

## Suppliers

We are able to *provide our suppliers with more potential customers than almost any other business in New Zealand.*

### Terms of Trade and Supplier Appraisals

This year The Warehouse New Zealand issued a revised Terms of Trade suite of documents accessible under the supplier section of our company website (*Refer Appendix A*). Our Terms of Trade includes references to minimum acceptable working conditions in factories supplying The Warehouse. This year we have a program of appraisals wherein Warehouse representatives will visit factories of our suppliers to ascertain their compliance with the provisions of our Terms of Trade. Our aim is to conduct 50 appraisals by July 2003. Statistics on compliance assessments will be published in future triple bottom line reports.

### Packaging Guidelines

The Warehouse has produced a comprehensive Packaging Guide which is available on our website. This guide provides specific

guidelines as to the environmental characteristics of product packaging. Over the next twelve months The Warehouse buyers will be reviewing the top 200 products with the intention of reducing the shipper and product packaging and using more recyclable materials.

As part of its commitment to Zero Waste, The Warehouse actively encourages waste elimination through its supply chain. Using its buying power as leverage, The Warehouse is able to influence its suppliers toward minimising the amount of material used in packaging.

### Enviro-Mark NZ

In the coming year The Warehouse is launching a unique supplier development program we have developed with Enviro-Mark™ (<http://www.enviro-mark.com>). The Enviro-Mark™ certification is an international qualification customised for use in New Zealand

by Landcare Research. The goals of the project are to improve the overall environmental performance of our supply chain as well as assisting suppliers to lower production costs through more energy efficient production techniques, resource use and waste minimisation. An Enviro-Mark™ consultant team has been assembled to deliver the project and they have extensive skills and experience in both environmental management systems and eco-efficiency.

### Environmental Choice

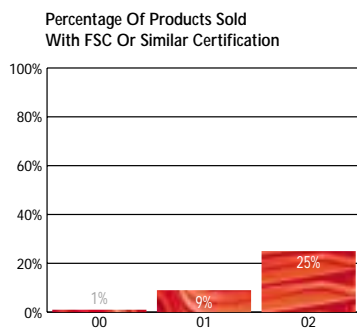
The Warehouse believes independent verification to validate environmental claims is essential. To this end, we continue to work closely with Environmental Choice (an environmental labelling programme to inform consumers). We currently sell a small range of products bearing the Environmental Choice logo, including paint and other plastic products.



*Menswear Buyer, Ewa Liddington, recently initiated the redesign of packaging for a range of men's t-shirts, polo shirts and singlets. The original plastic bag and hanger were replaced with cardboard band wraps. This replacement eliminates 12 grams of plastic per unit. With sales of over 300,000 garments, this packaging change equates to a direct saving of around 4 tonnes of waste plastic per year*

## FSC Timber

In the past, we have made a commitment to increase our purchase of wood products from sustainable forests. For the year ended 31 July 2002, twenty five percent of furniture sales were from forests that have received Forest Stewardship Council certification (FSC) or similar. This is up from 9 percent a year earlier. We will continue to promote FSC timber in our stores with the ultimate goal to source only timber with FSC or similar certification.



## KiwiMade

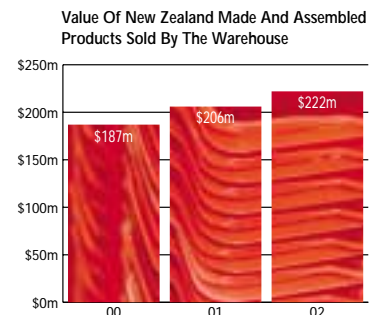


In June 2002 The Warehouse New Zealand launched a special KiwiMade logo to identify New Zealand-made goods sold and advertised within our business. This is available at no cost to qualifying suppliers who are now beginning to incorporate the logo in their packaging. Through a special facility in our point-of-sale software, KiwiMade purchases are highlighted to our customers by printing the logo on the sales receipt.

## New Zealand Manufacturers

The Warehouse New Zealand recognises the special role played by its New Zealand suppliers.

Since 2001, The Warehouse has been actively measuring and reporting on the sales and performance of New Zealand-made and assembled products compared to imports. This enables our buyers to identify the areas of competitive advantage for local suppliers. In the past year, sales of New Zealand-made and assembled product increased 8.1 percent to \$222 million, this compares with an 11.8 percent increase in total sales for The Warehouse New Zealand.



An outstanding example of this is a range of previously imported storage containers. Following an initiative from our buyer, this product is now manufactured by Papakura plastics manufacturer, Perroplas One, with the advantage of local supply (in terms of availability of stock and faster replenishment times) having seen a significant increase in sales.

