



WHL

WOOLWORTHS HOLDINGS LIMITED / 2016 REMUNERATION REPORT
As extracted from 2016 Integrated Report

126/ OUR REMUNERATION REPORT

This report comprises three sections:

SECTION 1
A report of material matters covered by the committee during the year from the Chairman of the Remuneration Committee

SECTION 2
The remuneration philosophy, policy and framework tabled at the Annual General Meeting for a non-binding advisory vote by the Group's shareholders

SECTION 3
The application of the remuneration policy in the 2016 financial year

SECTION 1:
REMUNERATION COMMITTEE CHAIRMAN'S REPORT

I am pleased to present the Remuneration report for the Group. This report highlights the material matters dealt with by the Remuneration Committee and summarises the Group's performance for the year ended 26 June 2016 as well as remuneration outcomes.

The structure, content and layout of the Remuneration report continues to evolve as the committee adopts components of international best practice remuneration reporting principles, while retaining disclosure items required by the Johannesburg Stock Exchange (JSE). New requirements arising from King IV will be adopted in due course.

PERFORMANCE AND REMUNERATION OUTCOME

The Group financial performance for the year has been good. The PBTAE performance has resulted in short-term performance bonus payments being made for employees of WHL Group, Woolworths and David Jones. Country Road Group did not achieve their required PBTAE and did not qualify for bonus payments at the company level.

For the three years to 26 June 2016 the Group achieved a compound annualised adjusted Headline Earnings per Share (HEPS) growth of 7.3% per annum. Total Shareholder Return (TSR) performance against the comparator group has tracked between the median and upper quartile. The achievement of HEPS and partial achievement of TSR has enabled the 2013 long-term incentive allocations (Share Appreciation Rights - SARS and Long Term Incentive Plan - LTIP) with three-year performance periods to vest.

It is pleasing to see that the Group's performance continues, both in the short- and medium-term, in delivering value to our stakeholders, including our employees who drive the execution of the strategic objectives.

GROUP EXECUTIVE STRUCTURE

Detailed benchmarking was conducted on the remuneration package for the Group CEO. As the Group transforms into a major southern hemisphere retailer, the committee recognised his on-going high performance and the increasing demands expected of a Group CEO in driving an international strategy. An adjustment was made to his package to reflect a more appropriate mix between guaranteed pay (GP), short-term (STI) – and long-term incentives (LTI).

Zyda Rylands was appointed CEO of Woolworths South Africa (WSA). Her guaranteed pay was adjusted on her appointment and she also received a promotional allocation of Performance Shares (PSP).

REMUNERATION FRAMEWORK

As highlighted in the 2015 Integrated Report, the Group remuneration framework was redesigned to ensure that all employees across Woolworths, David Jones and Country Road Group are rewarded appropriately for their contribution to the execution of the strategy of the Group and entities.

Both the remuneration philosophy and the Employee Value Proposition (EVP) are becoming increasingly critical as the Group continues to grow, specifically within the context of an increasing number of international players entering the

South African and Australian retail markets, which have resulted in even stronger competition for scarce and critical skills.

The redesigned framework and policies were implemented during this year. We now have a common and consistent method to reward executives and employees to achieve the Group strategic focus areas and in turn deliver sustained financial performance.

The STI scheme is applied to all non-store and distribution employees across the Group. The 'gatekeeper' for the STI scheme is Group PBTAE, recognising that value creation at a Group level is critical for continued growth. Financial performance multipliers are determined at the operating company level and may also include modifiers at a business area level. This enables the financial reward to be driven by a more direct line of sight for levels below senior management. All Executive Directors have a minimum of 50% allocated to Group performance.

The LTI scheme operates with two share instruments to reward value creation over a three-to-five-year period. The Performance Share Plan (PSP) scheme has been rolled out across the Group to middle management levels and above. The PSP now includes Return on Capital Employed (RoCE) as a measure for all allocations made from 2016 onwards. In order to distinguish the awards that include RoCE as measure, the previous LTIP was renamed PSP – all other conditions applicable to LTIP remain the same. The Restricted Share Plan (RSP) scheme is primarily used for retention purposes.

REMUNERATION POLICY CHANGES

The policy as tabled at the November 2015 Annual General Meeting has been applied for the 2016 financial year, with one exception.

The committee reviewed the percentage annual allocation of PSP shares for Executive Directors, previously proposed at 79% of GP. It was agreed that Executive Directors who performed a Group role should receive the same percentage allocation as that of the CEO of an operating subsidiary. The adjustment recognises the additional responsibilities of performing a Group role. As a result of this decision, the roles of Group Chief Operating Officer (COO) and Group Finance Director (FD) would be entitled to an annual rolling allocation of PSP shares at 100% of GP.

The Group's Black Economic Empowerment Employee Share Ownership Scheme (BEEESOS) scheme was one of the key components of the Group's transformation strategy in South Africa. Over the eight-year period of the scheme, it played an integral part of the EVP for South African-based employees.

The scheme ended in June 2015, with significant value created in excess of R2.7 billion to more than 7 000 employees. Many of the employees used the proceeds to improve and enrich their own lifestyles as well as those of their families and the communities in which they live. More than 5% retained their shareholding in WHL and will continue to receive value through dividend payments and capital growth of their shares.

INDEPENDENT EXTERNAL ADVICE

The committee receives independent external remuneration advice to assist it in carrying out its responsibilities. During the year, PwC provided advice on remuneration trends and DG Capital provided benchmarking data for guidance on Executive remuneration and Non-executive Directors' fees. The Remuneration Committees in DJ and CRG received independent external remuneration advice from PwC and Mercer.

NON-BINDING ADVISORY VOTE

The Group received the support of more than 97% of shareholders who voted in favour of the remuneration policies tabled in the 2015 Integrated Report.

I am confident that the Group's remuneration philosophy and policies are aligned to its strategy and have contributed to the progress the Group has made in establishing itself as a major southern hemisphere retailer.

The committee is pleased to present the remuneration philosophy and policy of the Group, found on pages 128 to 134, to shareholders for a non-binding advisory vote.



TA BOARDMAN
Chairman of Remuneration Committee

SECTION 2:
REMUNERATION PHILOSOPHY, POLICY AND REWARD FRAMEWORK

This report specifically deals with the remuneration for the Group Chief Executive Officer (Group CEO), Executive Directors and Executive Committee (Execs) members. Disclosure is also provided in line with the requirements of South African legislation and guidelines of King III. In order to provide a more comprehensive view, policies applicable either to different levels of employees and/or different geographic areas are included where appropriate.

