

Reporting Process

Communication

We have again chosen to include a summarised copy of this report as part of the Annual Report, with copies of this full report being made available to suppliers, customers, team members and other interested groups on our website

(<http://www.thewarehouse.co.nz>).

We will continue to produce the triple bottom report annually, and welcome your feedback on possible ways to improve future reports. A feedback form is included at the end of this report.



Sarah Hayward, assistant manager at the South Dunedin Warehouse store

The essence of triple bottom line reporting is communicating with stakeholders about the company's social, environmental and economic performance. These are not covered in traditional corporate reports which predominantly focus on financial performance.

Two things are needed for this to be meaningful communication. First, the reported performance areas need to be the right ones. Secondly, the

way in which they are reported needs to be honest, open and trustworthy.

The Warehouse is at the start of the triple bottom line reporting journey, and has not yet put all the necessary processes in place. However, in its view this is not a reason to hold back.

This report continues to be a "work in progress". The Warehouse sees the need for greater involvement of key stakeholder groups in the selection of key performance areas on which to report, and the indicators to be used. It sees the need for additional performance data and external verification of what is reported.

Global Reporting Initiative Standard

The Warehouse has chosen to report its journey toward sustainable development using the Global Reporting Initiative (GRI) (<http://www.globalreporting.org>) which is a long-term, multi-stakeholder, international undertaking whose mission is to develop and disseminate globally applicable sustainability reporting guidelines for voluntary use by organisations reporting on the economic, social and environmental dimensions of their activities, products and services.

The Warehouse has adopted many of the principles from the GRI 2002 draft Guidelines in the preparation of this report. The reason why we haven't reported separately for the environment, social and economic performance is that reporting by our five stakeholder groups gives the reader a clearer account of the impact on these groups.

Stakeholder Engagement

During the year the following stakeholder engagement was undertaken.

1. Supplier Engagement

Suppliers to The Warehouse receive a bi-monthly supplier magazine – this is a forum for discussion of key issues and challenges with the supplier base. During the year a group of suppliers participated in a focus group giving valuable feedback on a new Terms of Trade document, a copy of which is available on our website.

2. Team Member Engagement

Team member views are captured six-monthly by the People First Survey and the team member environmental survey. In 2001 and 2002 focus groups of team members were engaged company-wide to provide feedback on the form and content of The Warehouse "People First" survey. As a result of these focus groups, the survey in 2003 will incorporate many of these recommendations.

In August 2002 the second team member environmental survey was conducted amongst team members in The Warehouse New Zealand. Responses were received from 958 team members which represents a 29 percent response rate from full time team members.

The aim of the survey is to better involve team members in the company's environmental strategy and to measure, on an annual basis, behavioural change and support for environmental initiatives. The specific outcomes from this survey have been very

similar to the results from the 2001 survey. Interesting results include:

- **An increase in the mean score for team member awareness of environmental issues from 6.7 (out of 10) to 7.0 in 2002.**
- **63.3 percent of team member respondents believe, in 50 years, the world will be worse off environmentally, compared to 49.9 percent in 2001.**
- **In 2002, 43.3 percent of team member respondents said they participated in "Clean Up New Zealand" activities.**

Some comments from team members in response to the question "What one thing would you like The Warehouse to do to improve its environmental performance?"

- **31 percent believe The Warehouse should aggressively reduce packaging and aim to eliminate plastic packaging.**
- **26 percent believe the company should eliminate plastic checkout bags and offer paper or cloth options.**
- **17.4 percent believe environmental education is critical and strategies should be implemented to better educate team members, customers, children and the community.**

Clearly issues such as recycling, plastic bags and education are top of mind concerns from team members that responded to the survey.

3. Community Engagement

In July 2002, The Warehouse participated in the Redesigning Resources Workshop. Redesigning Resources sets a challenge to all businesses, to assess the sustainability of their activities and to radically redesign. The Warehouse was one of a pilot of eight organisations that committed to working through a process to become a more sustainable entity. The forum gave an opportunity for The Warehouse to update the group on what was achieved to date and suggested to The Warehouse a list of targets to be achieved by 2004, some of which are identified as follows:

- **Raising awareness of sustainability issues amongst customers.**
- **Establishing an "unpacking area" in every store. e.g. an in-store area where customer's can unpack their purchases for The Warehouse to recycle the packaging.**
- **Make internal training resources available to outside community groups, e.g. provide extra "seats" at generic internal training courses.**
- **Ensure the store "fits with the local community".**
- **Increase the number of product lines with recycled content.**

4. Customer Engagement

The Warehouse conducts extensive customer surveys and customer focus groups. Customer attitudes to sustainable development are also surveyed. Section 8 provides a summary of surveys undertaken in 2002.

5. Shareholder Engagement

Our main shareholder interaction in this report was via the board members of The Warehouse Group. Apart from that contact, there has been no engagement for this report and there are no current plans for engagement beyond the usual interactions at Annual Meetings, result briefings and one-on-one meetings with institutional investors. In late November 2002, our website was updated with improvements to the investor relations section.