

# Our Suppliers

## *The Warehouse Environment Award 2003 Winner: Aerosol Products*

New Zealand's largest aerosol manufacturer Aerosol Products has been a supplier to The Warehouse for six years.

They have been recently accredited with the Enviro-Mark Gold standard in Environmental Management, a standard that requires them to document evidence of their continuous improvement in Environmental Management.

In gaining accreditation Aerosol Products had to address a unique set of challenges, including the way they manage the more than 700 chemicals they have stored on site.

Their accreditation to Enviro-Mark Gold was built on their previous accreditation to Enviro-Mark Bronze and Silver Standards.



Stephen Tindall and Ivan Paul M.D. Aerosol Products Receiving The Warehouse Environment Award and the Enviro-Mark Gold Certificate



For further information view  
[www.Enviro-Mark.com](http://www.Enviro-Mark.com) or Phone  
Landcare Research on 03 325 6700

Aligning our supply chain with The Warehouse values and the principles of sustainable development is a challenging and complex task.

For example, we have over 2,500 merchandise suppliers and nearly 3,000 non-trading suppliers and we source merchandise from more than 54 countries. The goods we sell are classified into 23 major categories and 719 subsidiary categories. Each product has its own unique social and environmental impacts throughout its lifetime of use. Each different country of origin may also have quite different local laws and regulations.

## *Benchmarks + Policies*

In August 2002 we published a revised Terms of Trade document, and a packaging guide which is available in English and Mandarin on our website. We are also currently reviewing our internal environmental policy as part of a process to move a representative store to the Gold Level of the Enviro-Mark\* standard, which we currently hold at the Bronze level.



## *Enviro-mark Programme*

This year we and ten other New Zealand suppliers and manufacturers have been participating in the Enviro-Mark "Going for Gold" Health Safety and Environmental Management training and Enviro-Mark accreditation programme.



### Supplier dialogue

We began to intensify our social compliance and environmental performance discussions with leading importing suppliers such as Pacific Brands (see page 19).

In December 2002 we provided a briefing to all our New Zealand-based importing agents on our new Terms of Trade documents and related policies. These agents are often

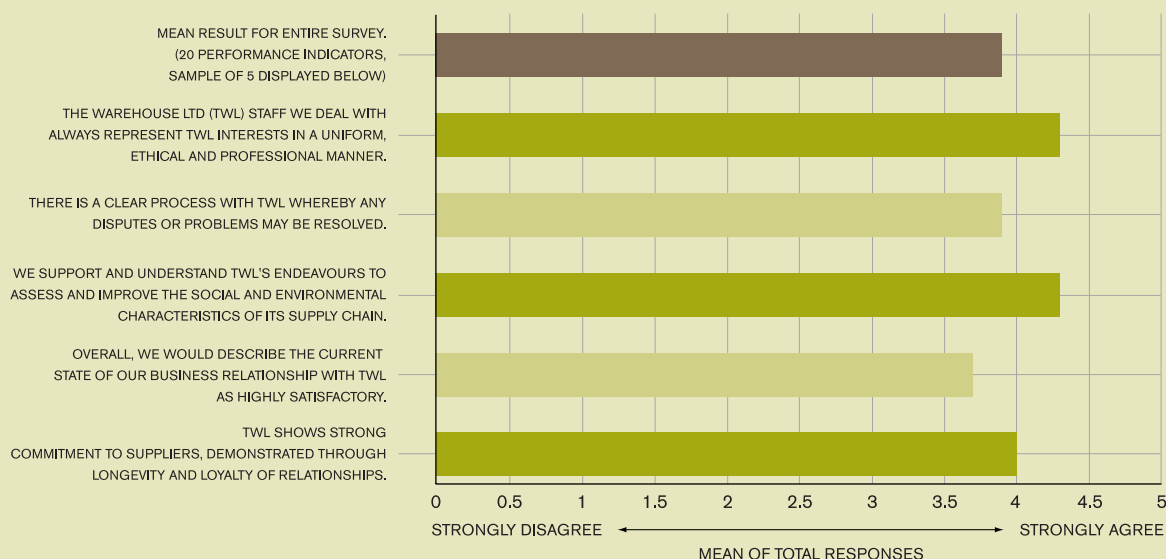
the eyes and ears of our buying team, so it is important that they share our vision when it comes to improving the characteristics of our supply chain.

In addition we undertook for the first time a survey of a large cross section of our suppliers to find out how they viewed us as a business partner. The results from this are outlined below.

### Supplier Survey

This year we distributed an electronic survey to a representative sample of our key suppliers. We received 149 responses which represented a 50 percent response rate. The survey enabled suppliers to rank their relationship with The Warehouse against 20 Key Performance Indicators which were presented in the form of a positive statement.

