

The Warehouse Group Limited Remuneration Policy

POLICY STATEMENT

The Warehouse Group Limited's (the "Company") remuneration policy supports the company to attract, retain and motivate high calibre diverse team members to achieve the Company's business objectives and create shareholder value.

The Company's remuneration policy is guided by the principles that remuneration practice should:

- Be clearly aligned with the Company's values, culture and corporate strategy;
- Support the attraction, retention and engagement of team members;
- Be understood by team members;
- Be equitable and flexible;
- Appropriately reflect market conditions and organisational context;
- Recognise individual performance and competency, rewarding individuals for achieving high performance; and
- Recognise team and company performance and the creation of shareholder value.

PURPOSE OF THIS POLICY

The purpose of this policy is to outline the remuneration principles which apply to all team members to ensure that remuneration practices within the Company are fair and appropriate for the organisation and its team members, and there is a clear link between remuneration and performance.

SCOPE AND FIT

This policy applies to all Company team members engaged on individual and collective employment agreements (including the Group Executive Team).

The policy principles are supported by other documents and guidelines which cover the detail of specific remuneration processes and provisions.

For each Brand within the Company, different remuneration frameworks may apply, as agreed with the Group Chief Executive Officer, Chief People Officer and the Company Board as recommended by the Company's People & Remuneration Committee.

This policy may be reviewed and amended, replaced or withdrawn by the Company at any time.

THE COMPANY'S APPROACH TO REMUNERATION

The Company is committed to applying fair and equitable remuneration and reward practices in the workplace, considering internal and external relativity, the commercial environment, the ability to achieve the Company's business objectives, and the creation of shareholder value.

Under the Company's remuneration framework:

- Individual performance and market relativity are key considerations in all remuneration-based decisions, balanced by the organisational context.
- Remuneration includes a mix of fixed and variable components. A summary of the current provisions is set out below:
 - (a) **Fixed remuneration** is base salary and relates to the base requirements of the role.
 - (b) A discretionary **Short Term Incentive (STI)** may be offered for permanent team members, at the discretion of the Board. The structure of such incentives is approved by the Board. Details of any incentive scheme may vary from year to year in accordance with separately documented STI Scheme Guidelines, and by approval of the Board.
 - (c) An Executive **Long Term Incentive (LTI)** Plan may be offered, generally only to permanent executive team members, as approved by the Board.
 - (d) **Total Remuneration** is the sum of the above fixed remuneration and potential incentive remuneration values.

In addition, the Company may offer provisions which have a monetary benefit to team members, but are not considered part of remuneration.

Fixed Remuneration

Fixed remuneration is base salary.

Roles are evaluated using a standardised external consultancy methodology. Roles of a similar level are then grouped into a band. The remuneration midpoint for each band is determined with reference to TWG's remuneration comparator group.

Base Salary

Base salary is determined by role size and the remuneration midpoint applicable to that role. Individual salary is generally set between 80% and 120% of the midpoint, dependent upon competency and performance.

The Company undertakes an annual remuneration review, as at September each year, informed by an assessment of relative external market data and organisational context. Individual remuneration will be reviewed dependent upon performance and remuneration relativity. Any increase to an employee's base salary is at the Company's sole discretion.

KiwiSaver

Team members who contribute to a KiwiSaver scheme will receive matched Employer contributions of up to 3% of gross earnings, paid to their KiwiSaver account in accordance with applicable legislation. Employer contributions to KiwiSaver are not considered part of the remuneration package. TWG continues to provide KiwiSaver employer contributions to team members aged over 65.

COMPANY INCENTIVE SCHEMES (DISCRETIONARY REMUNERATION)

The Board may approve the availability of Short Term Incentive (STI) schemes for some or all permanent team members, to operate in each year.

