

DOING WHAT KIWIS WANT

2012

**COMMUNITY AND
ENVIRONMENT REPORT**

the **warehouse** //
where everyone gets a bargain

**warehouse
stationery**

**KIWIS WANT COMPANIES TO DO THE RIGHT THING.
TO TREAT OUR COUNTRY RESPONSIBLY AND TO DO RIGHT BY EVERY KIWI EVERY DAY.**



**“GOOD SOCIETIES
NEED GOOD
BUSINESSES”**

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BUSINESSES WITH
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“GOOD SOCIETIES NEED GOOD BUSINESSES AND GOOD BUSINESSES NEED GOOD SOCIETIES.”

CEO STATEMENT

For 30 years we've put our customers, our people, our communities and the environment at the core of what we do – it's part of our DNA.



This year, we celebrated 30 years of bringing bargains to Kiwis. We know we have a great heritage and strong foundations and our strategy will continue to lead the way in providing the bargains and everyday essentials that Kiwis want. **We also believe that good societies need good businesses and vice versa** and are very proud of the long-standing commitment and contribution we have made to New Zealand to support this premise. In 2001 we started annually reporting our efforts to reduce our environmental impacts, source ethically and support the communities in which we operate. Our belief that this work is critical to business is such that our company strategy has clearly identified Community and Environment as one of our key result areas – we will not reduce our efforts; in fact, we aim to build on our heritage and to continuously improve.

I am pleased to report that over the last year our Community and Environment strategy and programmes have been strengthened even further. We continue to make good progress across many of our key measures which we detail in this report. Regular readers will note that we have traditionally reported the efforts of The Warehouse – so this year we are very pleased

to introduce Warehouse Stationery and some of their key results. In time we will be able to include more measures from our team at Warehouse Stationery.

In 2012, our 30th birthday year, we celebrated a significant milestone – that of helping raise more than \$20 million for our Kiwi communities. Our national fund-raising programme continues to be an important source of income for some of New Zealand's most worthy causes such as Starship Foundation, Variety – The Children's Charity, and Youthline. This year we have helped raise \$2.5 million and are grateful for the support of our customers and suppliers in supporting fund-raising and community projects.

It's important that we are a good employer – we firmly believe that our success depends on our employees' level of engagement and commitment. Therefore it was pleasing to see an improvement in engagement again across both The Warehouse and Warehouse Stationery in the Kenexa Best Workplaces survey. For the second consecutive year Warehouse Stationery were finalists – a very pleasing result. Engaged employees enjoy their work and are more productive, more customer focused, safer and are less likely to leave.

This year we became one of the first companies in New Zealand to commit to the United Nations Women's Empowerment Principles, which help empower women in the workplace, the market and the community. Launched in New Zealand by the Governor-General the Rt Hon Sir Jerry Mateparae in February 2012, The Warehouse was acknowledged as one of nine initial companies to sign up to these principles.

A highlight of our environmental management efforts was The Warehouse's very successful 'Great TV Take Back' in September 2011. This 'Free TV Recycling' public offer, made in 20 of our stores with support from the Waste Minimisation Fund and the Ministry for the Environment, resulted in over 30,000 unwanted and obsolete televisions being returned for recycling.

The scope of our Ethical Sourcing programme expanded to provide labour standards assurance in more of our supplier factories than ever before and played a vital role in informing our decisions when sourcing products from new markets such as Bangladesh. We have widened access to our programme by recognising more third-party supplier assurance reports produced for other international

customers while retaining our rights to verification inspections.

The Warehouse has earned a special place in the hearts and minds of Kiwis and remains a vital part of the Kiwi lifestyle. It's a heritage that our team is proud of, but doesn't take for granted.

My thanks to our passionate and dedicated team that reflects our values and principles every day to deliver all that The Warehouse and Warehouse Stationery have to offer their customers and community.

As we go forward into our fourth decade, we would like to thank everyone who supports our businesses: our customers and suppliers, our shareholders and team members. We thank you all for your loyalty and ongoing support – together, working as partners or an extended family, we are delivering outstanding results for the Community and the Environment. I invite you to read on.

Mark Powell
Group Chief Executive
Officer



OUR CORE PURPOSE

THE WAREHOUSE WILL MAKE A DIFFERENCE TO PEOPLE'S LIVES BY **MAKING THE DESIRABLE AFFORDABLE AND SUPPORTING NEW ZEALAND'S COMMUNITIES AND THE ENVIRONMENT.**

BY PUTTING THE CUSTOMER FIRST, WE WILL SUCCEED. EVERYTHING WE DO FLOWS FROM THIS PRINCIPLE. WE ENJOY SUCCESS THROUGH WORKING TOGETHER AS ONE TEAM.

PEOPLE CHOOSE TO WORK FOR US BECAUSE WE CARE ABOUT AND RECOGNISE INDIVIDUALS.

the **warehouse** //
where everyone gets a bargain

**THIS IS
WHAT
WE'RE
DOING.**

**“I WANT
TO PARTNER
WITH A COMPANY
THAT UNDERSTANDS
FAMILIES AND
YOUNG PEOPLE.”**



WE'RE DOING WHAT WE CAN TO SUPPORT WORTHY CAUSES.

Every day, we work with our communities, suppliers and customers to collectively raise money for some of New Zealand's most worthy causes.

This year we helped raise \$2.5 million – a significant success. Our philosophy of a 'hand up' rather than a 'hand out' has seen us help hundreds if not thousands of community groups over the years. We are very proud that, by using our nationwide network of stores and working with our key suppliers to fund-raise, five national charities,

each focusing in some way on families and young people, annually receive significant funding towards major projects they are working on.

A comprehensive community plan, focused on families and young people partnering with community organisations at a national, regional and local level, forms the basis of our ongoing community support.

This work is important to us. In fact, we have identified Community and Environment as one of the six key result areas in our strategy.

We have a team dedicated to our work in both community and the environment, led by our General Manager. This year we appointed a full-time community support manager overseeing the work of The Warehouse Charitable Trust, community giving associated with our 'Bags for Good' programme, in-store coin box donations, community BBQs and various team engagement projects such as the 'Living Legends' tree-planting restoration programme.

This year saw continued support for members of our team impacted by the Canterbury earthquakes through The Warehouse Charitable Trust, along with the Methodist Mission and The Salvation Army in Christchurch.

Knowing our approach and commitment to local communities means that our stores can select the things that they deem are priorities and important to support. Every one of our stores throughout the country supports organisations in their local community.

**WE HELPED
RAISE OVER \$2.5
MILLION**



FIVE KEY NATIONAL CHARITIES

01.

