

THE **JUST** GROUP

EOWA REPORT

2007-2008

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INTRODUCTION

The Just Group is one of Australasia's leading fashion retailers with a portfolio of seven unique brands - Just Jeans, Jay Jays, Jacqui E, Portmans, Dotti, Peter Alexander and Smiggle. The Group has over 870 retail outlets and 5500 employees throughout Australia, New Zealand, South Africa and USA.

Our strategy is to continually grow the business through reinvesting in our existing brands as well as explore opportunities through acquisition and the development of new retail initiatives, both locally and internationally. While we understand the need to continually invest in our retail operations, we are a *people grounded* organisation. Our reputation and capability as an employer is critical to our ability to attract and retain talent.

The Just Group's workforce is 91% female and predominantly Generation Y. Eighty-eight percent of our employees are under 40 years of age and of those, 91% are female.

The 2007-2008 EOWA report details how the Just Group has continued its journey of investing in the development of its significantly youthful and female workforce. The report identifies the relevant people priorities that have been identified, the actions and outcomes that have been achieved within this time, and the focus areas for the next 12-18 months.

The Just Group recognises the value of sharing with and gaining information from all levels of the business. The development and implementation of successful business initiatives within the reporting period has been as a result of continually talking with our stakeholders.

The challenge of gaining timely and effective feedback from a business with over 5500 employees spread across over 870 work sites has prompted the Just Group to adopt a variety of formal and informal consultation processes. Detailed below are a number of the key consultation methods used in the reporting period.

SENIOR LEADERS

- Senior leaders attended strategy days to review and plan the strategic direction of the Just Group.
- Workshops, focus groups and planning meetings were held to identify and/or discuss business issues such as leadership, people strategies and company culture.
- Senior leaders held regular talent reviews.

DIVISIONS

- Bi-annual Profit and Loss Reviews (P&Ls) involved State Management teams both presenting business results and discussing relevant issues with senior leaders. Discussion points included talent, succession, employee turnover and retention, reward strategy, parental leave management, and workplace flexibility. The evolution of the P&L format has produced greater focus on and higher expectations of how we manage and develop our employees.
- Our bi-annual conferences allowed Regional and Store Managers to provide feedback to key business members and to discuss people issues. A structured 'take back meeting' process allowed key messages to flow through the business.
- Talent reviews are regularly run by each state retail team and most of our divisional leadership team.

OTHER

- The development of a 3 year people strategy through a widely consultative process.
- A six monthly HR Conference to develop strategy and design and implement people processes.
- Monthly HR teleconferences designed to share business information and discuss key people management issues.
- Sales Managers conferences involving emerging business leaders.
- Quarterly usage report from our independent harassment and discrimination employee help line (Pink Phone).

THE YEAR IN REVIEW

This section details the specific priorities, actions and outcomes undertaken during the reporting period. Information is presented in the following framework:

SITUATION	The situation at the beginning of the reporting period, including previously identified issues.
CONSULTATION AND ANALYSIS	How we consulted with employees and managers.
ACTION AND OUTCOME	What we did in response to identified issues and the results achieved.

LEADERSHIP AND TALENT

SITUATION

- Strong female representation at Executive level with 3 female Board members (50%) and 4 female Executive leaders (57%)
- 8 out of 18 (44%) senior leaders (level below the Executive Team) are female
- More than 90% of our Store Managers are female
- 47% of Store Manager positions are internally filled
- Recognised need to invest in talent to support future business growth

CONSULTATION & ANALYSIS

Consultation occurred with employees through the existing monthly and annual review processes in place, feedback from exit interviews, senior leadership workshops and formal talent reviews.

ACTION & OUTCOME

Areas of focus:

1. *Talent Management process*
2. *Investment in talent*

TALENT MANAGEMENT

ACTION

A formal talent review process has been in place for several years to manage senior leadership succession and development. This process was expanded into Corporate functions in 2007, after the expansion into Retail operations in the previous year. Formal talent mapping now occurs across five levels of the business.