The following colours are used in the Remuneration report to denote the following:

REMUNERATION	GUARANTEED PAY	VARIABLE PAY	SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES	DIRECTORS' FEES	NON-FINANCIAL REWARDS
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REMUNERATION PHILOSOPHY

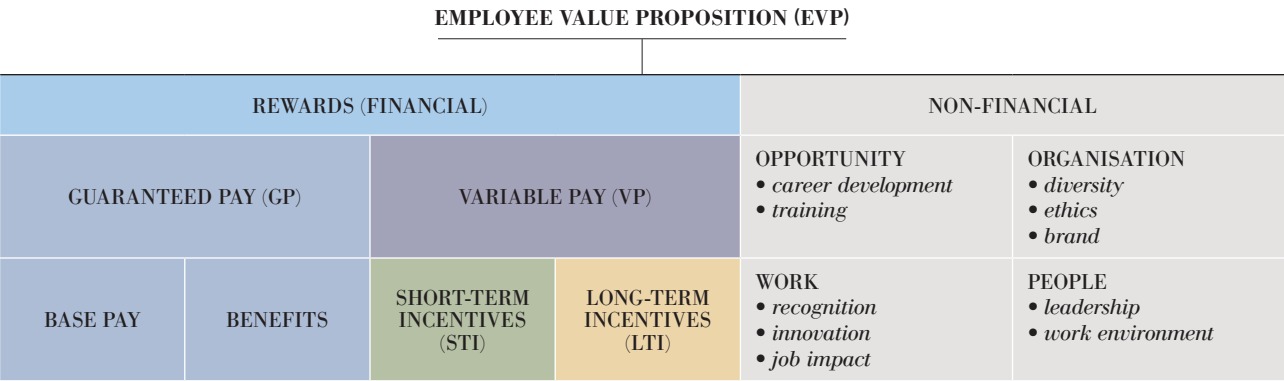
The Group’s remuneration philosophy is to ensure that employees are rewarded appropriately for their contribution in the execution of the strategy of the Group. The EVP has been designed so that it will continue to attract, engage, retain and motivate the best, diverse talent required to deliver sustainable profit growth.

The remuneration policies are designed to achieve alignment between the Group’s business strategy and the behaviours of all employees against the values of the Group. The policies recognise and reward individual responsibility, performance and behaviour in the achievement of the business areas’ goals. These policies are

applicable to all Group employees and participation in short- and long-term incentive schemes is dependent on an individual’s role and level within the Group.

The remuneration policy and the implementation thereof are focused on achieving a fair and sustainable balance between guaranteed pay, short-term incentives, long-term incentives and retention schemes for these employees.

The EVP balances remuneration (financial rewards) with other non-financial rewards to drive and deliver a high performance culture. The EVP framework is described in the diagram below.



REMUNERATION FRAMEWORK

Remuneration is made up of two elements – Guaranteed Pay (GP) and Variable Pay (VP) as illustrated below:

REMUNERATION			
GUARANTEED PAY (GP)		VARIABLE PAY (VP)	
BASE PAY	BENEFITS	SHORT-TERM INCENTIVES (STI)	LONG-TERM INCENTIVES (LTI)
Market-related salary tailored to roles and performance	Market-related benefits including pension/superannuation, healthcare, vehicle allowances, discounts on purchases	Annual performance bonus paid on the achievement of one-year financial targets	Share schemes designed to incentivise delivery of long-term strategic goals aligned with shareholder expectations: <ul style="list-style-type: none">Performance Share Plan (PSP)Restricted Share Plan (RSP)

Guaranteed pay (GP) is benchmarked against applicable retail and non-retail companies within geographic locations to ensure the GP is competitive to attract and retain the required level of experience and expertise required for the Group. Included in GP are benefits including annual leave, retirement or superannuation, healthcare, vehicle allowances, and discounts on purchases made in the Group’s stores. The details and quantum of the benefits will vary according to Group’s subsidiaries and the market in which they trade.

Variable Pay (VP) consists of short- and long-term incentives with the opportunity to earn additional financial rewards over performance periods of between one and five years.

Short-term incentives (STI) are designed to reward the achievement of short-term strategic, financial and non-financial objectives in the one-year business plan. All employees in the WHL Group participate in a STI scheme appropriate to the level and role that they perform in the Group.

Store- and distribution-based employees can participate either in a commission, quarterly, or biannual bonus scheme. Group STI payments are discretionary, and payments made under the scheme are dependent on both business and individual performance. Payments are delivered in cash in September each year after finalisation of the Group’s consolidated annual financial results.

Long-term incentives (LTI), at Group CEO, Executive Director, Execs and senior- to middle-management levels across the Group, are an integral part of their total remuneration. Allocations of LTI are designed to motivate employees to achieve the three-year strategy aligning shareholder and employee interests. The Group has used a number of different share scheme instruments for LTI, explained in more detail below.

Current LTI share schemes in operation are:

- Performance share plan (PSP) – previously called Long-term incentive plan (LTIP); and
- Restricted share plan (RSP).

Previous LTI share schemes applied by the Group for Group CEO, Executive Directors, Execs and selected Woolworths and Country Road Group employees were:

- Share purchase scheme, last allocation made in 2006 with awards expiring in October 2016;
- Share option scheme, last allocation made in 2008 with awards expiring in October 2018;
- SARS, last allocation made in 2015 with awards expiring in February 2021;
- LTIP last allocation made in 2015 with awards expiring in February 2018; and
- CRG Executive Long-term Incentive Scheme (ELTIS), last allocation made in 2014 with awards expiring in 2017.

No allocations have been made in terms of these previously used schemes during the year. The Remuneration Committee, may at its discretion, consider using the SARS scheme again, depending on circumstances.