VARIETY – THE CHILDREN’S CHARITY

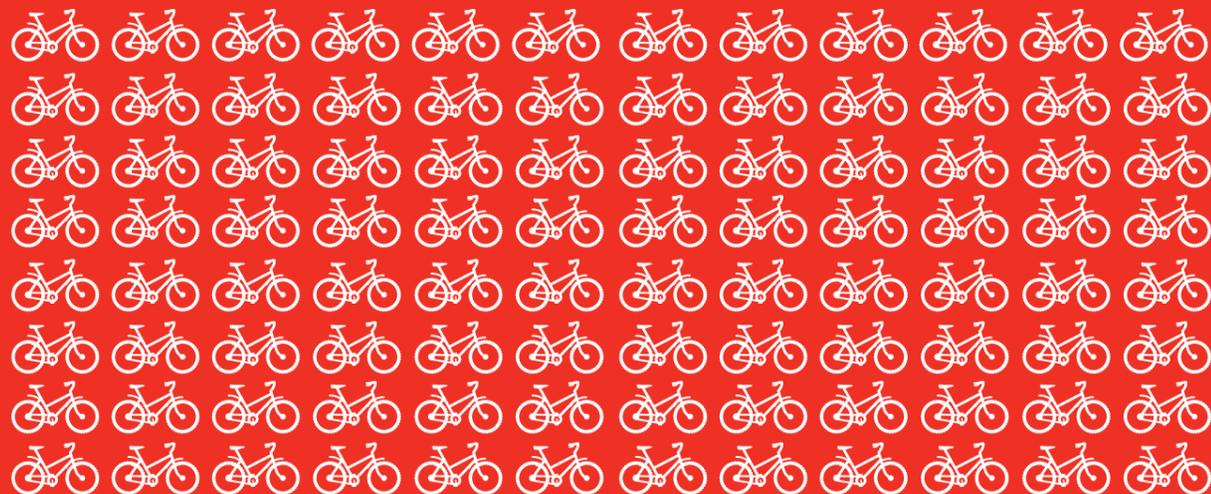
All parents want to do the best for their children – so what about those growing up in poverty? Around 270,000 Kiwi kids are growing up in poverty – they face challenges many of us will never understand. Variety does, and each year they reach out to over 10,000 children with programmes that cover health, education and most importantly help them achieve their full potential. Variety thinks that all Kiwi kids deserve the confidence to look the world in the eye and to strive – and we do too.

Our very popular in-store Scratch ‘n Win promotion saw almost 100,000 tickets sold. This equates to almost \$200,000 in funds that go directly into Variety ‘Bikes for Kids’, a part of the ‘Kids On The Move’ programme. Deserving kids between the ages of seven and nine who are nominated by their schools and caregivers as role models, or who have overcome adversity, are awarded a brand new bike and helmet. The Warehouse is one of the principal sponsors of the initiative. That’s more than 450 children across the country who received a new bike and helmet from our Scratch ‘n Win promotion.



MORE THAN 450

CHILDREN RECEIVED A NEW BIKE AND HELMET FROM OUR SCRATCH ‘N WIN PROMOTION.



02.

KIDSCAN

KidsCan is another national charity that we are proud to partner with and support. Their work is also tackling the issues of childhood poverty – their mission is to help meet the physical and nutritional needs of Kiwi kids less fortunate than others so they can be more engaged in their education and have a better chance of reaching their potential in life. KidsCan today supports the education of more than 4,500 disadvantaged New Zealand children a day, in 276 low-decile schools nationwide.

Last year The Warehouse raised almost \$170,000 to support the ‘Warm Kids, Cool Kids’ programme through selling Lucky Christmas Crackers.

Warm Kids

Being cold brings real misery for children living in poverty and makes it difficult for them to stay healthy. If they get sick and are also poorly nourished, they really battle to recover. The result is that they miss out on school and lose ground, making it more difficult for them catch up to their peers. All over the world, research confirms that keeping kids in school is the first step to a brighter future.

Cool Kids

We all need some sun exposure; it’s our primary source of vitamin D, which helps us absorb calcium for stronger, healthier bones.

On Monday 21 November 2011 at the Prospect School in Glen Eden, some of our team members joined the children, personally handing out sun hats. Our teams love engaging with the communities in which we operate and are right behind our commitment to families and whanau – it’s a two-way reward.

But that’s not all we did for KidsCan. The All Blacks/ KidsCan Reusable Bags proved popular with our customers with sales resulting in additional funding. A total of \$211,855 was raised.

“OUR TEAMS LOVE ENGAGING WITH THE COMMUNITIES IN WHICH WE OPERATE AND ARE RIGHT BEHIND OUR COMMITMENT TO FAMILIES AND WHANAU – IT’S A TWO-WAY REWARD.”

WE RAISED \$211,855

THROUGH SELLING LUCKY CHRISTMAS CRACKERS AND REUSABLE BAGS...



03.

NEW ZEALAND BREAST CANCER FOUNDATION

For many years we have helped Kiwi women through our relationship with the Breast Cancer Foundation. This year, just under \$180,000 went to the 'Research for Life' programme. The funding enabled New Zealand clinicians to put a stake in the ground in the search for a cure for breast cancer.

Each year, the Breast Cancer Foundation educates and raises awareness of breast cancer whilst also making life easier for those women diagnosed and living with it.



NEARLY 
\$180,000
WENT TOWARDS THE 'RESEARCH FOR LIFE' PROGRAMME

ALMOST
\$300,000
FOR THE AIR AMBULANCE RETRIEVAL SERVICE

04.

STARSHIP FOUNDATION



When something happens to your child you just want to know they are in the best hands – we believe that this is what Starship offers. In fact, we believe they offer the best care in the world. That's why we have worked hard to deliver them much-needed funding.

Thanks to the support of customers in-store, the Scratch 'n' Win campaign raised almost \$300,000 which has gone to the air ambulance retrieval service that flies critically sick and injured children to the country's only paediatric intensive care unit (PICU).

05.

YOUTHLINE

Growing up and being a teenager can present challenges that may seem overwhelming – where better to go than Youthline. For years Youthline has been changing teens' lives through a range of support services like counselling, training and seminars.

We think they do good stuff so we got right in behind them by selling novelty pens.

With the support of our enthusiastic teams encouraging sales at the check-out – we collectively raised just over \$130,000.

This vital funding allowed Youthline to continue to upgrade the critical 0800 24/7 Help Line and Free Txt Counselling service for young people, their caregivers and family members.


\$130,000
FOR YOUTHLINE'S HELPLINE

NATIONAL FUND-RAISING AUGUST 2011 TO JULY 2012

Variety – The Children's Charity	294,900
KidsCan	211,855
NZ Breast Cancer Foundation	177,627
Starship Foundation	282,015
Youthline (includes \$416,202 from the Supplier Dinner)	549,202
Total National Fund-raising	1,515,599

LOCAL/REGIONAL FUND-RAISING AUGUST 2011 TO JULY 2012

Coin Box	89,460
Community BBQ	419,690
Plastic Bag Donations	414,821
Wellington Children's Hospital	34,855
Total Local/Regional Fund-raising	958,826

\$2,474,425

GRAND TOTAL NATIONAL AND LOCAL/REGIONAL FUND-RAISING FOR 2011-2012



OUR WAREHOUSE TEAMS ARE A KEY PART OF THEIR COMMUNITIES.

PRECIOUS JEWELLERY COMES TO THE AID OF ST JOHN

Christchurch

Christchurch Cathedral holds a special place in Kiwis' hearts. This iconic building became a feature in a special fund-raising campaign that resulted in significant funding for the local chapter of St John ambulance service. Two bespoke silver pendants featuring the Cathedral went on sale at \$29.99 each with 50% of the purchase price going to St John.

As with St John, The Warehouse is committed to helping the residents of Canterbury rebuild their lives and focus on the future. Supporting St John was another practical solution to helping Christchurch get back on its feet. Sales resulted in a donation of \$50,000 from The Warehouse.

