

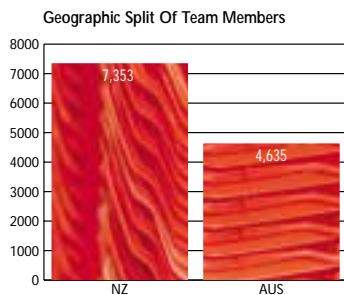
## Team Members

We regard our employees as our greatest asset. They choose to stay with us **because we care** and we take time to recognise individual qualities.

The Warehouse Way is a people first philosophy that was established when the company was first formed. People First means treating people the way you would like to be treated yourself.

### Work Force Analysis

Team member numbers rose from 11,503 in July 2001 to 11,988 in July 2002. The chart below shows the geographic split of team members for Australia and New Zealand.



The current workforce is made up of 4,782 full time team members, 3,775 part-time and 3,431 casual team members.

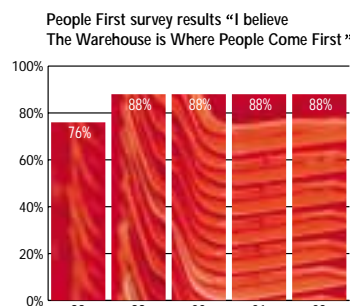
### Employment Profile (as at July 2002)

	Full Time	Part-Time/Casual	Total
Warehouse Stationery	445	304	749
The Warehouse (NZ)	3,282	3,322	6,604
The Warehouse (Australia)	1,055	3,580	4,635
<b>TOTAL</b>	<b>4,782</b>	<b>7,206</b>	<b>11,988</b>

### People First Survey Result

Every six months The Warehouse New Zealand surveys its team members to gain important

feedback to ensure The Warehouse refines and improves its "People First" policies. One key measure of attitudes surveyed is expressed through agreement with the statement "I believe The Warehouse is where people come first". In August 2002, 88 percent of team member respondents agreed with that statement, a percentage which has remained unchanged for the previous three years.



In February this year we introduced new questions to the survey one of which was "I believe in The Warehouse and because of this I try to do the best job I can

every day". 92 percent of team member respondents agreed with that statement.

### Team Member Share Ownership

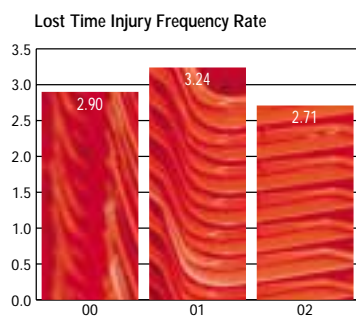
The Warehouse continues to encourage team member share ownership through its staff share purchase scheme. New Zealand team members are able to purchase \$2,340 worth of The Warehouse shares under this scheme. An interest free loan is available which is then repaid over three to five years. During this time, the team member receives dividends accruing to those shares. This scheme is operated under section DF7 of the Income Tax Act 1994. In 2003, a similar team member share ownership plan will be established for the Australian team members of The Warehouse Australia.

Currently, 4,632 team members in both New Zealand and Australia hold The Warehouse shares. This represents an increase of an additional 230 team member shareholders from 2001. Team member shareholders represent nearly 31 percent of total shareholder numbers.

### Health & Safety

Our health and safety vision is "a place of work where no one is injured through environmental conditions or unsafe acts". A key indicator in this area is the lost time injury frequency rate (LTIFR), a measure of the number of work related accidents resulting in lost

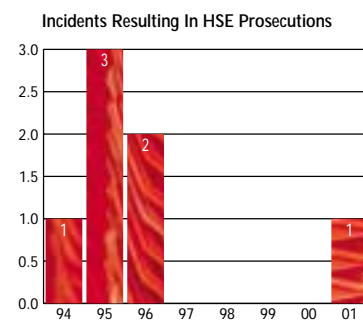
time per 100,000 of hours worked. LTIFR for 2002 was 2.71, which is a significant improvement over last year (2001: 3.24). This decrease is the result of a focused effort by our managers on issues identified as having caused previous injuries. This was achieved by increasing the awareness of risks amongst our team members in the areas of knife handling, stacking, ladder usage, stock movement and manual handling.



The Warehouse New Zealand and Warehouse Stationery are accredited employers under the ACC Partnership Programme. This programme encourages eligible employers to take responsibility for their own workplace health and safety, and injury management. This includes rehabilitation and claims management of employee work injuries.

During the year our status as a partnership employer was reconfirmed by ACC following the annual ACC Partnership Programme health and safety audit. That audit also upgraded our status from Primary level to Secondary level, reflecting improved safety management standards within the company, which resulted in ACC granting us additional discounts on our levy.

In 2002, The Warehouse was prosecuted in relation to failing to comply with Section 16 of the Health and Safety in Employment Act 1992 in that being in control of a place of work, failed to take all practicable steps to ensure that no hazard that arose in the place harmed any person. The incident resulted in bruising to a customer and, as a result, The Warehouse was fined \$4,000. This was the first prosecution since 1997.