REMUNERATION MIX AND ALIGNMENT TO STRATEGY

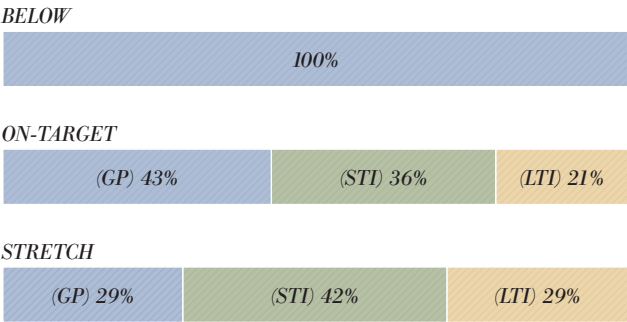
REMUNERATION MIX

To achieve a performance culture and an alignment with shareholders through value creation, the total reward mix for the Group CEO, Executive Directors, Execs and senior management is geared towards a higher percentage of variable pay ‘at risk’ for the achievement of stretch goals.

The opposite chart illustrates the potential composition for the aggregate of the Group CEO and Executive Directors at below-, on-target and stretch levels.

Below level assumes no vesting of annual LTI allocations and no STI payments. On-target level assumes 50% vesting of annual LTI allocations and on-target STI performance. Stretch assumes 100% vesting of annual LTI allocations and stretch STI performance.

Aggregated Executive Directors (including Group CEO)



The expected behaviours are aligned to the values of the Group.

ALIGNMENT TO STRATEGY

The goals and performance measures are aligned with Group, company, and individual performance. The Group performance conditions, for STI and LTI, underpinning the vesting of ‘at risk’ remuneration have been selected as measures that encourage sustainable growth, without undue excessive risk taking.

While the performance measures of both the STI and LTI are financial in nature, the achievement of non-financial outcomes is incorporated in the measurement of individual employee performance. At an individual level, 40% of their IPM rating is achieved by measuring the behaviours they display in the manner in which they carry out their job. The expected behaviours are aligned to the values of the Group. Many of these individual measures are linked to the achievement of Good Business Journey programme outcomes, driving business transformation, customer service and environmental and social transformation and development outcomes.

The table overleaf illustrates how the measures at an individual, company and Group level support the Group’s strategy and are aligned to expectations of shareholders in creating sustainable growth and value creation.



Woolworths SA, Summer 2016

STRATEGIC FOCUS AREAS	SHORT-TERM INCENTIVES (STI)			LONG-TERM INCENTIVES (LTI)
	INDIVIDUAL METRICS (EXAMPLES)	COMPANY/BUSINESS AREA METRIC	GROUP METRIC	SHAREHOLDER METRICS*
Build stronger, more profitable customer relationships	Market growth/share	PBTAE	GROUP PBTAE	HEPS
	Net promoter score			
	Online sales			
Towards connected retail	Number of new stores	EBIT	GROUP PBTAE	TSR performance
Drive synergies and efficiencies across the Group	Integration of DJ			
	Water reduction			RoCE
Embed Good Business Journey throughout our business	Employment equity			

WOOLWORTHS HOLDINGS SHARE TRUST

The Woolworths Holdings Share Trust, managed by two trustees – Independent Non-executive Directors – administers the utilisation of shares for the purposes of the long-term incentive share schemes. The Trust is guided by the Trust Deed and share scheme rules approved by shareholders in November 2010. The Trust Deed and share scheme rules comply in all aspects with the JSE Limited Listings Requirements.

The maximum number of shares available for allocation in terms of the long-term incentive share schemes is 85 000 000, representing approximately 8% of the current issued share capital. In any one financial year, the maximum market value of grants and/or offers in terms of the long-term incentive schemes may not exceed 250% (face value) of an individual’s GP. The aggregate total number of shares awarded to an individual participant in terms of the long-term incentive scheme may not exceed 12 700 000.

Shares allocated to participants under the LTI may be purchased on the open market or new shares may be issued. Shares and grants may not be awarded or exercised during a closed period.

SERVICE CONTRACTS AND NOTICE PERIODS

It is the policy that the Executive Directors and Execs have employment agreements with the company which, may be terminated with notice periods of between three and six months. The Group Chief Executive Officer’s contract has a 12 month notice period. Employment agreements may also include restraint of trade agreements.

Expatriate Execs are employed on a fixed-term contract subject to obtaining and maintaining applicable work permits.

The Trust Deed and share scheme rules comply in all aspects with the JSE Limited Listings Requirements.

EXECUTIVE DIRECTORS

REMUNERATION POLICY APPLICABLE TO 2016 FINANCIAL YEAR

The table below sets out the components of the remuneration framework that have been applied by the WHL Group in the 2016 financial year for the Group Chief Executive Officer (Group CEO), Executive Directors and key senior executives (Execs). Components of the framework may differ

between the three main operating subsidiaries of the WHL Group and where elements are different, the details per subsidiary are highlighted. The remuneration framework is applied to all Group employees, with LTI components not available to lower management when the ‘line-of-sight’ is not easily attributable to those roles.