The Cancer Society Relay for Life

Imagine, if you can, walking a 400-metre track 345 times in 24 hours – that is what our teams from our Alexandra and Queenstown stores did when they participated in the Relay for Life. With fine weather and fantastic community support the atmosphere was something special. They raised over \$6,000 for the Relay for Life – a fantastic effort contributing significantly to the funds raised in Central Otago. Further north, our teams from the Wellington and Lyall Bay stores also participated, raising \$2,600.



\$50,000

RAISED FOR ST JOHN CHRISTCHURCH

WORKING TOGETHER, OUR TEAMS MAKE AN AMAZING DIFFERENCE FOR KIWIS EVERYWHERE.

\$8,600

RAISED FOR THE RELAY FOR LIFE

Hand in Hand with the Community

Stan and Lynne Heatherington's trip of a lifetime to London to visit their daughter and new grandchild was cut short when they had to return as their home had been gutted by fire. The Warehouse Whangaparaoa store set up a list of goods that customers could buy and donate to the couple. This was another demonstration of our team and the community working together to support locals needing a hand.

Team Taupo

To help celebrate The Warehouse Taupo's re-opening, the team decided to make a donation to a community organisation making a difference in the area. A number of groups applied for the funding which made for tough deliberation by our team. After lengthy discussion the Taupo Primary School was chosen as it wanted to buy literary resources to aid learning – a great cause and such an important basis to build stronger kids and stronger communities.

Habitat for Humanity and The Warehouse Feilding

The Warehouse Feilding banded together to help finish a Habitat for Humanity home for a Congolese refugee family. Many of the team took annual leave or used their day off to get the job done. They were proud of the result and reported that assisting was an honour; the satisfaction and fulfilment that they shared has proven priceless.

The first New Zealand Habitat for Humanity house was built in Pukekohe in 1993. This year Habitat has helped give over 390 families a hand up into their own home.

Doing Good Stuff in Gore

When your kid is sick or needing help it's good to know the best care is available. That's why we help Starship Children's Hospital at our national level of support. Sometimes, though, it's the local hand that brings a much-needed smile to your child's face. Our team in Gore did just that when they set up a collection box in-store to help a local five year old who was recovering from a liver transplant operation in winter. Our team wanted to help in some way and with customer support we were able to donate \$500.

Advocating for Good Environmental Practices

The Warehouse Motueka donated 20 cloth bags to the Parklands School environment group for a project to promote recycling and good environmental practice. The students transformed the cloth bags into works of art with environmental messages and imagery such as native plants and solar energy.

Red Shirts in Schools

One of the things we love about Red Shirts in Schools is working with secondary students who are gaining valuable work-place experience while they are achieving credits for their Level 2 of the National Certificate of Educational Achievement (NCEA). This programme is so rewarding for us as a business, fits our approach to working with families and the youth of New Zealand, and it's great for the students. Many of those who graduate from this programme go on to work with us on a full or part-time basis.

It works like this: students are given the opportunity to complete the Customer Service Award programme in stores – and we and other retailers get a pool of pre-qualified employees from our local secondary schools. The students tell us this is a positive way to be introduced to the workplace, building their confidence and skills. We know our team members value the programme also and in the coming year we plan to significantly expand this long-running initiative to many more New Zealand secondary-school students around the country.

THESE ARE JUST A HANDFUL OF EXAMPLES OF COMMUNITY SUPPORT PROGRAMMES THAT ALL OF OUR STORES PARTICIPATE IN LOCALLY.

“I WANT TO MIX BUSINESS WITH DOING GOOD.”



WE BELIEVE IT MAKES GOOD SENSE TO PARTNER WITH OUR SUPPLIERS.

Our combined strength means we can raise more funds for good causes.

It's important to us to recognise the importance of our suppliers as every day they help us provide the bargains and essentials that Kiwis want. Our supplier base ranges from small domestic manufacturers to large multinational corporations and includes importers and buying agents, and suppliers associated with our Shanghai representative office.

Each year, we host The Warehouse Supplier Awards and Charity Dinner – an evening that

combines celebration with fund-raising. The event held in November 2011 brought together just over 850 people to recognise our suppliers and service providers through a number of awards. Ticket sales for the dinner and the accompanying auction proceeds raised a massive \$416,202 for Youthline to complete their Youth and Community Development Centre in South Auckland. Thanks to all of our suppliers for supporting this event.

With the backing of our suppliers this annual event raises one of the largest amounts of money in a single day for a nominated charity.

THE CATEGORY WINNERS WERE:

The Warehouse ‘Innovator of the Year’ – Gazal/Bisley

Recognises the supplier with the most successful product or service innovation in the past year.

The Warehouse supplier ‘Representative of the Year’ – Nicole Detman from Mars

Recognises an individual supplier representative whose personal qualities, values and behaviours epitomise excellence in account management and service to The Warehouse.

The Warehouse ‘Small to Medium Enterprise of the Year’ – Haunui International

Recognises all-round supplier excellence from a privately owned, New Zealand-based, small to medium-sized enterprise.

The Warehouse ‘Non-trade Supplier of the Year’ – True North/Sell2Cell Ltd (joint winners)

Recognises the work and commitment by our service providers and non-trade suppliers.

The Warehouse ‘Supplier of the Year’ – Warner Bros

Recognises the supplier who in our estimation has delivered the greatest overall comparative value to The Warehouse in the past year through sales success, customer and market insight, design-led product development, superior account management, and support for ethical and environmental standards.

TICKET SALES FOR OUR CHARITY DINNER AND THE ACCOMPANYING AUCTION PROCEEDS RAISED A MASSIVE



\$416,202
FOR YOUTHLINE

BOB TINDALL CHARITY GOLF DAY

When 200 golfers get together at one of the most stunning golf courses New Zealand has to offer – they can do good things. The Warehouse team members, along with some of our suppliers, mixed golf with fund-raising. A total of \$64,000 was donated to Variety – the Children’s Charity.

Variety used these funds to complete Stage 2 of the Variety playground at Long Bay Regional Park in Auckland – an accessible and inclusive playground for children of all abilities and their families.

**“I WANT
NEW ZEALAND
TO STAY CLEAN
AND GREEN.”**



WE'RE DOING WHAT WE CAN TO HELP KEEP NEW ZEALAND CLEAN AND GREEN.

As a large retailer we take both a leadership position advocating for improvement in the retail sector as well as challenging ourselves to walk the talk and deliver continuous improvements in our business. It's not always easy but some of our priority areas have delivered outstanding results. For example, the implementation of leading-edge technology to conserve energy can also lead to great results, and the Great TV Take Back where 28,000 old cathode-ray tube televisions were returned to us for recycling.

ENERGY-EFFICIENT LIGHTING

Late last year we conducted a review to further improve our energy efficiency, refining the roll-out of energy-efficient T5 lighting via our store modernisation programme, and ensuring our new store designs incorporate the most contemporary and efficient lighting and air-conditioning solutions.

To deliver the full potential of the lighting system and provide improved control and monitoring of the complete building services, a new energy management control system was designed and implemented. Data derived from the complete lighting, air-conditioning and power services is pushed to an external cloud database, and from there, automated reports are delivered to

the property management team for quick review and response. We made changes to the way we install and locate lights in store and to our lighting supplier base. These refinements – on top of our existing system of dimming the light output as the natural light through the roof skylights increases – are delivering significant energy savings to our stores and to the business overall.

