

THE WAREHOUSE GROUP LIMITED

BOARD CHARTER

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1. PURPOSE OF CHARTER

- 1.1 The Board charter sets out the role, composition and responsibilities of the Board of The Warehouse Group Limited (“WHS”) (“the company”) within the governance structure of WHS and its wholly owned entities (“the TWG Group”).
- 1.2 The purpose of this Board charter is to provide high standards of corporate governance and to clarify the role and responsibility of the Board.
- 1.3 The conduct of the Board is also governed by the Constitution of WHS, a copy of which is located at www.thewarehouse.co.nz.

2. MEMBERSHIP AND TERM

- 2.1 The Warehouse Constitution provides for a minimum of five directors. At least two directors must be persons who are normally resident in New Zealand. The Board has adopted a policy to have up to ten directors. The Board may review this requirement from time to time.
- 2.2 The Board should comprise:
 - a) Directors with an appropriate range of skills and experience;
 - b) Directors who have a proper understanding of, and competence to deal with current and emerging issues of the business; and
 - c) Directors who can effectively review and challenge the performance of management and exercise independent judgement.
- 2.3 The Board shall consist of a majority of independent non-executive directors. A non-executive director is considered to be “independent” providing he or she:
 - a) does not hold more than five percent of the Company’s class of listed voting securities;
 - b) has not been employed in an executive capacity by the company within the last three years, or has been a director after ceasing to hold any such employment; and
 - c) is not a principal or employee of a professional advisor to the company and/or its entities whose billing exceeds ten percent of the advisor’s total revenues;
 - d) is not a significant supplier to or customer of the company. (A significant supplier is defined as one whose revenues from the company exceed ten percent of the supplier’s total revenue; a significant customer is defined as one whose purchases from the company exceed ten percent of the customer’s total purchases;
 - e) has no material contractual relationship with the company;
 - f) has no other interest or relationship that could interfere with his or her ability to act in the best interests of the company and independently of management;
 - g) is not a member of management of The Warehouse Group Limited or its subsidiaries; and
 - h) the Corporate Governance Committee and Board determines the director is independent in character and judgement.
- 2.4 The Board’s Remuneration, Talent and Nomination Committee is responsible for the identification and recommendation of candidates for appointment to the Board.
- 2.5 Directors will be appointed pursuant to formal letters of appointment setting out the key terms and conditions of the appointment to ensure that Directors clearly understand the expectations of The Warehouse and the Board.
- 2.6 Membership of the Board shall be disclosed in the annual report including whether a Director is independent. The loss or gaining of independence will be disclosed to the market immediately.
- 2.7 The Board has not adopted a tenure policy.

3. BOARD RESPONSIBILITIES

- 3.1 The Board has delegated authority for the operations and administration of the WHS to the Group Chief Executive Officer.
- 3.2 The Board is responsible for promoting the success of the WHS in a manner designed to create and build sustainable value for shareholders and in accordance with the duties and obligations imposed upon them by the company's Constitution and law, while taking due regard to other stakeholder interest.
- 3.3 Specifically, the Board is responsible for:
- setting strategic direction and appropriate operating frameworks of the WHS;
 - monitoring management's performance within those frameworks;
 - ensuring there are adequate resources available to meet WHS objectives;
 - appointing and removing the Group Chief Executive Officer and overseeing succession plans for the senior executive team;
 - approving and monitoring financial reporting and capital management;
 - approving timely and balanced communication to shareholders;
 - monitoring the financial solvency of the company;
 - ensuring that effective risk management procedures are in place and are being used;
 - promoting and authorising ethical and responsible decision-making by the company;
 - ensuring WHS has appropriate corporate governance structures in place including standards of ethical behaviour;
 - ensuring that the Board is and remains appropriately skilled to meet the changing needs of the company.

4. BOARD COMMITTEES

- 4.1 The Board may discharge any of its responsibilities through committees of the Board in accordance with The Warehouse Constitution. The Board has established the following Committees to consider certain issues and function in more detail:
- a) Audit Committee;
 - b) Remuneration, Talent and Nomination Committee
 - c) Corporate Governance Committee
 - d) Disclosure Committee (committee of board and management)

Each Committee shall adopt its own Charter to be approved by the Board, setting out matters relevant to its composition and responsibilities. The Charter will be reviewed periodically by the Board.