	<p>OUTCOME</p> <p>The talent management process facilitated succession for senior leadership positions, identified talent for development and future promotion, and highlighted key talent issues.</p> <p>A new position of Retail Director was added to the senior executive team, with an internal female leader appointed.</p> <p>A new retail leadership level was established through the introduction of a Sales Manager position. 80% of these leadership positions are held by women.</p> <p>The Merchandise Manager role was created in the Merchandising structure to provide leadership succession for our second major functional stream. Women hold 100% of these roles.</p> <p>Nine of the 15 employees identified as High Potential and 16 of the 23 employees identified as Critical Contributors through the senior leader talent management process were women.</p>
<p>INVEST IN TALENT</p>	<p>ACTION</p> <p>The talent management process enabled the business to focus development on those identified as being High Potential and/or Critical Contributors. This investment included leadership coaching, mentoring, and formal training, both technical and leadership, and project involvement.</p> <p>Retail traineeships were offered to store employees throughout Victoria. The 2007 program had 18 participants, 83% of whom were women. 88% of the 2008 participants are women.</p> <p>OUTCOME</p> <p>The acquisition of Smiggle and expansion of Peter Alexander into the USA provided women with the opportunity to undertake critical project roles and receive significant development.</p> <p>Retail traineeships provided female employees with the opportunity to further their technical retail skills while developing their careers with the Group.</p>

RECRUITMENT, SELECTION AND RETENTION

SITUATION

- High volume recruitment required more streamlined processes to meet business needs
- Challenge to effectively recruit in geographically diverse and often remote locations
- Business expectation to quickly fill vacant roles
- Store Manager vacancies are a significant cost to the business

CONSULTATION & ANALYSIS

Recruitment and labour turnover data was regularly analysed. Feedback from exit interviews provided greater understanding of reasons for turnover with broader consultation occurring through bi-annual P&L Reviews. Planning sessions for the introduction of a new on-line recruitment tool provided an opportunity to openly assess current recruitment issues.

ACTION & OUTCOME

Areas of focus:

1. *On-line Recruitment Tool*
2. *Induction*
3. *Retention*

<p>ON-LINE RECRUITMENT TOOL</p>	<p>ACTION</p> <p>To meet the resourcing needs of an expanding retail business, significant recruitment is undertaken each year into our stores.</p> <p>Issues in the previous approach included cumbersome administration, an inconsistent ability to access high quality candidates, increasing costs and inconsistency in sourcing approach across the Group.</p> <p>To address these issues the Group has designed and implemented an online sourcing strategy. The new system will enable more effective sourcing, streamlined processing of high volume applications, a clearer view of vacancies and a standard process for internal and external employees to apply for roles across the country.</p> <p>OUTCOME</p> <p>The new on-line recruitment system was launched in February 2008 and proved immediately successful in attracting large numbers of applicants. It has significantly reduced the administration required, given applicants a more timely and transparent recruitment experience and provided the opportunity for internal applicants to see and apply for roles across the group. The new process has provided clarity and consistency for all potential applicants.</p>
<p>INDUCTION</p>	<p>ACTION</p> <p>Induction is a key tool to help reduce turnover and increase employee engagement. We continued to develop and run three key induction processes: Store, Distribution Centre and Regional Manager (Retail).</p> <p>The three-stage Store induction was further cemented across the Group in 2007. Stage 1, <i>Welcome On Board</i> – places importance on the employee's first two shifts with a focus on their introduction to the team, brand, and health and safety. Stage 2, the <i>3-month Training Plan</i>, concentrates on skilling the employee on-the-job. <i>Spectacular Spectacular</i>, an interactive workshop involving key business leaders, is the 3rd and final stage of induction.</p>