The latest-generation T5 lamps consume less than 13% of the power of a

standard 54-watt bulb. We are among the first enterprises in New Zealand to adopt such technology.

Trends emerging late in 2012 indicate savings of up to 30% on the previous year's consumption in stores where we had installed the latest-generation lights combined with the new control systems. We are expecting our work in this area to continue to generate additional savings – that's good for us and good for the environment!

**TRENDS EMERGING LATE IN 2012
INDICATE SAVINGS OF UP TO**

30%

**ON THE PREVIOUS
YEAR'S CONSUMPTION.**



KEY STATISTICS FOR 2012

WASTE TOTAL (M³)

22,453

2011	19,818
2010	18,427



STORE AVERAGE WASTE (M³/\$1M)

10.8

2011	9.6
2010	7.4



ELECTRICITY (KWH)

78,213,397

2011	80,419,337
2010	79,264,541



ELECTRICITY STORE AVERAGE (KWH/MONTH/M²)

12.4

2011	12.9
2010	12.8



CARBON (TONNES CO₂)

27,312

2011	22,024
2010	23,526



PLASTIC BAGS ISSUED

6,424,014

2011	6,893,987
2010	7,232,136



GREENHOUSE GAS EMISSIONS 2012

Despite electricity consumption reducing by 2.7%, our carbon footprint has increased by 24.0%. This is primarily due to New Zealand's electricity conversion factor rising significantly as electricity has been generated using less renewable sources.

The higher electricity conversion factor meant that the contribution of electricity to our carbon footprint has increased from 43.2% to 49.4%. We have continued our energy-efficiency focus with the further roll-out of energy-efficient lighting fixtures, the optimisation

of lighting electronic management systems, and a greater use of natural lighting.

In last year's report, we committed to expanding the boundary of the Scope 3 emissions on which we report, to include those associated with our use of courier services. This data has been collated and shows in the table below. We expect the impact of courier services on our carbon footprint to increase as The Warehouse continues to grow online sales as part of being a multi-channel retailer.

HOW WE CALCULATE OUR EMISSIONS

The Warehouse calculates greenhouse gas (GHG) emissions using e-Manage, a web-based GHG calculation tool developed by Landcare Research. Raw data, either provided to us by our transport and energy providers or extracted from our own financial and freight-management systems, is entered into the e-Manage tool, which calculates the carbon dioxide (CO₂) equivalents according to an internationally and nationally agreed set of

protocols and factors. We apply a materiality principle to the completeness, accuracy and consistency of the raw data we collect.

We set reporting boundaries for our GHG emissions in accordance with the standards set out in the Greenhouse Gas Protocol. The organisational boundary consists of The Warehouse Limited – emissions are therefore not reported for subsidiary or associate companies of The Warehouse Group Limited. We adopt the operational control approach to consolidating emissions data with the operational boundary consisting of emissions categorised into three 'scopes' or groupings. Scope 1 emissions comprise all significant emissions from activities directly controlled by The Warehouse Limited. Scope 2 emissions are those arising from electricity consumption. Scope 3 emissions are generated from sources that are not directly owned by The Warehouse Limited but which we consider are relevant to the operations of our business, such as domestic freight and the inward shipping of The Warehouse's direct imports from overseas. We do not calculate emissions from biologically sequestered carbon (e.g. emissions from burning biomass/biofuels).

GREENHOUSE GAS EMISSIONS

Emission Source	SCOPE	2012	2011	% CHANGE
The Warehouse-owned Vehicles and Lifts	1	1,069	1,046	2.1%
Electricity	2	13,399	9,520	40.7%
Shipping	3	6,489	5,781	12.2%
Road Freight	3	2,213	2,030	9.0%
Employee Air Travel	3	2,137	1,869	14.4%
Rail Freight	3	1,558	1,514	2.9%
Courier Freight	3	162	-	N/A
Rentals, Taxis and Private km Claims	3	285	264	8.0%
Total Tonnes CO₂ Equivalent		27,312	22,024	24.0%



KIWIS EMBRACE NEW ZEALAND'S BIGGEST TELEVISION RECYCLING EVENT.

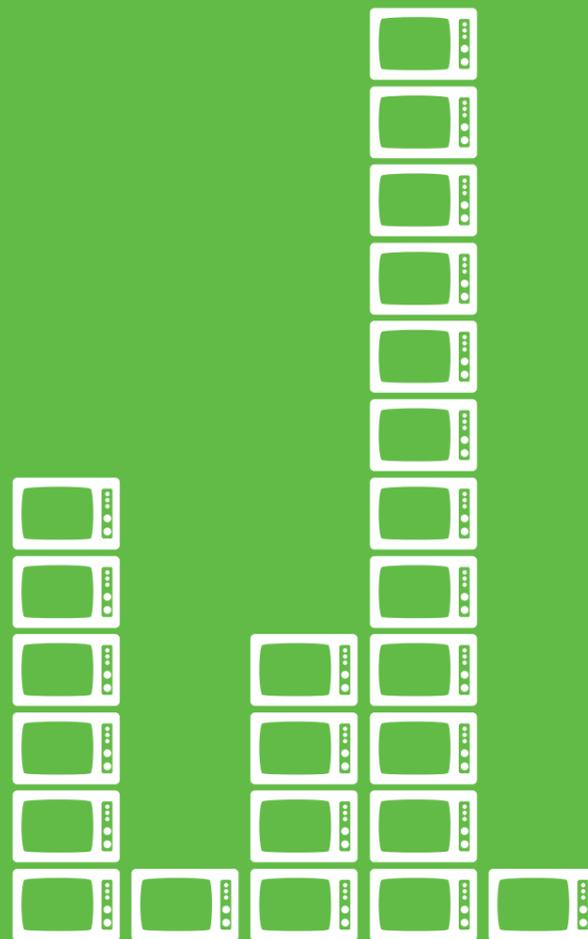
Kiwis want to do the right thing when it comes to e-waste. We know this because the public response to the country's first major television recycling event resulted in more than 28,000 old cathode-ray tube (CRT) TVs returned for recycling, including around 6,000 in Christchurch as residents got rid of old or damaged sets.

The Warehouse's 'Great TV Take Back', supported by the Government's Waste Minimisation Fund in association with Love New Zealand, enabled anyone to return for free old unwanted TVs to 20 participating The Warehouse stores throughout the country.

Members of the public returning old TVs deposited them in shipping containers at the participating stores around the country. Ninety-six per cent of the components in the old sets could be recycled.

What's more, around 1,000 man days of labour in New Zealand was used to collect and recycle the returned TVs, reflecting the additional employment activity arising from the scheme.

As a major retailer of TVs, The Warehouse was pleased to be involved in the campaign which both raised awareness about responsible disposal of e-waste, and promoted product stewardship. We will continue to work with industry and government to develop permanent forms of product stewardship for electronics and other product classes.



