partner of the Year: Spark NZ
- Special Acknowledgement Award: FMG

Farmlands Card has come a long way in a relatively short time but we have set further goals for the service: to secure its place as the first choice in the wallet of our shareholders.

As we work towards becoming a 'great' co-operative, we recognise the Farmlands Card will have to move with the technological times. In that regard we have developed our Farmlands App, which offers shareholders easy mobile access to a full list of their nearest Card Partners.

We have also replaced all Farmlands Cards with an updated version that embeds online shopping technology. We also intend to work with all our Card Partners to update their capability to accept Farmlands Card online.

Our plan for the next 12 months is to increase shareholder engagement by 10 percent via improved offers – in particular for capital equipment – while increasing fuel volumes across our Card service station networks.

The Farmlands Card represents great value for our shareholders. We're confident that our established (and growing) range of commercial partners, combined with leading edge technological improvements, will see Farmlands Card deliver further top-level products and services at a discount: \$50 million per year and counting.

Jaimie McNabb



## Fuel



Mark McHardy

### **Farmlands Fuel has enjoyed another year of increasing fuel volumes and identifying better solutions for our shareholders and customers.**

Our partnership with the Challenge service station network continues to reward both Challenge customers and Farmlands shareholders. Challenge now stocks Gulf lubricants – owned in New Zealand by Farmlands shareholders – and for the third time in 4 years Challenge has received Canstar Blue's Most Respected Service Station Award. This award acknowledges the high level of customer service provided by the network of 81 service stations nationwide.

Meanwhile, Gulf lubricant volumes are continuing to grow, as our partnerships with Challenge and Repco introduce more customers to this highly-respected global brand.

Improved in-cab technology in the Farmlands Fuel tanker fleet has also improved delivery times and efficiency. The fleet now stands at 45 tankers, as Farmlands Fuel continues its programme to introduce modern tankers and retire our standard tankers. The average age of our tanker fleet has shrunk from 6 to 3 years over the last 12 months, which impacts directly on the reliability of our service to customers.

Importantly, though, the growth in both volume and variety across Farmlands Fuel has not come at the expense of safety standards, where we aspire to be an industry leader.

For example, following Farmlands Fuel's instrumental role in forming the Fuel Distributor Industry Safety Committee last year, we created our own in-house safety committee. The new safety committee was set up to ensure Farmlands shareholders and Farmlands Fuel customers receive service that matches or exceeds modern health and safety compliance regimes.

While safety remains paramount, Farmlands Fuel is continually looking to offer improved service and wider options to shareholders. Over the latest reporting period, Farmlands opened a new Fuel Truck Stop in Temuka. We also established a partnership with global company Kingspan to offer shareholders and customers a high-quality, extensive range of fuel storage solutions.

# 81,364

Annual Fuel Deliveries

# 1,564

Weekly Fuel Deliveries

The Kingspan fuel storage offering is already gaining traction, as more shareholders and customers understand the importance of being up-to-date with compliance requirements. We plan to work directly with shareholders to help them comply with fuel storage rules with minimal disruption to their business operations.

As mentioned, the Gulf lubricants market is on a steady growth path through the Challenge, Farmlands and Repco retail offering, in addition to bulk customers. Farmlands Fuel and Challenge work effectively as one team to deliver maximum benefits for all parties.

On top of commercial initiatives, Farmlands Fuel has also expanded our profile in the community through sponsorships during the year of the New Zealand Ploughing Championships and the Transport and Heavy Equipment Goods Expo. And, in a highly-successful competition, some lucky Farmlands shareholders were whisked off to see the superbikes in action at Phillip Island in Melbourne, compliments of Gulf Oil International's global sponsorship arrangement.

It's clear that Farmlands Fuel has a bright future. Our modern tanker fleet will evolve, ensuring quality and continuity of supply.

However, our arm of the co-operative is about more than 'fuel' – it is about 'energy'. Under that broader heading we have begun investigating how alternative renewable energy sources may bring benefits to shareholders.