## Team Member

*Sophie is 18 and is a Checkout Supervisor in one of The Warehouse stores. She has worked for the company since 1999 and is a permanent team member.*

*Her gross earnings for the year were \$28,508.70, including \$911.74 for over-time and two bonus payments of \$1,838.66 for the achievement of personal objectives and company EBIT targets. Sophie's base hourly rate is \$12.33 which compares with the minimum wage of \$8.00 and the retail average of \$11.56 for a similar position.*

*Sophie took up a staff share purchase scheme in May 2001 where she purchased 579 Warehouse shares at \$4.04 per share and will repay the interest-free loan (\$2,340) for the shares over the next five years. The current value of the shares is \$4,169 (\$7.20 per share).*

*Sophie is one of 5,203 team members and their partners who attended the annual weekend conference in September 2002, an annual event that rewards team members and their partners for their contribution to the company.*

*Sophie also benefits from the team member discount card which gives team members a 15% discount on company purchases. Staff schemes also give her access to discounted medical and other insurance and savings products offered through Planit.*

*Apart from the statutory five days sick leave she is entitled to each year (which can be accrued up to 12 days), Sophie's manager also has the discretion to grant her an additional 10 days per year for short-term illnesses. And she may also be eligible for up to six months paid sick leave for major illnesses that require long-term recovery. She also receives an extra day off for her birthday each year, on full pay.*

*In the last two years, Sophie attended in-house training courses on Business Processes – Checkout, Business Process Coaching and Assessment, Performance Management and Presentation Skills.*

*Sophie is currently studying towards a Certificate in Management and receives study time and fees reimbursement for successful completion of the course.*

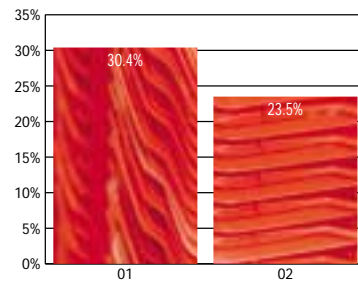
### Employee Assistance Programme

Team members' emotional health is as important as their physical health. The Warehouse New Zealand offers all permanent team members the services of independent professional counsellors through the Employee Assistance Programme (EAP) to assist with any personal problems. The Warehouse will provide paid time off to attend up to three sessions and also pays for the counsellor. For the 12 months ending 30 June 2002, 261 team members used this service with an average of 2.4 sessions per team member.

### Attrition Rate

The retail sector has a typically high turnover due to the number of part-time and casual team members employed in this sector. The Warehouse New Zealand is no exception to this with a team member turnover rate for the year ended 31 July 2002 of 23.5 percent. This represents a significant improvement on turnover of 30.4 percent recorded in 2001. Team member attrition includes part-time team members.

Team Member Attrition Rate



### Team Member Benefits and Assistance

The Warehouse operates a number of programmes to benefit its team members. These are summarised below:

- Long service leave
- Staff discount card
- Sports leave
- Staff share purchase scheme
- Planit personal financial planning service
- Group medical scheme
- Paid birthday day off
- Wellness support policy
- Employee Assistance Programme

### Diversity

#### Equal Employment Opportunities

The Warehouse is an equal opportunity employer and is a member of the EEO Employers Group. The EEO Trust (<http://www.eeotrust.org.nz>) encourages job seekers to look for EEO Employer Group members as employers of choice.

#### Learning and Development

The Warehouse learning and development team partners with each of the three retail businesses to:

- build individual competence and confidence;
- build management leadership capabilities; and
- build organisation capacity

Training includes generic skills, specialist retail and merchandising training and management skills such as recruitment and selection, performance management and presentation skills.

### Integrated People Framework Introduction

A little over 18 months ago, The Warehouse developed an Integrated People Framework to support the vision and values of the organisation. This framework details the people related practices/processes necessary to support our strong People First focus. The practices and processes outlined include Leadership and Management Development, Recruitment and Selection, Remuneration and Performance Management, etc. The successful implementation of these will enable The Warehouse to create a working environment which ensures that we attract and retain the best people and allow them to reach their full potential and maximise their personal satisfaction.

Outlined below are some of the initiatives that have been undertaken to date.

#### Performance Management

Our Performance Management Framework has been developed to support team members in achieving their full potential at The Warehouse and to strengthen the alignment of individual contributions to organisational business plans.

The focus of our Performance Management Framework is to provide our people leaders with the skills, competencies and tools to encourage and support team members to give their best.

### Remuneration

The Warehouse's Remuneration Strategy has been established to support the alignment of individual and team outcomes with organisational success. Our overall goal is to ensure all team members are rewarded for The Warehouse's success as well as encouraging and rewarding individual and team contribution.

#### Recruitment & Selection

In the last 12 months, The Warehouse Group has designed and implemented a 12-step recruitment and selection process that ensures that a transparent and fair process is used for appointing the best person to all our roles. Implementation has meant training over 800 recruiters in Australia and New Zealand.

All our candidates are now screened based on the competencies identified for success in the relevant role.

The implementation of this process has meant that our candidates experience a fair and objective process based on merit, that the quality of our hiring decisions has improved markedly. The Warehouse New Zealand, the franchise that has had the process in place the longest, has experienced a significant decrease in turnover in all positions.

#### Management Development

The Company believes the development of our Managers is critical to the group successfully meeting its challenges. Because of this, we have implemented a Management Development framework based on the competencies Managers at all levels require to carry out their roles successfully.



Te Ara Howard, The Warehouse, Glenfield

All our Managers have an annual development plan they have agreed with their Manager and, to support

their development, a comprehensive curriculum of courses especially designed for the Warehouse context

is available. These include, but are not limited to, recruitment and selection, performance management, team leadership, planning and organising, business and financial skills and project management.

In the last 12 months, over 800 managers have had training in some of the modules available under the framework.

#### Leadership Development

The Warehouse Group has implemented a Leadership Development framework that focuses on the development of our leaders at all levels of the organisation. This framework has three components – talent management, the High Potential and Emerging Talent programmes and Executive Development.

#### Conclusion

The work outlined is critical to where The Warehouse wants to be as an organisation and typifies the sort of people-related initiatives we are undertaking in order to create a high performance learning environment which allows us to attract and retain the best people and for them to give their best.



The Warehouse is creating a high performance learning organisation which allows us to attract and retain the best people