



## Media Release

8 November 2021

### **The Warehouse Group and Westpac NZ sign \$70m Sustainability-Linked Loan with broad innovative sustainability targets**

The Warehouse Group will have to meet five sustainability performance goals including sustainable packaging, carbon emissions and gender targets to receive discounted rates, under a trailblazing Sustainability-Linked Loan agreed with Westpac NZ.

The \$70m two-year extendable loan financially incentivises The Warehouse Group to meet sustainability targets set out over a 4-year time period, with a higher interest rate on the loan if it falls short of its commitments.

The Warehouse Group CEO Nick Grayston says ambitious, innovative and forward-thinking targets are important for The Warehouse Group with its extensive retail presence and complex global supply chain.

“Kiwis care about the environment, and our customers want to know that the way we source, package and ship the products they buy from us is ethical and sustainable. Under these new loan conditions, we will be strengthening that commitment,” Mr Grayston says.

“We’re committing to sustainable packaging to ensure that more of our packaging is compostable or recyclable at kerbside or in store. We are also committing to annual greenhouse emissions reduction targets across the Group. This will help us achieve our science-aligned target to reduce our Scope 1 and 2 emissions by 42% by 2030.

“Likewise, this loan recognises the performance of our ethical sourcing practice. It also incentivises better traceability across our supply chain to help ensure the products we sell are created in a way that treats workers and the environment ethically.

“Diversity and inclusion also play a key part in our approach to sustainable business. The loan incentivises The Warehouse Group to achieve two gender goals: diversity of gender, with a target of 50% women in senior leadership by 2025, and gender pay equity for all genders across our whole workforce.”

Westpac NZ Head of Sustainable Finance Joanna Silver says “by agreeing to targets that extend beyond emissions reductions to other key areas like packaging and supply chain, as well as prioritising gender equality, The Warehouse Group is taking a holistic approach and demonstrating how seriously it takes its sustainability goals.

“We encourage more businesses to align their sustainability ambition with their financing to help them achieve better outcomes for the environment and communities in Aotearoa New Zealand.”

Westpac NZ aims to support Aotearoa’s transition to a resilient, net zero economy for the benefit of all New Zealanders and has made a commitment to facilitate \$10bn in sustainable finance by 2025.

As part of the loan arrangement, EY provided assurance services over the targets in the loan to ensure it meets the international principles and standards.

**ENDS**

**Editor's note:** Details of The Warehouse Group's Sustainability-Linked Loan:

Sustainability Ambition	Target Detail
<b>Target 1:</b> Sustainable packaging	The Warehouse Limited and Warehouse Stationery Limited have committed that by FY25 (from a baseline of 11%), at least 50% of private label* sales must be derived from products with sustainable packaging that is compostable, or recyclable at New Zealand kerbside or in store, as defined in The Warehouse Group's packaging guidelines.
<b>Target 2:</b> Ethical sourcing	The Warehouse Limited and the Warehouse Stationery Limited have committed that by FY25 (from a baseline of nil), all Tier 2 sources for at least 50% of textile, wood, and paper Tier 1 private label* suppliers, will be traced and qualified in accordance with The Warehouse Group's Labour & Environmental Policy.
<b>Target 3:</b> Reduce greenhouse gas emissions in line with a 1.5-degree Celsius science-aligned trajectory	The Warehouse Group has committed to reduce absolute Scope 1 and Scope 2 greenhouse gas emissions by at least 5% for each year of the loan against a FY20 Baseline. This reduction trajectory is in line with the scale of reduction required to keep the global temperature increase to 1.5°C above pre-industrial temperatures. The Warehouse Group is also incentivised to establish a 2030 Roadmap to reduce Scope 3 emissions from suppliers of brands owned by The Warehouse Group and sold by The Warehouse Limited and the Warehouse Stationery Limited.
<b>Targets 4 and 5:</b> Gender representation and gender pay equity	The Warehouse Group has committed that by FY25 it will deliver on both: <ul style="list-style-type: none"> <li>(a) <b>Gender Pay Equity:</b> Achieve 100% pay equity across its overall workforce, and</li> <li>(b) <b>Gender Representation:</b> The board, executive team, or those who directly report to the executive team, are 50% women.</li> </ul>

*\* **Private Label:** means brands that are directly owned by The Warehouse Group and sold through The Warehouse Limited and Warehouse Stationery Limited*

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