5. THE BOARD AND MANAGEMENT

- 5.1 Responsibility for the day-to-day management and administration of WHS is delegated by the Board to the Group Chief Executive Officer, assisted by the executive team ("management").
- 5.2 While the day-to-day responsibility for the operation of the business is delegated to management, there are a number of matters which are required to be, or that in the interests of the company should be, decided upon only by the Board of Directors as a whole. The Board has therefore formally adopted a list of "Matters Reserved for the Board" for which no delegation is permitted. A copy of this list is available on the company's web site www.thewarehouse.co.nz.
- 5.3 The Group Chief Executive Officer manages WHS in accordance with the strategy, plans and delegations approved by the Board.
- 5.4 The Board has implemented appropriate procedures to assess management's performance.

6. ROLE OF THE CHAIRMAN

- 6.1 The Chairman of the Board is appointed by the Directors.
- 6.2 The Chairman must be an independent non-executive Director.
- 6.3 The Chairman must not also be the Group Chief Executive Officer of The Warehouse.
- 6.4 The role and responsibilities of the Chairman include:
 - a) providing leadership to the Board and to WHS;
 - b) ensuring the efficient organisation and conduct of the Board;
 - c) monitoring Board performance annually;
 - d) facilitating Board discussions to ensure core issues facing WHS are addressed;
 - e) briefing all Directors in relation to issues arising at Board meetings;
 - f) facilitating the effective contribution and ongoing development of all Directors;
 - g) promoting consultative and respectful relations between Board members and between the Board and management; and
 - h) Chairing Board and shareholder meetings.
- 6.5 Should the Chairman be absent from a meeting, the members of the Board present at the meeting have authority to choose one of their members to chair that particular meeting.

7. RESPONSIBILITY OF INDIVIDUAL DIRECTORS

- 7.1 Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:
 - a) acting in good faith and in the best interests of WHS as a whole;
 - b) acting with care and diligence and for proper purpose;
 - c) avoiding conflicts of interest wherever possible; and
 - d) refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director.
- 7.2 Directors are expected to support the letter and spirit of Board decisions.
- 7.3 Directors will keep Board information, discussions, deliberations and decisions which are not publicly known confidential.

8. CONFLICTS OF INTEREST

- 8.1 Directors must:
 - a) disclose to the Board any actual or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue;
 - b) take any necessary and reasonable measures to try to resolve the conflict; and
 - c) comply with the Companies Act and/or Corporations Act provisions on disclosing interests and restrictions on voting.
- 8.2 If a conflict or potential situation exists, it is expected that the conflicted Director shall be absent from the meeting whilst the Board discusses and not vote on the matter, unless the other Directors who do not have a material personal interest in the matter have passed a resolution that states that those Directors are satisfied that the interest should not disqualify the Director from voting or being present.
- 8.3 Directors are expected to advise the Chairman of any proposed Board or executive appointment to other companies as soon as practicable.

9. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

- 9.1 Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgement in decision making. Independent professional advice includes legal advice and the advice to accountants and other professional financial advisors on the matter of law, accounting and other regulatory matters, but excludes advice concerning the personal interests of the Director concerned (such as service contracts with the company or dealing in the company's securities or disputes with the company). Any advice obtained under this procedure will be made available to the other members of the Board.
- 9.2 Directors will be entitled to:
- a) have access to members of management via the Group Chief Executive Officer at any time to request relevant and additional information or seek explanations;
 - b) have access to internal and external auditors, without management present to seek explanations or additional information; and
 - c) seek independent professional advice with the Chairman's consent, which will not be unreasonably withheld or delayed, and which will be at WHS's expense.

10. PROCEDURES

- 10.1 As provided by The Warehouse Constitution, the Directors may meet together to attend to business and adjourn and otherwise regulate their meetings as they decide.
- 10.2 A quorum for Board Meetings is three directors, unless determined otherwise by Directors.
- 10.3 Directors' Meetings may be held by Directors communicating with each other through any technological means by which they can participate in discussion even though they may not be physically present in the same place.
- 10.4 Directors may pass or approve resolutions of the Board by written resolution by adopting the procedures set out in section 33 of The Warehouse Constitution.
- 10.5 The Board of Directors will normally meet at least six times a year.

11. REPORTING

- 11.1 Proceedings of all meetings are minuted and signed by the Chairman or the chairman of the meeting.
- 11.2 Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

12. ACCOUNTABILITY

- 12.1 The Board will review this charter annually to ensure it remains consistent with the Board's objectives and responsibilities. A copy of the charter will be available at www.thewarehouse.co.nz.

13. OTHER MATTERS

- 13.1 A number of operational matters relating to the Board such as meetings of directors, fees, "fit and proper" requirements, powers and duties of directors, share qualification, notification of interests, appointment and retirement, alternative directors, delegation and appointment of committees and election of directors are governed by The Warehouse Constitution and are not reproduced here.

Current as at 26 June 2008