BASED ON THE NUMBER OF SETS RETURNED, AN ESTIMATE OF RECOVERED MATERIALS FROM THE RECYCLING EFFORT INCLUDED



BAGS FOR GOOD

BAGS FOR GOOD

The Warehouse's own product stewardship included its award-winning 'Bags for Good' programme aimed at cutting back plastic bag waste. When we launched this scheme in 2008 there were sceptics – but we are delighted with the results. The scheme has resulted in a significant reduction in bags issued by The Warehouse, with profits from the 10-cent charge being donated to local community groups and charities – amounting to around \$400,000 each year.

The following outlines just a few of the groups around New Zealand being supported from the profits of plastic bags sold.

Kaitaia Hospital's renal team received \$1,361 for patient comfort use. Our team at The Warehouse **Kaitaia** selected the renal unit as recipients of this donation because they have team members with family who are affected by dialysis. For the second year running, the **Botany Downs** team donated more than \$2,572 to support the work of the SPCA in Mangere.

The **New Lynn** store's fund-raising monies went to Glendene Primary School to assist with book purchases for their library, as well as stationery and other supplies for activities such as craft and sewing. The team at New Lynn proudly donated \$2,773.

Our The Warehouse **Downtown** team donated \$6,783 to Auckland City Mission continuing their support to the homeless and needy people of central Auckland.



TO LOCAL COMMUNITY GROUPS AND CHARITIES FROM THE SALE OF PLASTIC BAGS

PLASTIC BAG STATISTICS

Measure	F11/F12 % VAR	F12	F11	F10	F9	F8
Number of check-out bags sold	-6.82%	6,424,014	6,893,987	7,232,136	27,167,333	43,370,500
Total kg sold @ 7.27kg/1,000 bags	-4.63%	46,702	48,968	52,578	197,507	384,618
Reusable bags issued	88.48%	457,282	242,616	410,614	566,987	85,741
Percentage of customers purchasing plastic bags	-1.4%	12.7%	14.1%	14.5%	n/a	n/a
10-cent bag donation	0.33%	414,821	\$413,448.88	\$432,614	\$130,924	n/a

“I WANT TO WORK FOR A COMPANY OWNED BY KIWIS.”



WE'VE BEEN DOING A LOT TO HELP OUR TEAM GROW.

As a leading employer it is important that we meet and go beyond legislative requirements – that we meet the expectations of our employees and the communities we serve.

A big part of this year, and a key part of the improvements we've made, has been our re-energising of the customer-led and entrepreneurial spirit that has made The Warehouse an iconic Kiwi business. We've made progress towards a results-focused team culture that is customer-led, store-focused and people-centred.

We're strengthening our culture of retailing throughout the business,

as well as focusing on continuous improvement, one team and the development of leadership capability. More than 2,000 team members have been through our 'Thinking Smarter' training. And more than 1,000 'brainwaves' generated by team members have contributed to significant improvements in the way we do things. Our senior leadership group members each spend time in our stores on a regular basis to ensure they understand shop-floor operations and the customer experience. As we roll out our Clear Way of Working programmes, including 'Working Smarter' and 'Selling Smarter', it's

pleasing to see that our team engagement ratings continue to improve in the Kenexa Best Workplaces survey. We also added 300 new team members to our store network and welcomed them to working with us and the many future career opportunities that we offer.

This year we became one of the first companies in New Zealand to commit to the United Nations Women's Empowerment Principles, which help empower women in the workplace, the market and the community. Launched in New Zealand by the Governor-General the Rt Hon Sir Jerry Mateparae in February 2012, The Warehouse was

acknowledged as one of nine initial companies to sign up to these principles.

Other milestones this year included the simplification of our health and safety system, and we have continued to reduce, year on year, our Lost-Time Injury Frequency Rate and Total Injury Rate. We feel certain this result is attributable to our commitment to our health and safety programmes combined with our health and safety awards. The awards recognise those stores delivering a consistent result while demonstrating a sound, robust approach to managing health and safety in their store environment.

Within a clear framework, we want our people to have the freedom to make the right decisions for the customer, to innovate and to grow. Continuing to roll out our Clear Way of Working framework will be a focus for the year ahead.

We have enthusiastic and dedicated team members throughout our business who are committed to delivering 'Bargains' and 'Essentials' online and in store to our customers every day.

2,000

TEAM MEMBERS THROUGH OUR 'THINKING SMARTER' TRAINING

1,000

'BRAINWAVES' GENERATED BY OUR 2,000 TEAM MEMBERS





“I WANT TO WORK FOR A COMPANY THAT CARES FOR ITS STAFF.”



PEOPLE STATISTICS 2012

HERE'S WHAT SOME OF OUR PEOPLE HAD TO SAY ABOUT US AS AN EMPLOYER:

“Caring, family-type atmosphere prevails in the company; treat staff well and always put people first in everything that they do. Great company to work for even after 13 years!”

“I have worked with this company for 19 years. The opportunities I have been given have been amazing. I have developed my skill base and been promoted many times. Personally I have been able to grow my self-confidence and self esteem.”

“The Warehouse offers career development and opportunities to progress to bigger and better positions. This company is truly Kiwi ‘hearted’ in that it gives to charities and supports many worthwhile organisations who help the everyday man in the street.”

	2012	2011	2010
Full-time Equivalent Team Members	5,047	4,703	4,709
Number of Team Members	8,178	8,013	7,805
Retention Rates	85.0%	84.2%	84.8%
Lost-Time Injury Frequency Rate	8.98	10.72	12.75
Total Injury Rate	33.13	37.55	41.38
Working Days Lost to Illness	29,148	22,486	24,675
OSH Prosecutions	0	0	0
Workplace Fatalities	0	0	0
ACC Accreditation	Tertiary	Tertiary	Tertiary
Employee Assistance Programme Users	222	225	191
Engagement	76.8	75.8	72.2

	2012 Male	2012 Female	2011 Male	2011 Female
Store Managers	72%	28%	75%	25%
Assistant Store Managers	43%	57%	44%	56%
Senior Managers – Support Office	67%	33%	68%	32%
Middle Managers – Support Office	55%	45%	55%	45%

Quotes sourced from Kenexa Best Workplaces survey



“I WANT TO BUY THINGS WITH A CLEAR CONSCIENCE.”



WE’VE BEEN IMPROVING THE TRANSPARENCY OF OUR SUPPLY CHAIN.

We know our customers want to shop with us knowing that they are getting good products, good quality and a great price. We also know that increasingly they want a clear conscience when it comes to who manufactured the products they are buying – and what their employment conditions are. That’s why we have continued our ethical sourcing drive which improves the transparency of our supply chain and ensures our supplier factories are meeting our labour and environmental standards.

Last year, we reported on the piloting of an electronic purchase order system used by our buyers so that they can associate orders directly with the factories at the origin of production. This means that all the work we do, to select factories that meet our ethical standards, is visible to buyers as they place orders on a daily basis. We have made good progress this year in embedding this new innovation with 442 suppliers in this system which now gives us visibility of almost 1,100 factories offshore.

The new systems we have established offer us the ability along with our quality assurance processes to pre-screen important new suppliers prior to entry – especially those in newer source countries for us, such as Bangladesh.

