



The Warehouse Group Limited

Remuneration Policy

POLICY STATEMENT

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

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

- Be clearly aligned with TWG's vision, values and corporate strategy
- Support the attraction, retention and engagement of team members
- Appropriately reflect market practice and conditions
- Recognise individual performance and competency
- 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 the TWG Board of Directors, Group Chief Executive Officer, Extended Leadership Squad, and TWG team members, to ensure that remuneration practices within TWG are fair and appropriate for the company and its team members, reflect market practice and there is a clear link between remuneration and performance.

SCOPE

This policy applies to the TWG Board of Directors, Group Chief Executive Officer, Extended Leadership Squad, and all other TWG team members.

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

For different parts of TWG's business, different remuneration frameworks may apply, as agreed with the Group Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer and the TWG Board as recommended by the TWG People and Remuneration Committee.

This policy may be reviewed and amended, replaced or withdrawn by TWG at any time.

DIRECTOR REMUNERATION

The remuneration paid to TWG's Non-Executive Directors comprises the following elements:

- An annual fee;
- Additional fees paid to individual Directors appointed to various committees, to reflect the additional responsibilities and work of these committee roles; and
- Reimbursement for all reasonable and properly documented expenses incurred in performing the duties of their office as a Non-Executive Director.

The process for approving the remuneration levels for TWG's Directors is set out in and governed by TWG's constitution, the NZX Listing Rules and the Companies Act 1993. Any recommended increase to the total Directors' fee pool must be approved by an ordinary resolution of shareholders at TWG's Annual Meeting. Each resolution must express the Directors' remuneration as either:

- a monetary sum per annum payable to all Directors of TWG taken together; or

- a monetary sum per annum payable to any person who from time to time holds office as a Director of TWG.

GROUP CHIEF EXECUTIVE OFFICER REMUNERATION

The Group Chief Executive Officer’s remuneration is reviewed annually by the People and Remuneration Committee and a third-party remuneration consultant is used to benchmark the Group Chief Executive Officer’s total remuneration package against a peer group of companies. The People and Remuneration Committee recommends to the Board for approval any proposed changes. The Group Chief Executive Officer’s remuneration is made up of the following components:

- Fixed annual base salary;
- Short-term incentive (“STI”) based on achievement of TWG’s financial targets and also individual performance targets; and
- Long-term incentive (“LTI”) based on total shareholder return with cost of equity plus 1% being used as the performance measure over a three-year period.

The Group Chief Executive Officer is also eligible to receive an employer Kiwisaver contribution of up to a maximum of 3% of gross taxable earnings if they are a member of Kiwisaver.

EXTENDED LEADERSHIP SQUAD REMUNERATION

Direct reports to the Group Chief Executive Officer (“Extended Leadership Squad” or “ELS”) also have their remuneration reviewed annually by the People and Remuneration Committee and a third-party remuneration consultant is also used to benchmark the total remuneration packages of the ELS against a peer group of companies. The People and Remuneration Committee recommends to the Board for approval any proposed changes. The ELS’s remuneration is made up of the following components:

- Fixed annual base salary;
- Short-term incentives based on either TWG’s and/or brand specific financial targets as well as individual performance targets; and
- Long-term incentives based on total shareholder return with cost of equity plus 1% being used as the performance measure over a three-year period.

ELS members are also eligible to receive an employer Kiwisaver contribution of up to a maximum of 3% of gross taxable earnings if they belong to Kiwisaver.

TEAM MEMBER REMUNERATION

TWG is committed to applying fair and equitable remuneration practices for its team members taking into account external market benchmarking, internal relativity, the commercial environment, the ability to achieve TWG’s business objectives, and the creation of shareholder value.

TWG’s remuneration components and methodology will vary depending on the business area that each team member works in and the nature of their role.

Agile Team Members

Agile team members are remunerated based on the remuneration staircase that relates to their functional area that are called Chapter Areas – e.g. Marketing, Data Science, Buying etc. Each staircase has a number of fixed pay points and team members are assigned a pay point based on the team member’s level of performance and experience.

Their pay point is equivalent to the fixed annual base salary for a non-agile team member. Each remuneration staircase is determined using external market data for the relevant Chapter Area.

Tribe Leads, Chapter Area Leads and certain equivalent roles in TWG's support functions are also entitled to participate in TWG's Short Term Incentive Scheme. The scheme uses a mix of TWG financial targets as well as individual performance targets.

TWG undertakes an annual remuneration review, as at September each year, informed by an assessment of relative external market data and organisational context. Progression in a remuneration staircase is dependent upon performance and promotion to the next level in TWG's Agile contribution model. Any change to a team member's pay point is at TWG's sole discretion.

Agile team members are also eligible to receive an employer Kiwisaver contribution of up to a maximum of 3% of gross taxable earnings if they belong to Kiwisaver.

Non-Agile Team Members

Non-Agile team members' remuneration is made up of base salary which is determined using external market benchmarking, internal relativity, the commercial environment, and the ability to achieve TWG's business objectives.

TWG undertakes an annual remuneration review, as at September each year, informed by an assessment of relative external market data and organisational context. Individual remuneration is reviewed taking into account performance and external and internal remuneration relativity. Any increase to team member's base salary is at TWG's sole discretion.

TWG also operates a number of other incentive and commission schemes for its Non-Agile team members that operate in its various brands, such as sales incentives and commission schemes. Any such plans are subject to prior written approval of the Group Chief Executive Officer, the Chief Financial Officer and the Chief Human Resources Officer.

Non-Agile team members are also eligible to receive an employer Kiwisaver contribution of up to a maximum of 3% of gross taxable earnings if they belong to Kiwisaver.

RESPONSIBILITIES

TWG Board

The TWG Board is required to approve:

- The appointment of an independent advisor to support management on remuneration matters.
- TWG's remuneration policy.
- Remuneration proposals and performance decisions concerning the Group Chief Executive Officer and ELS, unless specifically delegated by the Board to the People and Remuneration Committee.
- The budget for TWG's annual remuneration review including Agile remuneration staircases.
- The structure, participation and payment of any incentive scheme(s) offered to TWG team members.
- The outcome of any organisational performance measure used to determine payments under a TWG incentive scheme.
- The setting of the Group Chief Executive Officer's annual objectives and key results ("OKRs") and annual performance appraisal.

TWG People and Remuneration Committee

The TWG 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 TWG's remuneration policy.
- Proposed remuneration for the ELS.
- Objectives and performance ratings of the Group Chief Executive Officer and any change to remuneration.
- Participation in any STI and LTI schemes

TWG Group Chief Executive Officer and Chief Human Resources Officer

The TWG Group Chief Executive Officer and Chief Human Resources Officer are required to:

- Make recommendations to the People and Remuneration Committee on ELS remuneration matters. The Chief Human Resources Officer shall make recommendations on the Group Chief Executive Officer's remuneration.
- Make recommendations to the People and Remuneration Committee on incentive proposals and outcomes, and to propose changes to remuneration policy.
- Approve the outcome of TWG's remuneration review.

Managers

All remuneration decisions or proposals must be consistent with TWG'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 31 March 2022

Effective date 31 March 2022

Next review date 31 March 2024

Policy Approver: Board of Directors

Policy owner: Chief Human Resources Officer