Our goal is not to be merely a leading rural fuel provider – we intend to be the leading energy provider to regional New Zealand.



## Organic and Biological

**Farmlands has a specialised service for our organic and biological focused shareholders.**



Gaz Ingram



The organic food sector has seen massive growth globally in recent years, hitting over US\$80 billion in 2015, according to the latest data from research company, Organic Monitor.

New Zealand, of course, is well-placed to participate in a huge uplift in global demand for organic products – a fact that hasn't escaped many Farmlands shareholders.

Farmlands too, has kept well ahead of the organics trend, with a long-established specialist unit on hand to support shareholders involved in the sector or considering how to enter the market.

Headed by Gaz Ingram, the Whakatu-based Farmlands Organics and Biological unit has already helped numerous shareholders at various stages of the organic journey with demand only set to increase.

Gaz is a passionate advocate for how organics can add value to shareholder businesses by tapping into this exciting growth market.

"Consumers always vote with their wallet," Gaz says. "There has been a drop in spend in some of the more archaic chemistry products and those that make them are spending significant dollars on R&D – it's a global trend."

Gaz has seen steady growth in the number of organic shareholders at Farmlands over the past 6 years across the agricultural spectrum, including viticulture, pipfruit and other horticulture, dairy, sheep and beef.

**"We have an exceptional technical field team and we have a commitment to provide shareholders with what they need. It's our role as a responsible co-operative."**

"My role is to support our field team, whether in Agriculture, Horticulture or Real Estate," Gaz says. "We have an exceptional technical field team and we have a commitment to provide shareholders with what they need. It's our role as a responsible co-operative."

Gaz works alongside other members of the Farmlands team to provide a true Whole of Business approach to shareholders.

"I just like helping people and finding solutions. Organics is being taken seriously here at Farmlands."

## Agri Products and Services

**Our Agri Products and Services team provides products, expertise and services that enhance shareholder profitability and sustainability.**



Andrew Horsbrugh



Agri Products and Services has a two-pronged approach to shareholder business, focusing on both today and tomorrow.

Firstly, it delivers the current products and services that sit outside our stores with regard to on-farm offerings. These span over Real Estate, Grain and Seed, Nutrition and Horticulture. While we have divested two business units over the last financial year – Finance and Livestock – we have also established two new business units. These decisions are based on the direct needs of our nationwide shareholder base in the future – specifically where we can add value and further enhance service.

We have established our Emerging Technologies portfolio to help Farmlands further understand how technology will change agriculture, what our farmers will need and how best to deliver that to meet their needs. A key part of this is our involvement in the Connecting Farms trial, a pilot project investigating the possible value of the Internet of Things (IoT) on-farm. Farmlands has teamed up with Spark, Ballance and NIWA for this ambitious trial, which could revolutionise how farmers and growers interpret data on their property.

The other new business unit established by Agri Products and Services is Dairy. With dairy being such a key part of New Zealand agriculture, we have built a specific business unit

to ensure all our dairy shareholders have a targeted offer that meets their needs and makes their farms more efficient.

While our focus is on delivering the best service and products for today, Agri Products and Services is also focused on understanding the future, so Farmlands and its shareholders can stay ahead of the curve.

**We have established our Emerging Technologies portfolio to help Farmlands further understand how technology will change agriculture, what our farmers will need and how best to deliver that to meet their needs.**

# Agri Products and Services

# 28,050

Hectares sold

## Real Estate



### **Diversification has paid off for Farmlands Real Estate over the last financial year as buoyant mid-range lifestyle and brisk provincial residential sales worked together to offset a sluggish rural property market.**

Overall, the two positive property sectors generated enough cashflow to ensure Farmlands Real Estate hit its budget for the 2016/17 period. Despite the tougher conditions, our rural Salespeople teamed-up to secure listings and make sales happen.

Our independent contractors and staff are crucial to our success. In tune with the organisation-wide push to boost staff Health and Safety procedures – one of the hallmarks of a ‘great’ co-operative – Farmlands Real Estate has concentrated on better ways of keeping our people safe.