	GUARANTEED PAY (GP)		SHORT-TERM INCENTIVES (STI)	LONG-TERM INCENTIVES (LTI)	
	BASE SALARY	RETIREMENT/SUPERANNUATION, HEALTHCARE AND OTHER BENEFITS	SHORT-TERM PERFORMANCE BONUS	PERFORMANCE SHARE PLAN (PSP) PREVIOUSLY CALLED LTIP	RESTRICTED SHARE PLAN (RSP)
PURPOSE AND LINK TO STRATEGY	Market-related level of remuneration with consideration to specific requirements of the role.	Benefits and allowances of a compulsory and non-compulsory nature appropriate to the market and contribute to well-being of employees, in line with EVP.	Motivate executives and senior management to achieve short-term strategic, financial and non-financial objectives in the one-year business plan.	Motivate employees to achieve three-year strategy aligning shareholder and executive interests.	Retain and motivate employees who are key to the delivery of the Group’s long-term strategy. Enables the recruitment of key executives to address value forfeited on resignation from a previous employer.
MECHANICS	<p>Reviewed annually against retail peer companies in South Africa, Australia and other countries in which the Group trades.</p> <p>Market conditions, company performance, internal comparability, individual performance and responsibility are taken into consideration.</p> <p>Includes performance against financial and non-financial objectives and individual behaviour against Group values.</p> <p>No obligation to increase base salary.</p> <p>Audited GP for Group CEO and Executive Directors is shown on page 143.</p>	<p>Benefits include:</p> <ul style="list-style-type: none">• retirement funding, superannuation;• healthcare;• motor vehicle allowance and vehicle leasing options;• product discount on purchases made in the Group’s stores; and• other benefits as per specific country.	<p>The target is determined annually in advance.</p> <p>STI calculated as follows:</p> <ul style="list-style-type: none">• Group CEO: 100% based on WHL Group performance• Group COO and Group FD: 100% based on WHL Group performance• Executive Directors and Execs: 50% – 75% based on WHL Group performance with remaining 50% – 25% based on Company and/or specific business area performance <p>Individual performance scores (IPM) and specific company EBIT performance are multipliers for the final payments.</p> <p>On-target performance allocations of GP:</p> <ul style="list-style-type: none">• Group CEO: 100%• Group COO and Group FD: 80%• WSA, DJ and CRG CEO's: 80%• Execs: 30% – 50% <p>Payments commence when threshold incentive trigger is achieved. Earnings potential is applied on a sliding scale between threshold, on-target and stretch performance.</p> <p>Audited STI for Group CEO and Executive Directors is shown on page 143.</p>	<p>Participants are entitled to the delivery of conditional awards in shares after three years from date of grant provided that certain performance conditions are met.</p> <p>Vesting occurs subject to the achievement of performance conditions over a three-year performance period.</p> <p>Vesting occurs on a linear scale in accordance with an agreed threshold and stretch target.</p> <p>Participants receive a payment settled in equity on vesting equal to the value of dividends paid on the vested shares during the vesting period.</p> <p>PSP allocations for Executive Directors are shown on page 140.</p>	<p>Participants allocated the unrestricted delivery of shares after a three- to five-year period from the date of grant or shorter period at the discretion of the Remuneration Committee.</p> <p>Vesting occurs on condition that the participant is still in the employ of the Group on the expiry of the agreed vesting period and any applicable performance conditions are achieved.</p> <p>Staggered vesting occurs from year three to year five. The Remuneration Committee has the discretion to amend vesting periods where appropriate.</p> <p>Participants entitled to receive dividends during the vesting period.</p> <p>RSP allocations for Group CEO is shown on page 140.</p>
OPPORTUNITY AND MAXIMUM LIMIT	Base salary reviewed in context of company and Group performance, CPI and affordability.	Some benefits and the quantum of the benefits will vary according to Group’s subsidiaries and the market in which they trade.	<p>Stretch performance allocations of GP capped at:</p> <ul style="list-style-type: none">• Group CEO: 125%• Group COO and Group FD: 150%• WSA CEO: 150%• Execs (WSA): 75% to 150%• DJ and CRG CEO’s: 125%	<p>Grants are made annually at the discretion of the Remuneration Committee based on GP at grant date.</p> <p>Allocations capped at:</p> <ul style="list-style-type: none">• Group COO and Group FD: 100%• Executive Directors and Execs (WSA): 46% to 79%• WSA, DJ and CRG CEO's: 100%• DJ and CRG Exco members: 46% <p>The Group CEO does not receive PSP allocations.</p>	<p>Grants are made at the discretion of the Remuneration Committee based on GP at grant date.</p> <p>Allocations:</p> <ul style="list-style-type: none">• Group CEO: 150%• Other categories:<ul style="list-style-type: none">• Minimum award: 100% and Maximum award: 300% <p>Allocations limited to the Group CEO, Executive Directors, Group Execs and selected core and scarce employees.</p> <p>The Group CEO receives an annual allocation of RSP with performance conditions in line with those of the LTIP/PSP.</p>
PERFORMANCE CONDITIONS	Adjustments influenced by individual performance metrics aligned with strategy and behaviours to Group values.	N/A	<p>Target: % growth of WHL Group PBTAE and/or company EBIT.</p> <p>WHL Group PBTAE acts as a gatekeeper for profit pool accumulation.</p> <p>In finalising STI payments, the Remuneration Committee may exercise discretion to mitigate any unintended consequences.</p>	<p>WHL Group measures weighted:</p> <ul style="list-style-type: none">• HEPS: 50%, TSR: 30%, RoCE: 20% <p>HEPS performance condition:</p> <ul style="list-style-type: none">• minimum threshold for 30% vesting• stretch target for 100% vesting <p>TSR performance condition:</p> <ul style="list-style-type: none">• TSR performance of WHL is equal to or below the median quartile (i.e. if 50% of peer group perform better than WHL no vesting of TSR condition• TSR performance of WHL is equal to or exceeds the upper quartile performance (or 75% of our peers) 100% vesting <p>RoCE performance condition:</p> <ul style="list-style-type: none">• minimum threshold for 30% vesting• stretch target for 100% vesting <p>Stretch target based on average three-year projected performance.</p> <p>No retesting of performance conditions. Awards lapse if performance conditions are not achieved.</p>	<p>100% vesting on condition that the participant is still in the employ of the Group on the expiry of the agreed vesting periods.</p> <p>Performance conditions imposed for vesting are at the discretion of the Remuneration Committee.</p> <p>No retesting of performance conditions. Awards lapse if performance conditions are not achieved.</p>
OTHER			<p>All employees in the WHL Group participate in a STI scheme at different levels of % of GP at on-target and stretch level. A percentage of WHL Group performance is included in the STI calculation regardless of the participants’ employer company.</p> <p>Group STI payments are made in cash in October each year after the finalisation of WHL annual financial results.</p> <p>Store and supply chain employees participate in gain-share or commission schemes appropriate to their employer company. Cash payments may be made monthly, quarterly and biannually dependent on the scheme.</p> <p>The Remuneration Committee has the discretion to exercise reasonability and discretion to pay ex gratia payments where extraordinary value has been created by executives.</p>	<p>Peer group consists of a selection of JSE-listed companies based on PwC closeness metric approach that selects peer group based on following factors: sector, EBITDA, total assets, market capitalisation and price earnings ratio.</p> <p>Rules governing cessation of employment, change in control and delisting as per scheme rules aligned with King III recommendations.</p> <p>LTIP allocations granted up to February 2015 have two measures equally weighted between HEPS and TSR.</p>	<p>Rules governing cessation of employment, change in control and delisting as per scheme rules aligned with King III recommendations.</p> <p>Shares are purchased on the open market and held by third-party in escrow.</p>
NO. OF PARTICIPANTS				556	40

NON-EXECUTIVE DIRECTORS

REMUNERATION POLICY

The table below sets out the remuneration policies applied by the Group for the 2016 financial year for Non-executive Directors. These policies are also applicable for the 2017 financial year and form the underlying basis for the fees tabled for shareholder approval at the Annual General Meeting to be held in November 2016.