	<p>Due to business growth a significant number of new Regional Managers joined the Just Group late 2007/early 2008. This has prompted the development of a central induction workshop for Regional Manager's, replacing what would have occurred locally and ensuring consistency in message and focus. The three day program will be held in the next reporting period.</p> <p>The Distribution Centre induction program was reviewed and relaunched.</p> <p>OUTCOME</p> <p>In excess of 1000 new employees went through the Store Induction program, including over 450 attending a <i>Spectacular, Spectacular</i> workshop. In addition, sessions were held with state regional teams to provide them the knowledge and support to lead their own <i>Spectacular, Spectacular</i> sessions.</p> <p>The Distribution Centre induction materials were relaunched across all three sites, in New South Wales, Victoria and New Zealand.</p>
RETENTION	<p>ACTION</p> <p>Reporting frameworks have been established to collect store manager and store employee retention/turnover data. This has prompted discussion around topics such as - what is acceptable store manager turnover, why are store managers staying or leaving, and what is the link between turnover and store performance.</p> <p>OUTCOME</p> <p>Improved knowledge of store turnover and internal replacement figures focused the state teams' attention on retention, organisation structure and succession.</p> <p>Analysis identified that the top reason for store manager turnover was 'lifestyle choice', including travel, study or family commitments. A great proportion of people leaving also did so to take up a career opportunity outside of retail. This information continues to prompt further discussion on our recruitment profile and our reward offer.</p>

WORK AND FAMILY

SITUATION

- Workforce made up of 91% women and 91% under 40 years of age
- Increased number of transitional and part-time arrangements provided for employees on their return from Parental Leave
- Employees seeking greater opportunity to manage work life balance through flexible work practices, with knowledge gained through an employee survey and workshop. Broader than a work and family issue
- 30% of store manager turnover attributed to lifestyle choices, including family commitments and the desire to travel and/or study
- 42% (5) corporate office employees chose to remain at home with their family and not return to the workforce despite offer of flexible work practices

CONSULTATION & ANALYSIS

Consultation occurred at the bi-annual P&Ls, data was collected on turnover and Parental Leave and information was garnered from a parental leave survey and from an employee workshop looking at work balance.

ACTION & OUTCOME

Areas of focus:

1. *Parental Leave*
2. *Work Arrangements*

PARENTAL LEAVE

ACTION

In the corporate office 17 employees were on Parental Leave during the reporting period. This represents 6% of the office workforce, highlighting the importance of having effective parental leave processes and communication.

We continued to place emphasis on managers maintaining a link with their employees while on Parental Leave. We recognised that continually connecting with employees through their leave period was essential to maintain employee engagement and encourage return to work. Leaders included employees on Parental Leave and past employees in the Talent Management process to ensure the widest possible talent pool.

In 2007 we undertook a survey with employees who were on or had taken Parental Leave to determine the key issues affecting returning to work. Flexible work hours and part-time opportunities were found to be the key drivers in employees choosing to stay with the Group. This information reinforced the Group's focus on providing flexibility to our workforce.

	<p>A significant increase (76%), from the previous year, in store employees returning from Parental Leave occurred during the reporting period.</p> <p>OUTCOME</p> <p>While every effort was made to facilitate suitable return to work for the individuals returning from Parental Leave we did see a decrease in the number of corporate employees returning to work (58%, down from 85% in the previous year). Five employees decided to leave the workforce altogether to stay at home with their children fulltime despite the options provided.</p> <p>We continue to remain in contact with these employees and on occasion have utilised them on a casual basis. While our initial objective is to have employees return after Parental Leave, we also understand that some employees may choose not to for personal reasons. However, if the contact is maintained they may return at a later stage.</p>
<p>WORK ARRANGEMENTS</p>	<p>ACTION</p> <p>The integration of the Company's work and family expectations into the People Platform consolidated our requirements for leaders to consider and address individual return to work needs in order to retain talent. The People Platform is a planning scorecard that requires state teams to assess their performance in a range of people processes. By building in expectations around managing work and family and return to work we are cementing these expectations.</p> <p>We increased both the type and number of individual flexible work arrangements to facilitate employee return to work post Parental Leave. Most commonly these included a staged transitional return, working from home, part-time work, and for the first time at the corporate office, a job share arrangement.</p> <p>OUTCOME</p> <p>The People Platform scorecard and supporting review processes required State teams to explore flexible options and consider individual needs in order to retain talent.</p> <p>55% of our store employees returned from Parental Leave to a different position at their request, specifically to a part-time or casual role. This indicated an ability of the Group to meet at least some of our employee's individual needs. In addition, these individuals are entitled to their former position for a period up to 2 years from their return from parental leave.</p> <p>85% percent of Corporate employees returned from Parental Leave on a part-time basis at their request and 43% of employees returning did so on a transitional basis, including working from home.</p>