Given the large amount of time spent on the road, we have made improving the driving skills of our mobile Real Estate staff a priority with a training programme underway.

We have also flagged the dangers posed by staff and prospective buyers operating in unfamiliar environments (i.e – the properties and homes we market) for attention. To combat these risks we have implemented a hazard risk identification form and an Open Home Register, which acknowledges any risks undertaken by prospective purchasers.

As Health and Safety legislation adapts, our goal is to not only achieve the minimum compliance benchmarks but to exceed them. We aim to have a 100 percent completion rate of driver training, along with a risk identification form completed with every listing and every sale.

Like most sectors, real estate has been disrupted by technological advances that can challenge existing operating models. Farmlands Real Estate has set itself a mission to stay ahead of the technology curve by leading the charge to adapt to the digital age.

Our Matamata Real Estate office, for example, has produced a New Zealand-first by introducing touchscreen technology. This allows Farmlands shareholders and prospective buyers to view property for sale with the touch of a button, rather than skimming through hundreds of pages.

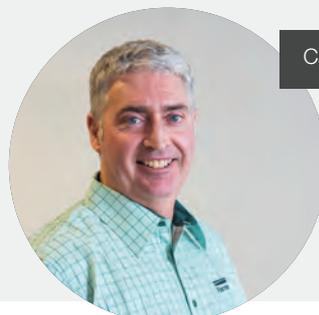
We will also be exploring the merits of e-media versus print media. In coming years Farmlands Real Estate will undoubtedly have a much larger online presence that reflects the changing consumption patterns of prospective buyers.

While shareholders benefit in general from a strong Farmlands Real Estate, they can also earn Choices Rewards Points on the commission paid on property sales made through their co-operative, providing us with a unique option to utilise rural New Zealand’s largest loyalty rewards programme.

Finally, during the year Farmlands Real Estate continued to push beyond its South Island stronghold into the North Island. We are replicating our well-established Southern real estate reputation in the North Island through a mix of shareholder loyalty, hard work by our Salespeople, strong marketing and our point-of-difference in the market.

Our strategy is to continue our North Island expansion this year with plans already in train to build our offering in Taranaki, Bay of Plenty and the East Coast. But we have not forgotten our shareholders in the South Island, where we retain the flexibility to enhance the existing Real Estate teams as opportunities arise.

We believe a ‘great’ co-operative must have a nationwide presence that affords the same opportunities to all shareholders, wherever they are located in New Zealand.



Calvin Leen



Mark Elliott

## Grain and Seed

### **Farmlands Grain and Seed has recorded another solid performance in a challenging year.**

The sector experienced ongoing price volatility over the year, particularly in grain markets. Grain prices dropped back last spring on the back of above-average crop yields in 2016 and reduced demand from dairy farmers before rebounding somewhat in summer.

Regardless of short-term price fluctuations during the latest annual period, we upped our technical capacity by relocating two seed stores to much-needed larger premises. The shift of the Invercargill and Rolleston seed stores considerably enhanced our mixing and storage capacity, preparing the Grain and Seed operations for the inevitable turnaround in demand and prices.

Invercargill in particular had outgrown facilities, as shareholders in the deep South ramped up their use of Farmlands' products and services. For example, over the last 7 years increasing shareholder demand at the Invercargill seed facilities has seen sales rocket by 300 percent.

Providing a superior level of technical expertise is one of the hallmarks of a great co-operative.

In the North Island, for instance, the implementation of our Seed Web Portal has allowed staff to process orders more efficiently, freeing up time for both employees and shareholders.

We also strengthened the knowledge base of the Grain and Seed business during the year after appointing another Agronomist last November, with plans to add another two Agronomists in the next 12 months to give us nationwide coverage. The Farmlands in-house Agronomists not only provide shareholders with market-leading knowledge and expertise, they also offer valuable structured seed and chemical training to our Sales and Store staff.

Our maize and fodder beet promotions were successful this year, with shareholders benefiting from these new initiatives.

Grain and Seed will continue its focus on working closely with the entire Farmlands business to both leverage our technical expertise in new areas and complement our colleagues in other specialties.