	NON-EXECUTIVE DIRECTOR REMUNERATION			
	CHAIRMAN	DIRECTORS AND LEAD INDEPENDENT DIRECTOR	COMMITTEE	BENEFITS
PURPOSE	A market-related fee to attract and retain Non-executive Directors.		Fees to reflect the additional responsibilities undertaken through membership of committees. Committee Chairmen receive an additional amount.	
MECHANICS	Fees are reviewed annually against retail peer companies in South Africa, Australia and the United Kingdom. Directors based in the United Kingdom are paid director fees in sterling and directors based in Australia in Australian dollars. Non-executive Directors who perform a similar role for the main operating subsidiaries are remunerated for those functions – Patrick Allaway and Gail Kelly are Non-executive Directors for DJ and CRG. Zarina Bassa is a Non-executive Director for WSA. Fees reflect the time commitment, demands and responsibility of the role. The Board believes that it is appropriate to propose an annual fee structure as the directors are required to provide input on an ongoing basis throughout the year that is not confined to attendance at meetings. Fees are proposed by Executive Directors based on independently benchmarked fees. The Remuneration Committee recommends the fees to the Board for final approval by shareholders. Audited Non-executive Directors’ fees for the 2016 financial year are shown on page 148.		Non-executive Directors receive discounts on purchases made in WHL Group stores. No other benefits are provided. Non-executive Directors do not participate in any STI or LTI schemes. The Chairman receives post-retirement medical aid by virtue of him previously holding the role of Group CEO and retiring from that position.	
PAYMENTS	Fees are paid quarterly in arrears in cash.			

PROPOSED NON-EXECUTIVE DIRECTORS’ FEES

As explained in the Chairman’s report on page 127, the proposed fees for the Non-executive Directors have been independently benchmarked by an external remuneration consultant, DG Capital. The proposed fees have been benchmarked with the average of: the top quartile for South African retail companies, the median of the Top 30 companies on the JSE, and the median for the Top 8 (those with >40% of revenue earned external of South Africa) on the JSE. Fees for international directors were benchmarked against directors’ fees paid in the United Kingdom and Australian retail market.

The proposed fees for the calendar year 1 January 2017 to 30 December 2017 are shown in the table below:

	Current approved fees (R000's)	Proposed fees (R000's)	% increase
Chairman	1 510.0	1 585.5	5%
Lead Independent Director	550.0	625.0	14%
South African-based Director	350.0	367.5	5%
United Kingdom-based Director (paid in £)	£73.0	£75.0	3%
Australian-based Director (paid in A\$)	A\$150.0	A\$155.0	3%
Audit Committee Chairman	310.0	325.5	5%
Audit Committee member	170.0	178.5	5%
Nominations Committee Chairman	160.0	168.0	5%
Nominations Committee member	100.0	105.0	5%
Remuneration Committee Chairman	210.0	220.5	5%
Remuneration Committee member	110.0	115.5	5%
Risk and Compliance Committee Chairman	210.0	220.5	5%
Risk and Compliance Committee member	110.0	115.5	5%
Social and Ethics Committee Chairman	170.0	178.5	5%
Social and Ethics Committee member	100.0	105.0	5%
Sustainability Committee Chairman	170.0	178.5	5%
Sustainability Committee member	100.0	105.0	5%
Attendance at Executive Treasury Committee meetings	40.0	42.0	5%
Hourly rate for additional services	R4 800	R5 040	5%
WSA Director	715.0	750.8	5%
WSA Audit Panel member	252.0	264.6	5%
DJ and CRG Chairman	A\$150.0	A\$155.0	3%
DJ and CRG Director	A\$75.0	A\$77.5	3%

SERVICE CONTRACTS

Non-executive Directors do not have service contracts, but serve the company through a letter of appointment, which may be terminated without liability for compensation. Directors must be elected by shareholders at an Annual General Meeting on a rotational basis, usually being three-year intervals.



Studio.W, Summer 2016

SECTION 3:
APPLICATION OF REMUNERATION POLICY FOR THE YEAR ENDED 26 JUNE 2016

This section of the report specifically deals with the remuneration for the Group CEO, Executive Directors and Non-executive Directors, and where appropriate, details are included for Execs and other employees.

The Board reviewed the executive structure within the Group and concluded that the prescribed officer roles are held by Executive Directors.

GROUP CEO AND EXECUTIVE DIRECTORS

REMUNERATION MIX

The opposite chart has been prepared on the same basis as the chart on page 130 representing the potential mix of GP, STI and LTI compared with the actual mix achieved for the year ended 26 June 2016. The chart reflects the composition for the aggregation for the Group CEO and Executive Directors.

On-target level assumes 50% vesting of annual LTI allocations and on-target STI performance. Stretch (maximum) assumes 100% vesting of annual LTI allocations and stretch STI performance.

The achieved remuneration mix is as a result of the STI achieved for the year, explained in more detail on page 139.

GUARANTEED PAY (GP)

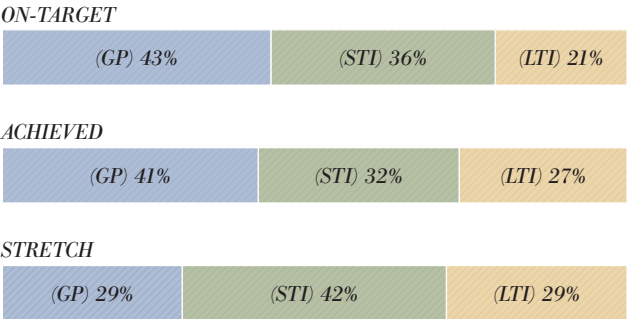
The annual GP increases effective 1 October 2015 are set out in the table opposite.

The 31.9% increase shown for Group CEO and Executive Directors includes an adjustment made to the Group CEO remunerations as explained in the Chairman’s report on page 126. It also reflects the appointment of the Woolworths CEO.

The 11.8% GP increase for key senior executives includes appointments into new positions.

Other increases are in line with inflation in South Africa and Australia.

