

## Commentary on The Warehouse 2003 Triple Bottom Line Report

Manaaki Whenua – Landcare Research is pleased to comment on The Warehouse 2003 Triple Bottom Line (TBL) Report. This is the third such report produced by The Warehouse and the first for which external scrutiny has been sought – an important step towards maturity of its TBL reporting.

The report affirms The Warehouse's commitment to developing more sustainable practices and its support for the wider community. The reporting systems for people and finances are effective in linking values to key performance indicators. Fully extending this approach to environmental and ethical initiatives will lead to greater transparency. Nevertheless, The Warehouse has not shirked from reporting on difficult issues.

### Achievements of specific note during 2002/2003 include:

- impressive reductions in plastic packaging for apparel and toys
- considerable reductions in electricity consumption at the major distribution centres
- the introduction of sustainability criteria for non-merchandise print suppliers
- the involvement of most stores in partnership programmes with local schools
- the completion of recycling centres for the public at all stores

### Landcare Research particularly commends The Warehouse for:

- appraising overseas suppliers and undertaking detailed audits via an external consultancy
- continued commitment to the Kiwi-Made label and its efforts to identify how much of its total spend is retained in the New Zealand economy
- its efforts to monitor the effects of new stores on local communities
- its honesty in reporting the difficulties in implementing the zero waste programme at stores
- its commitment to buying wooden products from sustainable sources

### Landcare Research encourages the Warehouse to continue to:

- monitor and respond to the concerns of staff, suppliers, customers and local communities and to extend this to include shareholders
- appraise working conditions for employees of overseas suppliers and to assure itself that employment conditions at New Zealand suppliers are equally fair and equitable
- seek independent commentary on its reporting process and to extend this to include third-party verification

To arrive at this commentary, Landcare Research reviewed the accuracy and completeness of selected data and claims included in the report and made suggestions for improvements to associated management systems.

The Warehouse disclosed original data that we considered relevant and allowed unlimited access to key managers, data and reports produced by external specialists. The review did not cover Warehouse Stationery, Warehouse Australia, stores or other stakeholders.

There were some minor inefficiencies in the reporting of data: some statements that were potentially misleading, some omissions and one material error. These have subsequently been resolved with revised figures and text being used in the published report. Overall, reporting was found to err on the conservative and for a number of initiatives, the achievements were found to be better than that reported.

The information contained in the report is the sole responsibility of the directors of The Warehouse. Landcare Research was not involved in the preparation of any of the material included in it and provides this statement as independent commentary on the credibility of The Warehouse's 2003 TBL Report. It does not constitute advice on TBL reporting and is not intended to be used as the basis for any financial or investment decisions.

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