The indicators were derived from internal discussions and feedback from suppliers. The ranking mechanism was a 1-5 spectrum of "strongly disagree with" to "strongly agree with". The survey was anonymous. Opportunity was also provided for respondents to provide additional comment. The objective of the supplier engagement survey was to provide feedback as to suppliers perceptions of our company and to identify areas where we can work together to improve our business relationships.



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## *Packaging improvements*

To ensure our buying team was familiar with the requirements of our packaging guide, each member of the team conducted an audit of three or more top selling lines, which they benchmarked against the guide and then specified what changes were required. At our Apparel Distribution Centre, Wiri, South Auckland, we instituted a system of "packaging exception" reporting that identified opportunities to reduce or eliminate unnecessary packaging. Details of this are on page 18.

## *Buyer Factory Appraisals*

Using a questionnaire that covered quality management, health and safety, workers' hours and compensation and Environmental Management, our buying team conducted five factory appraisals within New Zealand and thirty seven in China. This appraisal process is based on factory management interviews and factory observations, but does not extend to documentary evidence. A similar level of appraisal was also provided on request and via correspondence by two textile suppliers in Pakistan and two Sports Ball suppliers in India. Our own internal travel restrictions did not allow our buyers to travel to these regions at the time. Likewise the overall scale of this program was interrupted by SARS travel restrictions.

## *Third Party Factory audits*

Underpinning the work undertaken by buyers, we have also started to introduce third party factory audits. These are quite comprehensive, typically involving two man days, and include the conducting of management and worker interviews, record inspections and factory tours. Our policy is to work with the factory involved to remedy any non-compliance and, if this is not achieved within an agreed time, to discontinue purchases. To date we have been using one of the world's leading verification, testing and certification companies for this work, SGS international.

Given the scale of our supply chain both the appraisal and audit programmes are only exploratory in nature. We are reviewing the outcomes from them to determine the scale and assurance mechanisms that we will adopt in the future. Many other retailers and international brand owners have

similar programmes that link their compliance requirements to independent standards such as W.R.A.P. or the various ISO standards. Our buyers report that China's World Trade Organisation membership has led to a noticeable increase in awareness of the need for Labour and Environmental law compliance in that country.

## *Support for New Zealand Manufacturers*

This programme continued this year with a Buy Kiwi Made Competition in June, which we linked also to our support for Project Kiwi. New Zealand made products are identified with Kiwi Made logos on display ticketing, in advertising and on till receipts. Sales of New Zealand made goods grew from \$197 million in 2002 to \$219 million,<sup>1</sup> an increase of 11.36 percent and equivalent to 16.03 percent of all sales (see adjacent).

## *Timber Product*

### *Outdoor furniture*

In the summer of 2002/03 we introduced FSC certified outdoor garden furniture into our business for the first time and this programme made up about 25 percent of our total outdoor furniture programme. In the summer 2003/04 we intend lifting this percentage to 100 percent with the timber having a different specification and coming from a manufacturer who is a member of the Tropical Forest Trust (TFT). Timber used



Forest Stewardship Council certified outdoor furniture

in this product can be traced back to known legal sources. TFT has been set up to support better management of the world's tropical forests. For more information about TFT, please see [www.tropicalforesttrust.com](http://www.tropicalforesttrust.com).

**Digging tool handles**

By introducing the Spencer & Sons brand of digging tools into our range we were able to offer customers the opportunity to have a FSC option in this category of product. The shafts and handle inserts are made from FSC NZ Beech or Ash from South Africa.

**Picture frames**

We have also reviewed our range of picture frames and have been replacing any remaining rimu frames with "rimu-look" stained beech and pine frames.

**Paper Survey**

The Warehouse has two main suppliers of printed materials (not including the advertising mailers).

This year Absolute Print Solutions were asked to report on the paper and inks that were used for each job. The aim being to establish a benchmark and then work towards improving the proportion of paper from sustainably harvested forests and the proportion of vegetable based inks used.

**At 31 July 2003 Absolute Print Solutions provided their report for the preceding twelve months which showed that of 194 printing jobs:**

- 145 (75 percent) were on paper from sustainable forests
- 3 (1.5 percent) were on recycled paper
- 43 (22 percent) were printed with vege/soys inks

During the year the other main supplier, Trio Group, were asked to start tracking paper and ink and will be able to provide similar reporting for next year.



<sup>1</sup> Figures exclude GST and are derived from our Merchandise reporting year for 2003 (53 buying weeks ending 3 August 03)

**NZBCSD activities**

We have continued our work with the New Zealand Business Council for Sustainable Development (NZBCSD) and as a member of this group we have participated in a number of events, including the "Sustainable Development Reporting learning group" and the "Sustainable Supply Chain" project with other member companies.