Aggregated Executive Directors (including Group CEO)



	GUARANTEED PAY % increase
Group CEO and Executive Directors	31.9%
Key senior executives (Execs)	11.8%
Management South Africa Management Australia	5.84% 2.1% to 2.50%
Staff South Africa Staff Australia	6.88% 2.5%

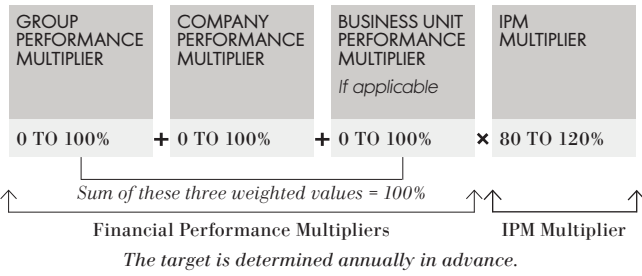
SHORT-TERM INCENTIVES (STI)

The framework and mechanics of the STI scheme explained opposite was applied to all employees in the Group for the 2016 financial year.

The STI is calculated as follows:

- Group CEO: 100% based on WHL Group performance
- Group COO and Group FD: 100% based on WHL Group performance
- Executive Directors and Execs:
 - 50% – 75% based on WHL Group performance with remaining
 - 50% – 25% based on company and/or specific business area performance

Individual performance scores (IPM) and specific company EBIT performance are multipliers for the final payments. Business unit modifiers are applicable for employees at levels below Execs.



THE GROUP ACHIEVED PBTAE PERFORMANCE FOR STI PAYMENTS.

PERFORMANCE FOR THE PERIOD

The performance conditions for the short-term performance bonus were tested to determine if the minimum incentive trigger had been achieved.

As explained in the FD’s report, the Group had mixed performance for the year, achieving the PBTAE trigger for STI purposes. At a company level, both Woolworths and David Jones achieved the required aEBIT for purposes of the STI scheme. Country Road Group did not meet the target aEBIT and consequently did not receive bonuses for the company performance multiplier.

The high-level design of the STI scheme is as follows:


- incentives are calculated at a business unit level taking into account the scheme design and parameters;
- a principle of budgeted pre-incentive profit is used across all business units as the trigger for on-target incentives;
- a gatekeeper of 93% for threshold bonuses are built into the scheme; and
- at the Group level (as a top-down approach), a final measure is built into the scheme to ensure affordability and threshold performance at a Group level, i.e. >93% achievement.

The STI payments for the Group CEO and Executive Directors based on Group, company and individual performance are depicted in the table below.

	PERFORMANCE AGAINST STI TARGETS					
	WEIGHTING	BELOW	THRESHOLD	TARGET	STRETCH	ACHIEVEMENT LEVEL
GROUP PERFORMANCE PBTAE	50%–100%			●		99%
COMPANY PERFORMANCE	50%					
WOOLWORTHS aEBIT				●		97%
DAVID JONES aEBIT				●		108%
COUNTRY ROAD GROUP aEBIT		●				63%

INDIVIDUAL PERFORMANCE MULTIPLIER

IAN MOIR		●			83%
REEZA ISAACS		●			66%
SAM NGUMENI				●	80%
ZYDA RYLANDS				●	68%

 Read more about our financial performance in the Group Finance Director’s report on pages 42 to 57.

LONG-TERM INCENTIVES (LTI)

LTI ALLOCATIONS DURING 2016

The allocations for the Group CEO and Executive Directors for components of LTI were approved by the Remuneration Committee during the 2016 financial year and are shown in the table below.

LTI allocations made to Executive Directors and Execs were made in line with the percentage allocations described in the remuneration policy table on pages 132 and 133.

In line with the agreement by the Remuneration Committee to adjust annual allocations of PSP for Group roles, Sam Ngumeni (Group COO) and Reeza Isaacs (Group FD) were granted an additional 21% of GP in March 2016.

Zyda Rylands received an annual rolling allocation of PSP in line with the remuneration policy. She also received a promotion allocation of 100% on GP on her appointment as the CEO of Woolworths South Africa.

More details on LTI shares held by the Group CEO and Executive Directors can be found on page 144 to 147.

VESTING OF 2013 LTI ALLOCATIONS

The performance conditions for the SARS and LTIP August 2013 allocations were tested to determine if vesting had been achieved.

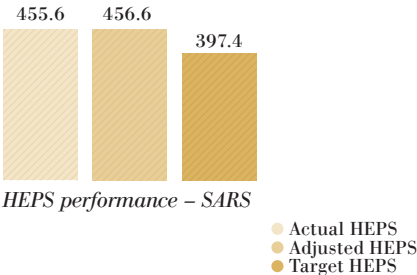
		LONG-TERM INCENTIVES					TOTAL ALLOCATIONS
		PSP AWARDS		RSP AWARDS			
	BASIS	NUMBER	FACE VALUE R000's	BASIS	NUMBER	FACE VALUE R000's	NUMBER
Ian Moir				150% of GP	186 126	18 000	186 126
Reeza Isaacs	79% of GP	37 581	3 634				37 581
Reeza Isaacs	21% of GP	9 990	936				9 990
Sam Ngumeni	79% of GP	40 848	3 950				40 848
Sam Ngumeni	21% of GP	10 858	1 017				10 858
Zyda Rylands	179% of GP	105 073	10 161				105 073
Total		204 350	19 698		186 126	18 000	390 476

WOOLWORTHS SARS SCHEME

The performance condition for SARS is HEPS growth of CPI plus 6% over the three-year performance period. HEPS has been adjusted for an unrealised foreign exchange losses (net of tax) of R9 million.

The opposite graph shows the target HEPS, which was required for the full vesting of the August 2013 SARS, against actual HEPS and adjusted HEPS.

Adjusted HEPS achieved was 456.6 cps, 14.9% growth on target HEPS of 397.4 cps. The August 2013 allocations have vested for all participants of the SARS scheme.



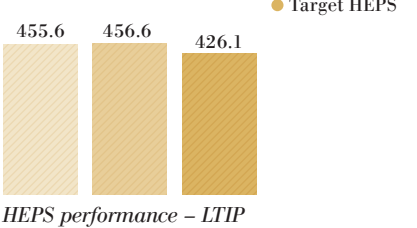
WOOLWORTHS LTIP (NOW CALLED PSP) SCHEME

The performance conditions for LTIP are:

- 50% based on HEPS growth of CPI plus 5% per annum and
- 50% based on TSR performance compared to the peer group TSR performance.