REWARD AND RECOGNITION

SITUATION

- Centralised salary review process
- Further refinement of variable reward as an element of the total reward strategy
- Increased recognition of the importance of non-financial reward

CONSULTATION & ANALYSIS

Consultation occurred through executive and senior leader planning and the salary review process. Communication between individuals and their manager was also built into the process.

ACTION & OUTCOME

Area of focus:
Reward Offer

REWARD OFFER

ACTION

Over the past five years the Group has focussed on developing a competitive and equitable reward strategy for all levels of the organisation. During this period a number of key actions have taken place including:

1. Establishment of formal annual review programs for Corporate employees and Store Managers.
2. Renegotiation of three Enterprise Agreements which encompass most Store and all Distribution Centre employees.
3. Salary banding for key positions and groups within the organisation, specifically Merchandising roles, Regional Managers and Store Managers. This banding information provides a strong framework for placing new and reviewing existing employees.
4. Subscription to various external salary surveys to ensure access to relevant market data. This information has helped facilitate “out of annual process” reviews to ensure reward for a number of key roles has remained market competitive.
5. Consolidation of five structured variable reward schemes, each providing clear guidelines around participation and performance criteria.

OUTCOME

Our remuneration profile (detailed on page 15) indicates gender equity across most areas of the business.

The aggregate Manager category is lowest at 78% but within this category are a number of distinct roles (eg Regional & Product Manager) and we are comfortable with the equity within specific groups.

	While we continue to review them, our reward strategies have ensured market competitiveness, enabling us to attract high calibre candidates and retain existing employees. We also believe that our systems have driven gender and broader employee equity.
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MANAGING HARASSMENT AND DISCRIMINATION

SITUATION
<ul style="list-style-type: none"> • Workplace Behaviour training established as a compulsory leadership training program • Independent employee and manager help line in place for four years

CONSULTATION & ANALYSIS
<p>Consultation occurred through discussion and feedback from Workplace Behaviour training sessions, reporting from the 'Pink Phone' advice line and from monthly HR phone conferences and ongoing discussion between HR Managers.</p>

ACTION & OUTCOME
<p>Areas of focus:</p> <ol style="list-style-type: none"> 1. Manager knowledge and leadership culture 2. <i>Support and advice</i>

TRAINING	<p>ACTION</p> <p>Appropriate workplace behaviour is an aspect of our value of <i>respecting all stakeholders</i>. Our commitment to creating awareness and training continued with over 300 managers and leaders attending Workplace Behaviour workshops during the reporting period. These sessions, covering preventing and managing harassment and discrimination, are held quarterly across the Group to ensure we capture new employees within the first three months of their employment.</p> <p>In addition Equal Opportunity policy information is provided as part of every new starter pack.</p> <p>OUTCOME</p> <p>The ongoing focus on workplace behaviour has produced a shift in culture with an increased management understanding of the relationship between respect and power.</p> <p>There has been no formal sexual harassment or discrimination cases reported in this period, nor any situations that require ongoing management.</p>
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	<p>However, we understand that with such a young, diverse and geographically spread workforce, workplace behaviour will always be an important focus for us.</p>
<p>SUPPORT AND ADVICE</p>	<p>ACTION</p> <p>The 'Pink Phone' advice line remained in place during the reporting period. The 'Pink Phone' is an independent service enabling employees and managers to access information and advice on matters relating to harassment, discrimination and bullying.</p> <p>We retained a workplace behaviour consultant for HR and other managers to gain advice and guidance when managing harassment, discrimination and/or bullying related issues.</p> <p>The advice line received 40 related calls throughout the reporting period. Employees continued to be the largest group to access the advice line, however, we saw an increase in the number of managers using the independent line to gain advice on workplace behaviour matters. The HR team also continued to access the expert advice.</p> <p>OUTCOME</p> <p>The lack of formal harassment and/or discrimination cases would suggest the value of the 'Pink Phone' advice line in providing strategies to employees and managers to address concerns at the local level before they escalated into bigger issues.</p> <p>Summary information about the calls received on the 'Pink Phone' was distributed to state HR managers to raise awareness. There were no specific trends in topic or location recorded.</p>