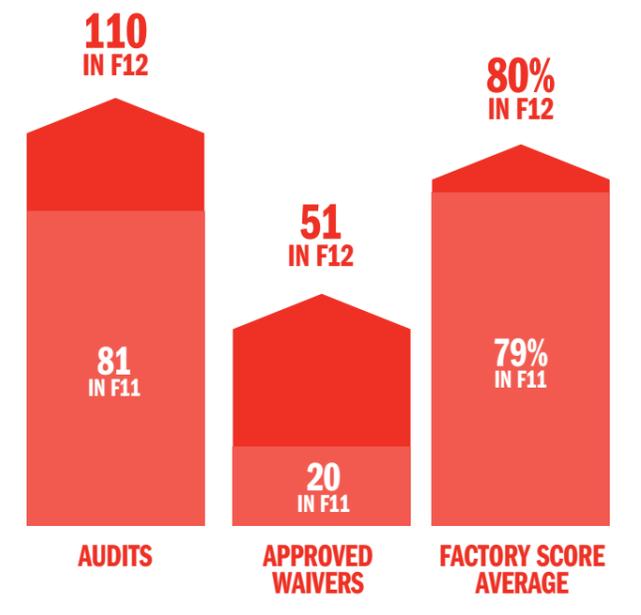
We implemented a new approach to audit waivers in order to encourage waiver uptake and reduce audit burden and cost for suppliers while still maintaining the integrity of our assurance process. An audit waiver occurs when we review and verify a third-party audit report provided by the supplier.

In the past year, we discontinued trading with 10 factories because of their failure to meet our standards.

For a full description of our factory inspection process please go online to our 2010 Community and Environment report.

COUNTRY OF MANUFACTURE SHARE OF SALES

COUNTRY	2012	2011	2010
China	62.86%	61.92%	60.27%
New Zealand made	11.23%	11.27%	12.36%
Australia	7.18%	7.61%	7.88%
United States of America	6.09%	6.34%	6.87%
United Kingdom	1.80%	1.52%	1.28%
Thailand	1.36%	1.34%	1.25%
Denmark	0.93%	0.83%	0.69%
Malaysia	0.80%	0.90%	0.96%
New Zealand assembled	0.78%	0.87%	0.94%
Pakistan	0.76%	0.93%	0.96%





“I WANT TO WORK FOR THE BEST KIWI COMPANY.”



WE CONTINUE TO EMPOWER OUR PEOPLE.

During the year, we moved our Store Support Office to co-locate with The Warehouse’s own Store Support Office in Northcote, Auckland. The move has allowed for closer alignment and leveraging of the Group’s strength, particularly in the consistent ways of working. We anticipate further improvements and the ability to achieve additional benefits such as in our purchasing and product sourcing.

WORKING SMARTER – SELLING SMARTER

We continue to embed our team model that makes it clear what is important to us and how we work together. Our leadership framework builds our leadership capability and empowers our people at all levels to make good decisions which are key to improving our business and delivering to our customers. Our ‘Working Smarter’ model, which drives improvement in the rhythms and routines as

well as processes in-store, was introduced in 2009 and is continuing to be embedded. This year we introduced the second and complementary model, ‘Selling Smarter’. The results of our investment in our people are clear as we have more knowledgeable staff in-store. They are authentically engaging with customers, delivering better service and sales advice.

We are always pleased to earn external recognition and in particular when it acknowledges our people. For the second consecutive year, we were finalists in the Kenexa Best Workplaces engagement survey. Engaged employees are more productive, more customer focused, safer and are less likely to leave. This year we again improved our survey result and achieved another outstanding response rate. This affirms that we have great leadership, strong capability and a highly engaged team – all crucial elements in delivering on our focus to be New Zealand’s best retailer.

PEOPLE STATISTICS 2012

Full-time Equivalent Team members	710
Number of Team Members	941
Retention Rates	76.80%
Lost-Time Injury Frequency Rate	11.6
Total Injury Rate	10.88
Working Days Lost to Illness	2,350
OSH Prosecutions	0
Workplace Fatalities	0
ACC Accreditation	TERTIARY
Engagement	82.1

“WE HAVE GREAT LEADERSHIP, STRONG CAPABILITY AND A HIGHLY ENGAGED TEAM.”



AT WAREHOUSE STATIONERY WE'RE INTO GIVING A HAND UP.

It's not just schools that we help – our commitment to providing a 'hand up' to youth is well founded in the charities we proudly support. This year we strengthened our relationships with The Salvation Army and World Vision and added CanTeen into our family of charities we stand behind. An array of activities such as selling the popular CanTeen bandanas at the point of sale resulted in a record-breaking year for our fund-raising efforts. Our team is committed to enriching the lives of others and readily engages in our community support.

We continue our long-running association with First Foundation, a unique educational trust founded to give young New Zealanders, with plenty of talent but few financial resources, a hand up to tertiary education. First Foundation has worked with and transformed the lives of over 300 young New Zealanders. Since 2001

we have proudly worked with 25 students; 11 have graduated from University and 10 are still studying at undergraduate level. In fact, in its early years the First Foundation was located at our East Tamaki store, until it established its own premises.

Support was also provided to the Starship Mobile Phone Appeal with customers and our people encouraged to return old mobile phones for refurbishing with proceeds going to the Starship Foundation to support the Starship National Air Ambulance. We think this is a great win-win situation. Our customers and our teams can safely dispose of old mobile phones while contributing to the care of Starship's children, and to the environment.

In four years, Starship's Mobile Phone Appeal has raised over \$2 million for the Starship Foundation with over 650,000 phones being donated in that time. We're proud to have played our part in this campaign.



WE'RE DOING EVEN MORE TO SUPPORT SCHOOLS.

Building and supporting the communities within which we operate is not just about being a good corporate citizen. We know our people really value making a difference – it's important to them and to our business.

It is important that we also stand behind our schools as this is not only a valuable customer base for us, but it's a great way to ensure we are a part of educating and building capable New Zealanders.

'Support your School' is a reward system developed to enable schools to leverage their community (parents, caregivers, teachers and other individuals and businesses) to get additional funds for little or no extra effort. Anyone shopping at Warehouse Stationery at any time of year, on virtually all products, will earn one point for every dollar they spend for their school. They simply need to allocate their points to their desired school at the time of purchase.

At the end of the 2012 financial year, 'Support your School' had been operating for just on two years. The number of schools benefiting from the programme increased significantly with notable upturn in recent months. This year we are growing our promotion and have recently expanded the initiative to encompass and support Early Learning Centres.

To complement our 'Support your Schools', in 2011 we launched New Zealand's 'Most Inspiring Teacher' annual awards to acknowledge and recognise the efforts of our teachers nationwide.

We know Kiwis want good teachers – and we know Kiwi teachers consistently go the extra mile for the good of their students, offering their personal time and often even their own funds. Over 1,100 teachers were nominated throughout New Zealand, representing primary, intermediate and secondary schools.

AND THE WINNER IS...

MASSEY MUSIC MAESTRO IS NZ'S MOST INSPIRING TEACHER OF 2011.

Massey High School's "crazy" head of music, Robert Loretz, was named New Zealand's Most Inspiring Teacher for 2011.

The judges looked for inspirational, innovative teachers who are committed to the learning process and do things in an engaging way to help make the school experience the best it can be.

Mr Loretz was nominated multiple times with all the nominators loudly singing his praises. They said he sometimes used hilarious and unorthodox methods, played a key role in the success of the school production, choir, annual talent quest and musical soiree, and also provided school assemblies with musical entertainment every day of the week.