We expect the enhanced co-operation across the co-operative will lift volumes and flow-on opportunities from other parts of Farmlands – and ensure we have high-calibre front line staff ready to deliver on both increased quantity and quality.



# 307k

Hectares planted

# Agri Products and Services



Tim Bishell

## Nutrition

**Farmlands Nutrition has rebounded strongly from the difficulties of last year, returning to profit on the back a targeted recovery plan and growth across most sectors and channels.**

Through our three key brands – NRM, Reliance and McMillan Equine – 85 percent of Farmlands Nutrition’s market segment experienced year-on-year growth with overall manufactured volumes up 11 percent.

Sales growth in the bulk feed product line was helped along by a recovering dairy sector but internal business decisions also lifted performance.

# 149,851

Annual Nutrition deliveries

# 2,882

Deliveries per week

Following last year’s unsatisfactory result, we made a series of prompt calls that have returned the business unit to profitability. More recently, a revamped range of dairy and bagged feed has taken the best from our NRM and Reliance brands and provided a consistent, nationwide offer.

Meanwhile, an upgrade of our blending facility at Waharoa has allowed us to meet growing demands this season. At the same time, we generated additional cost savings for our co-operative and shareholders by rationalising feed stocking ranges at store level.

Aside from tweaking our product mix to be fit-for-purpose, Farmlands Nutrition has also sought more ways to engage and add value for shareholders – including through technology.

We have distributed a series of calf-rearing videos online via Facebook and the Farmlands website, in an effort to provide our shareholders with easy access to our technical expertise and advice. The videos, along with the launch of our Lifestyle Guide, were immensely popular with shareholders.

Farmlands Nutrition has also built up a strong market presence in the equine and lifestyle sectors, both of which are important growth drivers for the business. We have been a major supporter of Equidays – New Zealand’s premier equine field days event – with NRM and McMillan Equine teaming up this year as naming right sponsors.

Nutrition’s role in supporting Farmlands’ momentum as a ‘great’ co-operative hinges on following the blueprint laid out over the past 12 months, which includes a tight focus on Health and Safety.

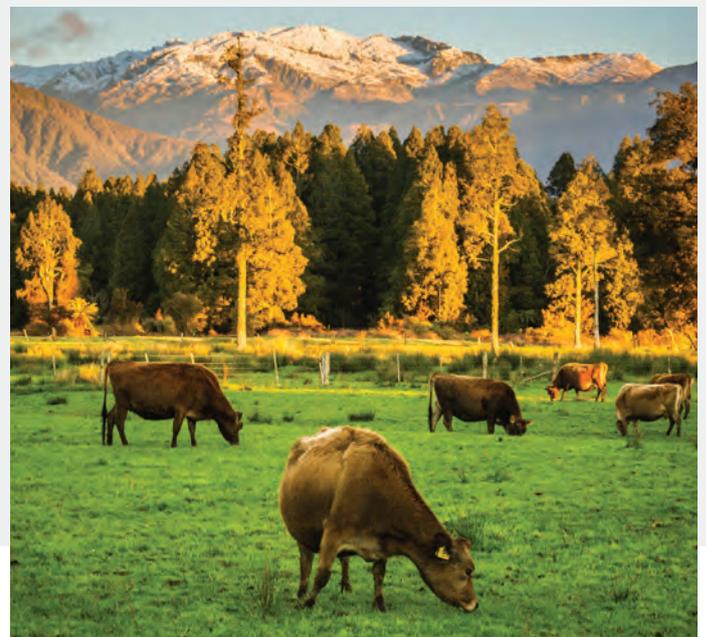
Within the Nutrition business we have reviewed Health and Safety standards at all our manufacturing sites, which has led to improvements in a number of areas, such as:

- dust and explosion management
- traffic management
- an enhanced drug and alcohol policy

Our path to becoming a great co-operative is clear.

By providing inputs and services in all facets of growing, processing and feed sales, Farmlands Nutrition ensures all value created goes back to our shareholders.

