

Environmental Update...

ENVIRONMENTAL VISION STATEMENT

At the Warehouse we understand all business activities have environmental impacts. We believe we can make a difference in safeguarding our environment for present and future generations. Our long-term economic goal is to conduct our business sustainably. We will do this by focusing on:

OURSELVES

By developing group policies, by training and by fostering change.

OUR SUPPLIERS

By influencing them to reduce the environmental impacts of their activities and products.

OUR CUSTOMERS

By raising their awareness of relevant issues. We are serious about our commitment and we have no illusions. The journey will be long and difficult. To achieve our vision we will need everyone's help and understanding.

HIGHLIGHTS OF THE YEAR TO 31 JULY 2000

In the 1999 annual report the directors of The Warehouse Group expressed their environmental vision for the group in setting and attaining 'sustainable development' objectives.

Sustainable development was defined as 'economic development maintained within acceptable levels of global resource depletion and environmental depletion'.

The following are highlights of the group's progress during the year towards the achievement of sustainable development in the service of the environmental vision.

New Zealand Business Council for Sustainable Development

During the 1999 year The Warehouse became a founding member of the New Zealand Business Council for Sustainable Development (NZBCSD).

During the year in review the council undertook a number of projects addressing both social and environmental issues. As a founding member, The Warehouse remains committed to being a leader in sustainable development for New Zealand business. Stephen Tindall is the new Council Chairman.

The annual Survey Of Corporate Environmental

Responsiveness The Warehouse is one of a group of ten industry leaders supporting a new research initiative: the annual Survey of Corporate Environmental Responsiveness. Part of Massey University's programme for business and sustainable development, the survey is expected to help the company assess its approach to environmental responsibility, enabling it to compare performance with others in the retail sector as well as within national and international contexts.

The Natural Step Developed in Sweden, The Natural Step programme has been adopted by The Warehouse as the framework of sustainable development. It is based on a few simple yet scientific principles including reducing the dependence on fossil fuels, metals, mined minerals, and non-biodegradable substances, as well as reducing the over-use of and damage to nature, and putting people first. These principles, when taken together, provide the company with a 'compass' to use on its journey towards sustainable development; they have already been used as the basis for a number of projects.

The social audit As part of the group's effort to become a good corporate citizen it will, over the next twelve months, be undertaking a social audit. Working with 'Social Audit New Zealand', the company will measure its progress towards important non-financial goals looking at our major stakeholders.

The results of this audit will be reported in the next annual report.

Clean up New Zealand As major sponsor for both the 1999 and 2000 'Clean up New Zealand' campaign, The Warehouse continues to show its commitment to supporting both the people in our local communities as well as the environment in which we all live. In this year's event – which attracted more than 200,000 volunteers – every branch of The Warehouse and Warehouse Stationery had staff working closely with local schools, councils and interest groups.

Zero waste to landfill Last year The Warehouse made a commitment that all stores would achieve 'zero waste to landfill' by 2020. To date, eight branches have achieved this goal; they no longer even have waste skips on-site. As a result it looks as though the 'zero waste to landfill' goal will be achieved well ahead of time.

A timber procurement policy Another medium term objective is to develop a policy to purchase only sustainably-produced indoor and outdoor timber furniture products that meet independent timber certification criteria for high environmental and social standards.

Environmental Choice NZ Environmental Choice NZ is a label used to identify products made from recycled material. Launched at The Warehouse last year, there are now thirty licensed products in the current range including paints, rubbish bags and checkout bags. Although this is double the number of a year ago, sales response has not been as great as hoped.

'Joint Venture' with Credit Card Holders Over the last three years the company has arranged, in conjunction with its cardholders 'Project Kiwi' and 'Trees for Canterbury'. Kuaotuna Kiwi Sanctuary on the Coromandel Peninsula has benefited by \$80,000 and a native reforestation project in Canterbury has received 17,500 trees.

SAY HELLO

THE STARS OF THE WAREHOUSE

The Warehouse is a good place to work. By receiving the respect they deserve, and being treated as the group's greatest asset, Warehouse team members continue to deliver bigger and better results for customers and shareholders.

And through participation in regular surveys they demonstrate both their loyalty to The Warehouse and the satisfaction they receive from their work. For example, the most recent survey showed that 86 per cent of team members agree that 'The Warehouse is where people come first'. A remarkably high figure.

In recognition of this loyalty and performance, team members receive significant bonuses as well as a number of other benefits including, for example:

- * Birthdays off on full pay.
- * Unlimited sick leave.
- * Employee assistance programme.
- * Staff share purchase schemes.
- * Training programmes including national achiever's certificate.
- * Attendance at the annual nation-wide conference (with partners).

The Warehouse Culture Much of the success of the company's relationship with its team members is due to The Warehouse culture in which it has always been grounded.

"We set out with one simple concept in mind: to put the customer first and let everything else, every business activity and consideration, flow from that principle. Within the business we all work together, and our team spirit comes through because we enjoy being successful and we aim to keep our customers satisfied."

"We regard our employees as our greatest asset; they choose to stay with us because we care and we take time to recognise individual qualities."

"The Warehouse is a way of life for countless New Zealanders. We make a difference to people's lives, especially family life, by making the desirable affordable."

The Future The culture of The Warehouse is unique – especially in New Zealand – and its success means that its future is assured. Clint's and Solly's also have a unique and distinct culture which is similar to The Warehouse culture, equally successful, and equally secure for the future.

THE STARS OF THE WAREHOUSE: Wearing a variety of team shirts – familiar red for The Warehouse, blue for Warehouse Stationery, as well as blue & yellow shirts from Clint's and the red shirts from Solly's – Warehouse team members come together to symbolise the new era for Warehouse stakeholders throughout Australia and New Zealand.



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