Not only that, he spent \$1,000 of his own money to buy musical equipment and was influential in the school being donated a \$180,000 brand new Fazioli grand piano. As well as the title of New Zealand's Most Inspiring Teacher, Mr Loretz wins a \$5,000 holiday, a smartphone and \$1,000 worth of supplies for his school. Congratulations, we think you are fantastic, Mr Loretz.





**“KIWIS
WANT GOOD
BUSINESSES
WITH SOUND
GOVERNANCE.”**

THE WAREHOUSE GROUP'S COMPANY PROFILE



COMPANY PROFILE

The Warehouse Group is a publicly listed limited liability company incorporated and domiciled in New Zealand. This report covers two subsidiaries: first, The Warehouse Limited which is the largest general merchandise retailer with approximately 7.7% market share of the non-food retail sector and 39.0% of the department store sector. The second of our subsidiaries covered is Warehouse Stationery Limited which operates in the office products, technology and arts and crafts sectors.

THE WAREHOUSE LIMITED

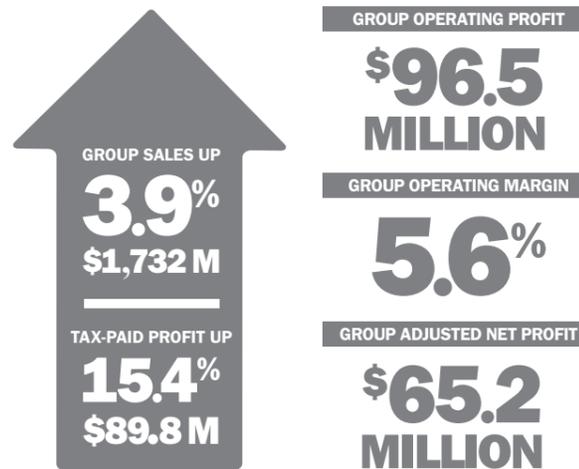
During the period covered by this report, The Warehouse had 89 stores nationwide carrying general merchandise, apparel and grocery products. Around 95.0% of the country's population live within a 30-minute drive of one of The Warehouse's stores. The chain serves 58 towns and cities, giving it unrivalled coverage in New Zealand's non-food retailing. One in five New Zealanders comes into one of our stores each week.

WAREHOUSE STATIONERY LIMITED

Warehouse Stationery has 56 stores throughout the country. At Warehouse Stationery we have everything New Zealanders need to Work, Study, Create, Connect – Anywhere. It's been more than 20 years since we first brought New Zealand businesses stationery at our low prices.

Our nationwide network now brings a huge range of technology, furniture, arts and crafts, and stationery, still at low prices. Whether it's the latest tablet or accounting package, a mobile phone or paints and brushes – we have New Zealand homes and offices covered.

GROUP OPERATING PERFORMANCE



More detailed information and commentary on The Warehouse's financial performance can be found in the 2012 Annual Report which is available on our website.

	2012	2011
The Warehouse Sales (\$m)	1,524	1,463
Warehouse Stationery Sales (\$m)	206.6	201.5
The Warehouse Stores	89	88
The Warehouse Retail Space (m ²)	482,802	476,115
Warehouse Stationery Stores	56	51
Warehouse Stationery Retail Space	64,616	58,307

SUSTAINABILITY – IT'S IN OUR DNA



At The Warehouse, we recognise that choices we make today affect the future environment. We need to play our part in ensuring that growth today does not compromise opportunities for future generations. To be a sustainable business, we need to extend our perspective beyond immediate commercial objectives. We believe that this is good for business and for the long-term interests of our shareholders and other stakeholders.

The scarcity of natural resources and our impact on the environment drive us to take greater responsibility for our operations and the products we sell.

In a world of open markets, The Warehouse and our customers have benefited from access to cheaper goods from developing economies. We have a responsibility to ensure that factories manufacturing for The Warehouse protect workers' rights and uphold basic labour standards.

Our customers have a right to know that not only can we provide great value, but their purchases will be fit for purpose and manufactured to appropriate quality and while adhering to ethical standards.

People in the communities surrounding our stores have needs that cannot always be met via their own resources or by government. We believe that the voluntary and charitable sectors of society are vitally important. The Warehouse will continue to actively support charitable and community causes, both large and small.

We also have a leadership role to play in the wider retail and business community. By sharing our knowledge and vision and collaborating with government and industry, we'll work towards the betterment of New Zealand's society and environment.

We need the engagement of all team members to realise these goals. Our executive and managers have the responsibility to lead us into a more sustainable future.

“To be a sustainable business, we need to extend our perspective beyond immediate commercial objectives. We believe that this is good for business and for the long-term interests of our shareholders and other stakeholders.”

SHAREHOLDERS



WHO OWNS THE WAREHOUSE?

The Warehouse was founded in 1982 by Stephen (now Sir Stephen) and Margaret Tindall with a very small store on the North Shore of Auckland, and The Warehouse Group was first listed on the New Zealand stock exchange in 1994. Sir Stephen and his associates own 50.63% of the Warehouse Group shares. He remains a director of the Company and has appointed his son Robbie Tindall as his alternate director.

Sir Stephen and Margaret always had a vision to share the profits and dividends arising from the success of The Warehouse with the wider New Zealand community. They have done this in two ways.

In 1994, they transferred ownership of 23% of their shares into The Tindall Foundation. This foundation distributes the annual dividend from its shareholding in The Warehouse to various not-for-profit and charitable causes throughout New Zealand. Since its inception, The Tindall Foundation has distributed over \$100.0 million to various causes in New Zealand.

Secondly, Sir Stephen is a very active investor in New Zealand enterprises. His investment philosophy is based on a belief that New Zealand can create a positive trade balance through the export of high technology products, services and intellectual property. Sir Stephen's

investments include companies in the 'green tech', biotech, software, hardware, medical devices, consumer products and services sectors. His investments span over 100 New Zealand companies and his aim is that, one day, the value of their exports will exceed that of The Warehouse's imports today.

OTHER LARGE SHAREHOLDERS

Following Sir Stephen and The Tindall Foundation, the next largest shareholdings are those held by entities associated with Woolworths (Australia) Limited (10%) which owns the Countdown retail chain in New Zealand; and New Zealand's Foodstuffs Grocery Cooperatives (10%) who jointly own the PAK'nSAVE, New World, and Four Square grocery chains.

Other large institutions, such as New Zealand's Accident Compensation Corporation and the New Zealand Superannuation Fund, also hold shares in The Warehouse.

SMALL SHAREHOLDERS

Around 10,000 shareholders, or 91% of holders of The Warehouse Group shares, are based in New Zealand. Shares are held by approximately 1,200 team members, with many of these shareholdings having been purchased through a staff share purchase plan. From time to time, the company invites team members to participate in the purchase of shares.

TOP 10 REGISTERED SHAREHOLDERS AS AT 7 SEPTEMBER 2012

	ORDINARY SHARES	NUMBER OF PERCENTAGE OF ORDINARY SHARES
Sir Stephen Tindall	83,058,283	26.69%
The Tindall Foundation	66,323,220	21.31%
General Distributors Limited	30,548,887	9.82%
Cash Wholesalers Limited	10,373,363	3.33%
Foodstuffs (Auckland) Nominees Limited	10,373,363	3.33%
Wardell Bros & Coy Limited	10,373,363	3.33%
JB Were (NZ) Nominees Limited	5,640,282	1.81%
JB Were (NZ) Nominees Limited	5,210,241	1.67%
JB Were (NZ) Nominees Limited	4,653,150	1.50%
Citicorp Nominees (New Zealand) Limited – NZCSD A/c ¹	4,104,189	1.32%

1 New Zealand Central Securities Depository Limited (NZCSD) is a depository system which allows electronic trading of securities to members. As at 7 September 2012, total holdings in NZCSD were 15,733,425 or 5.06% of shares on issue.