We will continue to provide top quality feeds such as NRM, Reliance and McMillan and grow our ruminant, lifestyle and equine markets. Moreover, we will offer valuable nutrition expertise through our nationwide network of specialists, working together with shareholders to achieve great results on-farm and in the business.



## Horticulture



Mark Daniels



### **For the second consecutive year, Farmlands Horticulture has recorded healthy growth of more than 5 percent.**

The horticulture sector itself enjoyed another profitable year, particularly in viticulture, kiwifruit and pipfruit. The strong relationships we have built with shareholders, supported by our technical expertise, are continuing to drive growth in our share of these markets. The appointment of two new Technical Specialists to the Horticulture team has further enhanced the quality and scope of our advisory service to new and existing shareholder growers.

The success of the BreakNSure test kits, which measure the optimal time for budbreak treatment, has contributed to our strong growth phase in the kiwifruit sector. Originally available for Hayward, Farmlands has introduced to the market a test for the G3 variety as well.

A great co-operative provides not only options but opportunities. For example, we identified beekeeping as a major opportunity not just for the co-operative but for shareholders looking at investing in their own beekeeping operations. Beekeeping has this year enjoyed exceptional growth and selected Farmlands stores have received targeted training to help both novice and experienced apiarists.

Farmlands Horticulture created our own milestone for the national beekeeping industry when we opened our first sugar syrup fill station at Farmlands Waipapa. This is the first commercial sugar syrup fill station site in New Zealand.

Building our beekeeping business, in addition to growing our viticulture and winery supplies business, is a key target of the 12 months to come.

In line with Farmlands' priority on Health and Safety, we are committed to ensuring our Technical Advisors and Specialists are safe as they travel the country, visiting our shareholders. Farmlands has developed a "Home Safe" buddy system, to ensure isolated lone workers are accounted for at the end of every day.

Having a safe, well-supported Horticulture team will allow Farmlands Horticulture to continue to grow market share in viticulture, winery supplies, beekeeping, kiwifruit and R+D chemical sales. It is clear, in turn, that high calibre, motivated staff are key to sustaining productive relationships with our shareholders.

Our determination to maintain our advantage as market leaders in knowledge and expertise is at the heart of our commitment to growing the horticulture sector.

# 49,950

TA field hours

## Meadow Mushrooms shows benefits of Whole of Business model



### **Farmlands prides itself on offering shareholders a complete range of products and services to cover all of their business needs.**

With a co-operative the size and breadth of Farmlands, multiple services can be delivered independently of each other. To showcase the true value of being a shareholder, Farmlands has started a new initiative called 'Whole of Business'. We've implemented this to strengthen the benefits available to both the co-operative and our shareholders.

The aim is to ensure shareholders can maximise the appropriate products and services they source across our value chain. Shareholders already utilise Farmlands in a variety of ways – in-store, on-farm or through our Card Partners.

As more shareholders use Farmlands as the main source of supply for their business needs, it supports the co-operative

they own, which in turn benefits shareholders. This cycle of shareholder engagement enhances Farmlands' purchasing power – leading to lower prices for shareholders.

For 'Whole of Business' to succeed, we acknowledge we must first offer the products and services that deliver true value to shareholders. At the same time, the co-operative grows and succeeds only with the backing of those that created and own it.

We believe the 'Whole of Business' approach clearly demonstrates the value of a more comprehensive relationship. Farmlands recently showed how compelling the 'Whole of Business' proposition can be in its work with shareholder, Meadow Mushrooms.

While Meadow Mushrooms purchased chemicals from Farmlands as a non-shareholder, Farmlands struggled to develop a deeper partnership with the business. However, Farmlands Technical Advisor, Clayton Cook built a strong relationship with Meadow Mushrooms over a multi-year period to keep our wider offering front-and-centre.

**'Whole of Business' benefits are open to all Farmlands shareholders, covering our entire portfolio of products and services.**

Three years ago, Clayton brought one of the Farmlands Fuel team, Dan Reeve, along to a meeting with Meadow Mushrooms to discuss its bulk fuel requirements. At the time, Meadow Mushrooms was in the middle of its fuel contract with a Farmlands competitor. But the mushroom business was also re-evaluating its fuel service as part of a number of site changes, which included installing more tanks.

