

INTEGRATED REPORT

Our business model:

This report is The Warehouse Group's second Integrated Report. It describes our business model and how our resources all contribute through our retail value creation process to achieve our value-created process goals and ultimately our vision to build New Zealand's most sustainable, convenient and customer-first company. The aim of this report is to outline our focus areas, priorities and progress for each year, along with the risks and mitigations related to each of the resource areas of the business.

This Integrated Report has been prepared using the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework. The Group's Board and Management have established internal preparation and quality control processes to ensure the quality and integrity of this report. We have not sought external audit or assurance for the non-financial information in this report.

Please refer to each of the capital disclosures on the following pages for value-created outputs and progress achieved in FY20.

INPUTS AND RESOURCES



Our Networks

The strength and efficiency of our networks achieved through store experience and digital customer channels, optimising our supply change networks and data optimisation.



Our People

He aha te mea nui o te ao. He tāngata, he tāngata, he tāngata. What is the most important thing in the world? It is people, it is people, it is people. Our focus is to develop our people to be the best they can be.



Our Expertise

Our expertise in, and understanding of, our customers' needs and wants, and our focus on systems, processes and innovation.



Our Relationships

Our stakeholders, their input to us and our contribution to them, including our customers, suppliers, team members, shareholders, government and community.



Our Environment

The consumption of resources to operate our business, including transport, electricity, packaging and their impact on our customers.



Financial Capital

The financial resources that enable the Group to execute its business model and maintain financial resilience.

To build New Zealand's most sustainable, convenient and customer-first company.

VALUE-CREATED PROCESS GOALS

RETAIL VALUE CREATION PROCESS

Understanding our market

- Demand forecasting analytics
- Customer feedback, data and insight
 - Customised product offering
- Work with suppliers to focus on sustainability
- Taking a lead on sustainable product attributes.

Sourcing product

- International offices
 - Career pathways
- Quality management and ethical sourcing practices
- Build direct and strategic sourcing arrangements
- Sustainable materials and manufacturing processes.

Bringing product to market

- Efficient warehousing and distribution
 - Jobs for skilled and unskilled labour
- Continuous improvement of systems and processes
 - Leverage third-party expertise
- Minimise our impact on the environment.

Omni-channel sales environment

- Seamless customer experience through physical and digital channels
- Customer service training, flexible working and equal opportunities
 - Product fulfilment focus
 - Customer loyalty
- Environmental best practice.

Supporting New Zealand communities

- Universal reach to help widely throughout New Zealand
 - Superior customer service
- Effective community engagement programmes
 - Creating employment opportunities for 11,000 New Zealanders.

Create a world-class omni-channel retail network that leverages physical, digital and infrastructure assets to deliver customer needs and wants in an efficient and innovative way.

Build solutions to address productivity challenges and create a dynamic organisation that has the highest performing, diverse retail talent in New Zealand.

Build ways of working that foster repeatable and competitive excellence.

Build strong relationships with strategic stakeholder groups that deliver sustainable value.

Accelerate our delivery of sustainability proof points to respond to stakeholders' expectations of businesses driving positive outcomes for our planet and society.

Ensure efficient utilisation of financial capital to compete, enable growth and provide a return on capital.