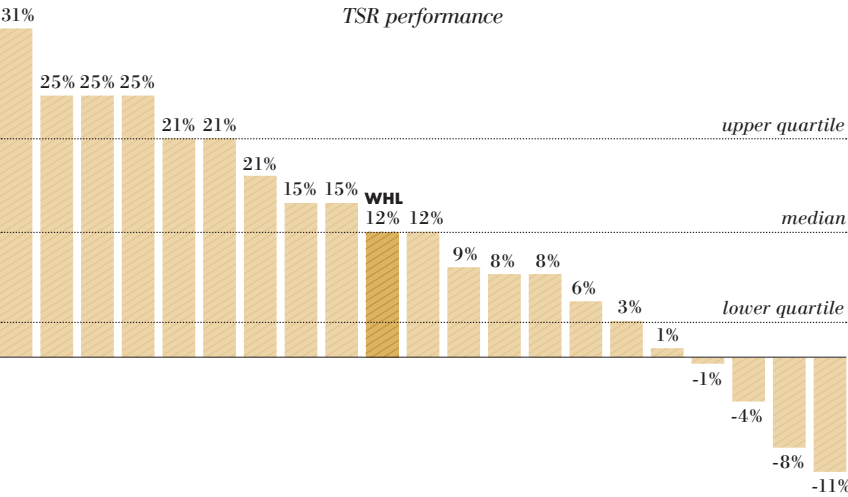
The opposite graph shows the target HEPS, which was required for the full vesting of the August 2013 LTIP against actual HEPS and adjusted HEPS.

Adjusted HEPS achieved was 456.6 cps, 7.2% growth on target HEPS of 426.1 cps.



The graph below compares the TSR performance of the company to the TSR index of the peer group at the lower, median and upper quartiles.

Actual TSR performance for WHL was 12% growth, in the median of the peer group performance. The TSR performance condition will vest at 60%. This, together with the HEPS performance shown above, has resulted in the LTIP 2013 allocations vesting at 80% for all participants of the LTIP scheme.



The TSR, together with the HEPS performance has resulted in the LTIP 2013 allocations vesting at 80% for all participants of the LTIP scheme.

COUNTRY ROAD GROUP ELTIS SCHEME

The CRG Executive Long-term Incentive Scheme (ELTIS) was in operation prior to CRG becoming a wholly owned subsidiary of WHL. The last allocations from this scheme were granted during 2014. Allocations granted in 2013 and 2014 will be tested for vesting in 2016 and 2017.

The performance conditions for the 2013 allocations have been tested to determine if vesting had been achieved. The performance condition is EPS growth of CPI plus 2% compounded over the three-year performance period.

The performance conditions for the 2013 allocations have been met with vesting for all participants of the ELTIS.

UTILISATION OF SHARES HELD BY WOOLWORTHS HOLDINGS SHARE TRUST

In line with the JSE requirements, an analysis of the shares utilised for the purposes of LTI is shown in the table below:

Opening balance available	20 228 122
Allocations made to participants	(2 543 444)
Exercised/lapsed	3 380 944
Sold by participants	(1 640 552)
Closing balance available	19 425 070

19.4M shares available for LTI

REMUNERATION FOR YEAR ENDED 26 JUNE 2016 (AUDITED)

As detailed in the remuneration policy on pages 128 to 134, remuneration paid to Executive Directors of Woolworths Holdings Limited in connection with the affairs of the company and its subsidiaries during the year ended 26 June 2016 and comparatives for 28 June 2015 are set out below:

Notes	GUARANTEED PAY			SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES		RETENTION	REMUNERATION
	Base salary (1) R000's	Benefits (2) R000's	Total guaranteed pay R000's	Performance bonus R000's	Fair value of shares, options, SARS, LTIP and PSP granted (3) R000's	Interest-free loan benefit (4) R000's	Fair value of restricted shares (5) R000's	Total remuneration R000's
2016								
EXECUTIVE DIRECTORS								
Ian Moir	16 430	196	16 626	14 960	3 317	-	18 845	53 748
Reeza Isaacs	4 348	579	4 927	3 241	2 261	-	2 056	12 485
Sam Ngumeni	4 539	837	5 376	4 228	2 859	255	403	13 121
Zyda Rylands (6)	5 218	1 012	6 230	4 447	3 429	500	-	14 606
	30 535	2 624	33 159	26 876	11 866	755	21 304	93 960
2015								
Ian Moir	11 187	138	11 325	20 866	5 336	-	11 650	49 177
Reeza Isaacs	3 839	433	4 272	2 410	1 534	-	2 163	10 379
Sam Ngumeni	3 835	807	4 642	3 013	2 610	259	950	11 474
Zyda Rylands (6)	3 775	1 001	4 776	2 792	2 781	771	-	11 120
	22 636	2 379	25 015	29 081	12 261	1 030	14 763	82 150

NOTES

1. Base salary includes Non-executive Director fees paid by Country Road Group: 2016: nil (2015: Ian Moir A\$24 375 and Zyda Rylands A\$7 576).
2. Benefits include retirement, healthcare, related benefits, long-service awards and discounts received on purchases made in WHL Group stores.
3. IFRS 2 Share-based payments have been used to equate the annual expense value of shares, options, SARS, LTIP and PSP held at the end of the financial year. 2015: includes the allocation of BEEESOS shares granted to Zyda Rylands and Sam Ngumeni.
4. The interest-free loan relates to the purchases of shares under Woolworths Holdings Share Trust. The benefit has been calculated at 7.396% (2015: 6.729%) (average) on the value of the outstanding loan.
5. IFRS 2 Share-based payments have been used to equate the annual expense value of RSP shares.
6. Zyda Rylands was appointed as Woolworths SA CEO on 1 September 2015. In compensation for the lost value on share options held at the time of the Rights Offer undertaken in October 2014, Zyda was paid a discretionary cash bonus of R168 090 (included in benefits).