GOVERNANCE, COMMUNITY AND ENVIRONMENT



The Warehouse is committed to sound corporate governance that will ensure the company operates as efficiently as possible while providing for the appropriate level of accountability and transparency. The primary objective of the Board is to build long-term shareholder value with due regard to other stakeholder interests, including those in the social and environmental spheres. It does this by guiding strategic direction and context and by focusing on issues critical for their successful execution.

The Board delegates management of the day-to-day affairs of the company to the Executive team under the leadership of the Group Chief Executive Officer to deliver the strategic direction and goals determined by the Board.

We seek to follow the best-practice recommendations for listed companies to the extent that they are appropriate to the size and nature of The Warehouse's operations. The Warehouse Group's key corporate governance documents are available online from the company website.

The organisation has long recognised the importance of its role as a responsible corporate citizen and is well known for its work in the areas of environment, ethical sourcing and the community.

Leadership within the community and environment is one of the areas of strategic focus captured in The Warehouse's Core Purpose statement and elaborated on in more detail in the company's Sustainability Charter. It is also one of the six key result areas in our business strategy. We seek to keep our stakeholders informed about our performance and policies through reports such as this and information available in the Communities and Environment section of our website.

Our Community and Environment forum, attended by our CEO along with Founder and Director Sir Stephen Tindall, meets monthly to review progress against our Community and Environment objectives.

Key measures are included in formal quarterly management reporting and our performance is communicated more broadly within the organisation at regular intervals at our monthly Support Office meetings, in strategy updates and at training events.

2012 REPORT SCOPE AND BOUNDARIES



This year, we have made a significant change to our reporting by including some information relating to Warehouse Stationery Limited. Our first 11 Community and Environment reports related only to the operations of The Warehouse Limited which is the largest subsidiary of The Warehouse Group Limited. For clarity we note, either by page or section, which part of the business the data or stories presented we are covering.

This report covers activities for the financial year 1 August 2011 to 29 July 2012.

Community and Environment reporting is not provided for The Warehouse Group subsidiary Eldamos Investments Limited, or our partly owned associates: Waikato Valley Chocolates Limited (50%), The Warehouse Financial Services Limited (49%) and Pharmacy at The Warehouse (49%).

In developing this report, we have taken account of social and environmental factors of interest to our stakeholders and, in part, the G3 Global Reporting Initiative (GRI) guidelines. Our adherence to the GRI guidelines is limited and we have therefore not declared an application level for the GRI. As we have introduced some of the community and people activities of Warehouse Stationery Limited but are unable to report all of the measures that we collect for our main subsidiary, The Warehouse, for the sake of clarity, we have dropped the table of GRI KPIs that has been used in previous years.

The information in this report itself is derived from a variety of sources, including our data warehouse, and sales and inventory, financial

reporting, payroll and energy management systems. Specialist third parties, such as our waste and recycling providers and our social auditors, provided information used in this report also. More information about our commercial strategies and financial performance may be found in The Warehouse 2012 Annual Report which is available online.

Where relevant, we have provided footnotes explaining how some calculations have been derived.

Our 2012 Greenhouse Gas Emissions report carries a limited external assurance statement from our auditors PricewaterhouseCoopers.

Previous Community and Environment or Triple Bottom Line reports can be found in the Investor Relations section of www.thewarehouse.co.nz. The specialised Communities and Environment section of the website also contains summary information about our community and environment policies and performance.

INDEPENDENT ACCOUNTANTS' LIMITED ASSURANCE REPORT



To the Management of The Warehouse Limited

We have undertaken a limited assurance engagement of the accompanying Greenhouse Gas Emissions 2012 Report ("the Emissions Report") prepared by the Management of The Warehouse Limited ("the Company") for the year ended 29 July 2012, as set out on page 19.

Management's Responsibility for the Report

The management of the Company is responsible for the preparation and presentation of the Emissions Report that presents fairly the total quantified emissions and removals stated in tonnes of carbon dioxide equivalent for the Company for the year ended 29 July 2012. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of an Emissions Report that is free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to express a limited assurance conclusion on the Emissions Report based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3410, *Assurance Engagements on Greenhouse Gas Statements* (ISAE (NZ) 3410), issued by the New Zealand Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Emissions Report is free from material misstatement, and report our conclusion to you.

A limited assurance engagement undertaken in accordance with ISAE (NZ) 3410 involves assessing the suitability in the circumstances of the Company's use of the criteria stated in the World Resources Institute/World Business Council for Sustainable Development: *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* ("the Criteria") as the basis for the preparation of the Emissions Report, assessing the risks of material misstatement of the Emissions Report whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Emissions Report. Our work has not been carried out in accordance with the criteria stated in the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*.

Summary of work performed

The procedures we performed were based on our professional judgment and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies and agreement or reconciling with underlying records.

We have not performed any procedures in the context of an audit, review or verification of the underlying records or other sources from which the Emissions Report data was extracted.

Inherent Limitations

Quantification of emissions and removals data is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of various gases.

Due to the inherent limitations of any evidence gathering procedures and limitations in the Company's systems and processes that support the compilation of the Emissions Report, it is possible that fraud or error may occur and not be detected.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Emissions Report has been prepared, in all material respects, in accordance with the Criteria applied as explained in the Emissions Report. Consequently we may not have become aware of all significant matters that might be identified in an assurance engagement designed to obtain reasonable assurance. Accordingly we do not express any opinion on the Emissions Report.

Accountants' other relationships with the Company

We have no relationship with, or interests in, The Warehouse Limited other than in our capacities as accountants conducting this limited assurance engagement, auditors of the annual financial statements and providers of other assurance services. These services have not impaired our independence as accountants of the Company.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's Emissions Report is not prepared, in all material respects, in accordance with the Criteria as explained in the Emissions Report.

We completed our procedures on 25 March 2013 and our findings are reported as at that date.

Restriction on Use and Distribution

This report has been prepared solely for the Management of the Company. This report is not to be used for any other purpose. We disclaim any assumption of responsibility for any reliance on this report to any party other than the Management of the Company, or for any reliance on this report for any other purpose than that for which it was prepared.

Chartered Accountants, Auckland



MEMBERSHIPS



MEMBERSHIPS:



FTSE4GOOD INDEX SERIES:



FTSE4Good

The Warehouse is a constituent company in the FTSE4Good Index Series.

The FTSE4Good Index Series has been designed to objectively measure the performance of companies that meet globally recognised corporate responsibility standards.

MORE INFORMATION:

For more information on our social and environmental policies and previous reports, visit:

www.thewarehouse.co.nz

Or contact:

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Community and Environment
paul.walsh@thewarehouse.co.nz

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Text stock:
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community
and
environment**



the **warehouse** //
where everyone gets a bargain

warehouse
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