Over the following 3 years, Dan built a strong relationship with Meadow Mushrooms GM, Wayne Collingwood, working closely with him on the design and installation of compliant replacement tanks.

The trust Dan and Clayton developed with Wayne and his team during that period earned Farmlands a place at the table, in partnership with Meridian, when Meadow Mushrooms put its energy supply contract out to tender.

After the Farmlands and Meridian bid won the tender in June 2017, Meadow Mushrooms became a shareholder, giving them access to our 'Whole of Business' offer. This includes Meridian rebates through their subscription and Choices Rewards Points.

In July this year, Meadow Mushrooms confirmed that Farmlands Fuel had won the fuel tender based on the strength of the relationship it had with Dan, Clayton and the Farmlands team.

The Meadow Mushrooms case provides an excellent example of how the 'Whole of Business' model provides a two-way benefit between Farmlands and shareholders.

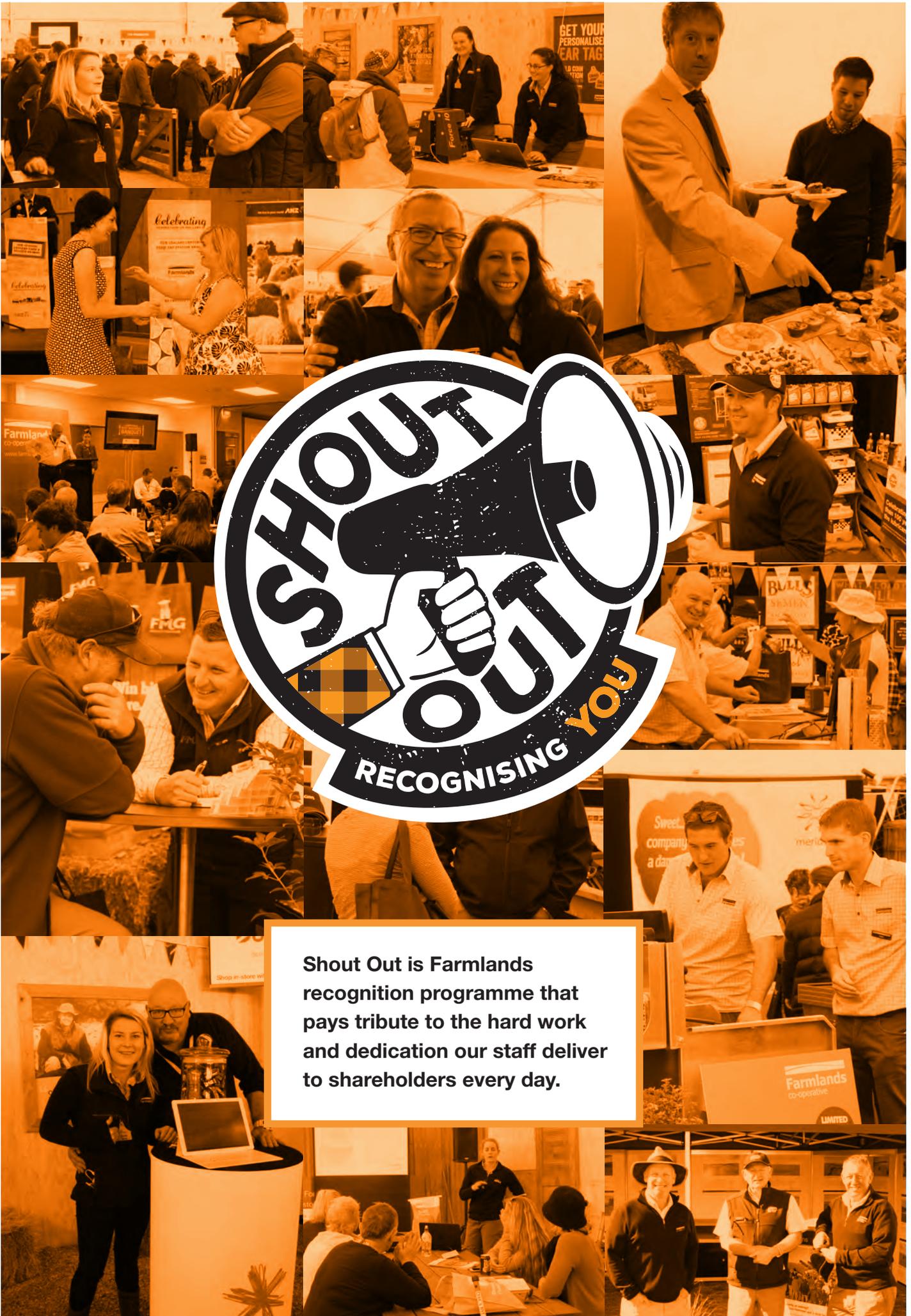
'Whole of Business' benefits are open to all Farmlands shareholders, covering our entire portfolio of products and services, including:

