

**THE WAREHOUSE GROUP LIMITED**  
("the Company")

## **Business Continuity Management Group Policy**

### **1. Purpose of Policy**

This policy is to communicate The Warehouse Group Limited ("TWG") governance requirements and arrangements for developing and sustaining effective Business Continuity Management ("BCM") inclusive of Business Continuity ("BC") planning.

This policy provides a BCM framework, responsibilities and guiding principles for TWG to effectively prepare for and achieve its strategic BCM goal in the event of major crisis.

TWG's 'BCM Goal' is:

- To enhance protection of TWG's customer base, market share, revenue earning capability and assets by the continued functioning of its stores network and supporting infrastructure following a significant, untoward, disruptive event. This will be achieved by suitable preparedness for timely response and recovery actions:
  - in priority order,
  - within acceptable time frames and quality of service,
  - within appropriate limits of occupational safety and health, and staff welfare.

### **2. Scope of Policy**

This policy spans those departments/branches/units required to maintain the critical business of TWG and its subsidiary activities. This policy is supported by TWG's BC programme of plans and supporting arrangements.

This policy relates to the broad range of business-disruptive events and situations that may potentially impact upon part or the entire organisation on a scale beyond the normal capabilities of management to address in their day-to-day work.

This Policy spans the four phases of crisis risk management comprising risk treatment (i.e. mitigation) together with crisis preparedness, response and recovery.

### **3. Responsibilities**

#### **BCM Ownership**

The Group Chief Executive will guide and support the BCM divisional owners in the provision of BC planning, and promote TWG's BC expectations and culture throughout TWG.

### BCM Divisional Owners

The following BCM divisional owners shall ensure the adequacy and relevance of their division's BC planning; the competencies of their key staff to implement plans; and awareness of TWG's BC expectations:

- Chief Financial Officer – for group finance and support office premises,
- Chief Information Officer – for information services and communications systems,
- Chief Operating Officer – for TWL stores, distribution centres and their operational infrastructure,
- Chief Executive Officers of subsidiaries – for their stores, distribution centres and operational infrastructure.

### Department/branch/unit managers

Department/branch/unit managers are responsible for developing and maintaining BC plans and associated arrangements in line with TWG's overall BCM policy, framework, priorities, methodologies and practices.

Specifically this includes development and maintenance of plans and structures for ensuring that:

- roles and responsibilities are clear and decision making structures exist in the event of a crisis, and that there are clear lines of accountability and delegation.
- communication to staff, media, other units and other parties is managed and appropriate.
- processes exist for response, interim continuity through to full recovery of critical operations and functions, with outcomes aligned to TWG's best interests.
- back-up strategies and processes for the restoration of information systems and communications that support critical business functions, are in place to cover eventualities.

### Staff

All staff and key contractors are responsible for pro-actively contributing to the BCM programme as well as assisting with response and recovery actions following a crisis, emergency or disaster event.

## **4. Guiding Principles**

The following guiding principles determine TWG's BCM priorities.

### Suite of plans

Underpinning BCM is a suite of BC-related plans that currently include:

- Supply Chain BC Plan;
- SO Business Continuity Plan (for TWG overall crisis management and continuity of critical corporate and TWL support functions);
- IS Disaster Recovery Plan (technology focussed planning such as for IS and communications systems);
- Site-specific building emergency and fire evacuation plans (for safety of occupants in emergency events).

### Managing risk

Under this policy, TWG manages its risks of major crisis, emergency, disaster and other untoward events which create potential impacts on its people; business operations; customers; other key stakeholders; reputation and revenue.

It is recognised that BCM involves adequate, prioritised, periodic attention to each of:

- risks of potential business-disruptive impact events
- opportunities to be capitalised upon arising from risks and crises
- preparedness for timely response and recovery
- suitable treatment of unacceptable risks, e.g. vulnerabilities, as and when justifiable.

### Criticality

Some of TWG's services, functions and core processes are more critical than others in terms of the potential impacts upon TWG and its stakeholders. BCM priorities and efforts are guided by their criticality.

### Continuity

TWG's BC planning is particularly focussed on potential business impacts created from a broad range of higher-consequence risks as well as high-likelihood risks. As a result, the suite of plans addresses a suitable mix of generic and impact-specific planning material.

Where an event severely affects TWG, the primary duty is, from the outset, to work towards achievement of its BCM goal for longer term benefit, rather than focus only on the short term.

### Support & protection of people

Actions during and after any event must, in the context of a crisis event, must:

- avoid placing anyone in harm's way,
- ensure the preservation of safety of staff, contractors and visitors,
- safeguard the health and welfare of TWG's employees.

### Service delivery obligations

TWG is committed to meeting its obligations to its key stakeholders and retail customers within the context of a crisis event. Following an area-wide disaster, this may also include timely availability to customers of special, event-triggered, stock lines to match abnormal needs.

### Social and community obligations

TWG is committed to meeting its social and community obligations by working closely with other stakeholders to best serve key stakeholders in the event of TWG-focused disruptions and civil defence emergencies.

## **5. BCM Framework**

### **Maintenance and evolution**

TWG undertakes maintenance of its BC planning and plans by suitable integration of maintenance practices within business-as-usual schedules and activities. This means it will grow and maintain a BC culture for organisational resilience.

BCM maintenance activities include:

- periodic updating and documenting of factual and assessed information,
- periodic exercising, testing and reviewing of plans against appropriate criteria, to maintain and evolve the adequacy of expectations, intentions and competencies for response and recovery,
- risk mitigation projects and tasks to reduce unacceptable vulnerabilities to adverse risks and events,
- consideration of BC implications associated with:
  - organisational policies during their development and maintenance,
  - new projects during planning and approval phases.

### **Job descriptions and performance agreements**

Employee job descriptions and performance agreements will adequately reflect the nature and extent of key roles and responsibilities to create incentive and recognition for coordinating and maintaining BCM and BC planning.

### **Periodic reporting**

Periodic BCM reporting is undertaken, e.g. quarterly, through all levels of all departments/ branches/ units, to track the maintenance and evolution of TWG-wide BC planning. This is a component of routine management reporting.

### **Socialisation**

On-going promotion and communication of overall BCM principles and arrangements together with specific BC plans as appropriate, will be undertaken. This is targeted at all levels of the organisation to ensure that BCM and associated planning is understood, implemented and achieved. This will build and maintain an organisation-wide BC culture of commitment and ownership by way of participation and buy-in.

### **Budgeting**

Annual budgeting for adequate levels of initial development and on-going maintenance of BC planning is the responsibility of individual BCM divisional owners and their department/ branch/ unit managers.

### **Auditing**

Periodic auditing to recognised professional standards will provide insight and guidance on general and/or selected aspects of TWG's BCM. The scope of internal audit will be decided by the Audit Committee upon recommendations from the Group CFO in the ordinary course of establishing internal audit programmes.

### **6. References**

TWG's Business Continuity good practice will be aligned, as far as is practical, with currently recognised New Zealand and international BC standards and associated BC handbooks/guides, as published and updated from time to time.

*Current as at 23 April 2009*