In general, any STI scheme offered by the Company:

- will apply for the year of offer only;
- will be fully discretionary, such that there is no guarantee of an invitation to participate in a scheme, nor a payment in any given year. Any employee or particular category of team members may be included or excluded from participation at the Board's absolute discretion. If invited to participate, participation may be revoked or the amount of any incentive payment adjusted at the Board's absolute discretion. The nominal and potential value of any such incentive will be determined by job level and incentive scheme type;
- may incorporate a required stand-down period, not exceeding 3 months;
- will be designed to reward individual performance and contribution toward business outcomes;
- will be performance-based with any incentive payment being conditional on the achievement of specific, objective measures of company performance, and the manager's assessment of a person's overall individual performance and behaviour;
- will be self-funding, so that the value to the organisation of performance outcomes achieved exceeds the cost of potential incentive payments possible under the plan;
- will be outlined in an applicable STI Schemes Guidelines document;
- will be linked to the Company's financial results.

The detail of any discretionary STI Plan arrangement approved by the Board will be provided to eligible participants.

CASH-BASED PROVISIONS

Leave Provision

In accordance with the Holidays Act 2003, team members are entitled to four weeks paid holiday per annum, unless otherwise specified in an individual's employment agreement. The holiday entitlement for part-time team members is pro-rated to reflect part-time hours. Team members may elect to cash up the fourth week of their annual leave entitlement. In addition, the Company may provide team members one additional "Birthday Leave" or equivalent day. It is at individual brand discretion whether to roll this out or not. The Company may review or amend this provision at any time.

Executive Leave

Particular Executive roles may be eligible for 5 days' Executive leave.

Paid Parental Leave

To assist team members to balance their work and family commitments, the Company offers enhanced parental leave benefits. Following the birth or adoption of an employee's child, and to ease the transition back to work, the Company provides parental leave support in excess of the minimum legislative provisions:

- Annual leave will accrue at full value; and
- Ease back to work – for the first month return to work on 80% and be paid 100%.

Redundancy Compensation

Details of any redundancy provisions, where applicable, are included in each employee's individual employment agreement.

NON-CASH BENEFITS

The Company may also offer non-cash benefits / discounts / purchasing provisions for team members, including via relationships with other organisations and suppliers.

A team card providing discount to team members is available.

Other non-cash benefits include access to medical insurance through employee-funded membership, access to discounted healthcare, banking discounts through relationship banks, and various discounts through other suppliers.

Non-cash benefits are not a term of employment and provisions may vary from time to time at the discretion of the Company or the applicable supplier.

RESPONSIBILITIES

TWG Board ("the Board")

The Board is required to approve:

- The appointment of an independent advisor to support management on remuneration matters.
- The Company's remuneration policy.
- Remuneration proposals and performance decisions concerning the Group Chief Executive and Group Executive Team, unless specifically delegated by the Board to the People and Remuneration Committee.
- The budget for the organisation's annual remuneration review.
- The structure, participation and payment of any incentive scheme(s) offered to the Company's team members.
- The outcome of any organisational performance measure used to determine payments under a Company incentive scheme.
- The setting of the Group CEO's annual KPI's and annual performance appraisal.

People and Remuneration Committee

The People and Remuneration Committee is required to review and recommend to the Board:

- The appointment of an independent advisor to support management on remuneration matters.
- Proposed changes to remuneration policy.
- Proposed remuneration for the Group Executive Team.
- Objectives and performance ratings of the Group CEO and any change to remuneration.
- Participation in any STI and LTI schemes.

Chief People Officer

The Chief People Officer is required to:

- Make recommendations to the People and Remuneration Committee on Executive remuneration matters.
- Make recommendations to the People and Remuneration Committee on incentive proposals and outcomes, and to propose changes to remuneration policy.
- Approve the outcome of the organisations remuneration review.

Managers

All remuneration decisions or proposals must be consistent with the Company's remuneration policy, principles and guidelines, and require "one up" approval, i.e. a manager may not change the remuneration terms of any person reporting to them, without the approval of their own manager.

Document Review:

Final approved 21 September 2017

Effective date 21 September 2017

Owner Board of Directors

Next review date September 2018

Policy owner Chief People Officer

Document versions history

Approved by The Warehouse Group Limited Board on 21 September 2017