Leadership & Talent

- The Company is committed to making talent development a core capability and will therefore be designing and implementing relevant strategies

Recruitment, Selection & Retention

- Development of a sourcing strategy, including position profiling, talent channelling for critical positions and the implementation of a central sourcing process
- Implementation of a people metrics dashboard to provide consistent and accurate people data, enabling more effective planning and inturn, assessment of impact of various people strategies
- Implementation of an engagement survey and exit interview process for Assistant Store Managers and Store Managers to more accurately identify the reasons for retention and turnover at this career level

Work & Family

- Further promotion of the on-line recruitment tool to provide access to people on parental leave to work and career opportunities across the Group
- Further development of a range of flexible work arrangements to ensure retention of talent

Workplace Profile (Gender)

2 Retail Fashion

Occupational Category	Monthly Paid						Weekly Paid								
	Full-time		Part-time		%		Full-time		Part-time		Casual		%		
	female	male	female	male	female	male	female	male	female	male	female	male	female	male	
Senior Executive	4	3	57%			0									
Senior Management	8	10	44%												
Manager	88	17	84%	11		100%						1		100%	
Professional	76	27	74%	10		100%									
Administration	95	10	90%	8		100%						28	6	82%	
Distribution Staff							33	24	58%	3	1	75%	23	12	66%
Sales Staff							943	69	93%	478	8	98%	2646	294	90%
TOTAL	271	67	80%	29	0	100%	976	93	91%	481	9	98%	2669	306	90%

Occupational Category	Salaries						
	Total Employees		%		Avg. Salary		% Pay Equity F/M
	female	male	female	male	female	male	
Senior Executive*	4	3	57%		\$ 302,752	\$ 241,496	125%
Senior Management	8	10	44%		\$ 153,430	\$ 173,622	88%
Manager	100	17	85%		\$ 72,422	\$ 93,403	78%
Professional	86	27	76%		\$ 58,246	\$ 64,211	91%
Administration	131	10	93%		\$ 39,238	\$ 42,223	93%
Distribution staff **	59	37	61%		\$ 42,292	\$ 42,547	99%
Sales Staff **	4067	371	92%		\$ 22,000	\$ 21,574	102%
TOTAL	4426	475	90%				

* excludes Managing Director salary

** average salaries include casuals

Occupational Category Definitions

<i>Senior Executive</i>	Part of the senior executive committee
<i>Senior Management</i>	Senior person who reports to a senior executive eg GM, GPM, GBM
<i>Manager</i>	Someone who leads a team of people that reports to a senior manager ie IT Services Manager, Shipping Manager, Product Manager
<i>Professional</i>	Person with qualification requirements of their role eg Product Coordinator; Management Accountant, HR Consultant; Solicitor
<i>Administration</i>	Entry level or coordinator position eg supply coordinator; admin coordinator; PA
<i>Distribution staff</i>	Distribution centre employees
<i>Sales staff</i>	Includes store managers

Workplace Profile (Age)

2 Retail Fashion

	Total	<25		%		25-40		%		41-55		%		>55		%	
		Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total				
Monthly Paid	356	35	6	12	203	40	60	43	23	19	6						2
Weekly Paid	5178	2772	336	60	1437	81	29	466	15	9	71						1
TOTAL	5534	2807	342	57	1640	121	31	509	38	10	77	0	1				