- Great Farmlands Card discounts across a range of suppliers such as Toyota, Smiths City, Noel Leeming, Meridian and FMG Insurance
- Farmlands Card gives shareholders 12 cents off per litre of fuel at Challenge, Z Energy or Caltex
- Top-level assistance from Farmlands TFOs and TAs on what products and services match your goals and how to get better business outcomes
- Expert technical advice on horticulture and animal nutrition as well as grass, seed and crop issues
- Connecting with land buyers and sellers through our extensive and expanding Real Estate team
- Ensuring we get shareholders the right fuel offer, with the right on-farm technology and most effective delivery system

Shareholders looking to understand how the Farmlands 'Whole of Business' offer can add value to their businesses can find out more from their TFOs, TAs or directly in-store.

The more shareholders do through Farmlands, the more the co-operative can give back to them. In short, the Farmlands 'Whole of Business' approach is making business a whole lot better for a whole lot of shareholders.





**Shout Out is Farmlands recognition programme that pays tribute to the hard work and dedication our staff deliver to shareholders every day.**

## Shout Out - our recognition programme

**The Farmlands team is known for putting in the hard yards for our shareholders. That's why we created Shout Out – to make sure our staff get the recognition they deserve.**

Shout Out started out as our staff recognising each other but since its inception, we have also received Shout Outs to our staff from suppliers and shareholders. We want to recognise Farmlands staff throughout the whole business who go that extra mile and work hard to support our business goals, our values and most importantly, our shareholders.

With Shout Out, we can thank the many parts of one team.

**We want to recognise Farmlands staff throughout the whole business who go that extra mile and work hard to support our business goals, our values and most importantly, our shareholders.**

**Shout Out of the Year Winner** – Scot Pollard (Alexandra) and Emma Monk (Christchurch Wairakei Road)

Working in different parts of the South Island, Technical Field Officer Scot Pollard and Communications Assistant Emma Monk had never met each other. Distance wasn't a barrier to them when helping the family of one of our shareholders – and their teamwork was the inaugural winner of the Shout Out of the Year.

A shareholder who Scot assists on-farm told him the story of Lucy, a young girl that had become very ill. The family were fundraising through a special rose dubbed "Lucy's Rose". Scot thought our shareholders may be able to help raise funds for Lucy, so he got in touch with Emma to see what Farmlands could do.



Chief Executive Peter Reidie, Technical Field Officer Scot Pollard, Director - People and Safety Ruth Knewstubb and Communications Assistant Emma Monk.

Emma contacted Lucy's family to write a story on Lucy's Rose and the article appeared in The Farmlander magazine. The cause was embraced by our shareholders, with the rose selling very well. The publicity from the article resulted in a 10 page spread on the family's garden in another national magazine and contributed to a sold-out fundraising dinner to help Lucy.

Scot and Emma finally got to meet each other face to face when receiving the award for Shout Out of the Year. They were united in wanting to help our shareholders and proof of what can be achieved when you work together.