DIRECTORS' PARTICIPATION IN SHARE SCHEMES

Shares purchased and options granted to Executive Directors in terms of the Woolworths Holdings Share Trust which had not been exercised at 26 June 2016 are set out below:

IAN MOIR								
NAME AND OFFER DATE	As at 28 June 2015		Awarded		Sold or transferred		As at 26 June 2016	
	NUMBER**	PRICE	NUMBER	PRICE	NUMBER	PRICE	VESTED	UNVESTED
SARS								
August 2010	117 823	R19.85*					117 823	117 823
August 2011	87 468	R27.89*					87 468	87 468
August 2012	72 288	R51.48*					72 288	72 288
August 2013	103 755	R56.06*						103 755
Total	381 334						277 579	103 755
LTIP								
August 2012	107 847	R55.68	7 863	R96.70	115 710	R96.70		–
August 2013	154 964	R60.72					154 964	154 964
Total	262 811		7 863		115 710		154 964	154 964
RSP								
October 2014	258 210	R69.71					258 210	258 210
February 2015	355 000	R92.14			71 000	R85.18	284 000	284 000
August 2015			186 126	R96.71			186 126	186 126
Total	613 210		186 126		71 000		728 336	728 336
Total	1 257 355		193 989		186 710		277 579	987 055

* In the prior year, adjustments were made to the strike price of unexercised SARS as a result of the Rights Offer and in terms of the Trust Deed.
** In the prior year, additional LTIP were awarded for allocations prior to October 2014 as a result of the Rights Offer and in terms of the Trust Deed.

REEZA ISAACS								
NAME AND OFFER DATE	As at 28 June 2015		Awarded		Sold or transferred		As at 26 June 2016	
	NUMBER**	PRICE	NUMBER	PRICE	NUMBER	PRICE	VESTED	UNVESTED
SARS								
August 2013	43 396	R56.06*					43 396	43 396
September 2014	25 115	R74.06					25 115	25 115
Total	68 511						68 511	68 511
LTIP/PSP								
August 2013	48 042	R60.72					48 042	48 042
September 2014	27 208	R74.06					27 208	27 208
August 2015			37 581	R96.70			37 581	37 581
February 2016			9 990	R93.69			9 990	9 990
Total	75 250		47 571				122 821	122 821
RSP								
June 2013	104 840	R73.92			52 420	R83.78	52 420	52 420
Total	104 840				52 420		52 420	52 420
Total	248 601		47 571		52 420		243 752	243 752

DIRECTORS' PARTICIPATION IN SHARE SCHEMES (CONTINUED)

SAM NGUMENI									
NAME AND OFFER DATE	As at 28 June 2015		Awarded		Sold or transferred		As at 26 June 2016		
	NUMBER**	PRICE	NUMBER	PRICE	NUMBER	PRICE	VESTED	UNVESTED	TOTAL
SHARE PURCHASE SCHEME									
August 2006	33 050	R13.30			33 050		33 050		33 050
November 2006	190 216	R15.74			190 216		190 216		190 216
Total	223 266				223 266		223 266		223 266
SARS									
August 2011	34 987	R27.89*			34 987		34 987		34 987
August 2012	29 095	R51.48*			29 095				29 095
August 2013	28 281	R56.06*						28 281	28 281
September 2014	55 092	R74.06						55 092	55 092
Total	147 455				64 082		83 373		147 455
LTIP/PSP									
August 2012	32 917	R55.68	2 400	R96.70	35 317	R96.70			–
August 2013	32 031	R60.72					32 031		32 031
September 2014	59 682	R74.06					59 682		59 682
August 2015			40 848	R96.70			40 848		40 848
February 2016			10 858	R93.69			10 858		10 858
Total	124 630		54 106		35 317		143 419		143 419
RSP									
February 2011	53 794	R25.56			53 794	R85.18			–
August 2012	27 812	R59.25			13 906	R97.42	13 906		13 906
Total	81 606				67 700		13 906		13 906
BEEESOS									
June 2007	475 000	R20.75			475 000	R97.96			–
Total	475 000				475 000				
Total	1 051 957		54 106		578 017		287 348	240 698	528 046

* In the prior year, adjustments were made to the strike price of unexercised SARS as a result of the Rights Offer and in terms of the Trust Deed.
** In the prior year, additional LTIP were awarded for allocations prior to October 2014 as a result of the Rights Offer and in terms of the Trust Deed.

ZYDA RYLANDS									
NAME AND OFFER DATE	As at 28 June 2015		Awarded		Sold or transferred		As at 26 June 2016		
	NUMBER**	PRICE	NUMBER	PRICE	NUMBER	PRICE	VESTED	UNVESTED	TOTAL
SHARE PURCHASE SCHEME									
August 2005	132 626	R11.31			132 626	R11.31			–
August 2005	144 923	R11.31			144 923	R11.31			–
August 2006	129 699	R13.30					129 699		129 699
October 2006	291 758	R13.71					291 758		291 758
Total	699 006				277 549		421 457		421 457
SHARE OPTION SCHEME									
October 2008	65 279	R8.81					65 279		65 279
Total	65 279						65 279		65 279
SARS									
August 2008	125 628	R6.57*			125 628	R96.05			–
August 2009	107 000	R11.35*					107 000		107 000
August 2011	53 538	R27.89*					53 538		53 538
August 2012	38 304	R51.48*					38 304		38 304
August 2013	40 790	R56.06*						40 790	40 790
September 2014	32 358	R74.06						32 358	32 358
Total	397 618				125 628		198 842	73 148	271 990
LTIP/PSP									
August 2012	43 336	R55.68	3 160	R96.70	46 496	R96.70			–
August 2013	46 199	R60.72						46 199	46 199
September 2014	35 055	R74.06						35 055	35 055
August 2015			105 073	R96.70				105 073	105 073
Total	124 590		108 233		46 496			186 327	186 327
BEEESOS									
June 2007	1 250 000	R20.75			1 250 000	R97.96			–
Total	1 250 000				1 250 000				
Total			105 073					105 073	105 073
Total	2 536 493		108 233		1 699 673		685 578	259 475	945 053

NON-EXECUTIVE DIRECTORS' FEES AND EMOLUMENTS (AUDITED)

Emoluments paid to Non-executive Directors of Woolworths Holdings Limited in connection with the affairs of the company and its subsidiaries during the year ended 26 June 2016 and comparatives for 28 June 2015 are set out below:

2016

NON-EXECUTIVE DIRECTORS									
Notes	Directors' fees R000's	Audit committee member R000's	Remuneration committee member R000's	Risk and compliance committee member R000's	Nominations committee member R000's	Sustainability committee member R000's	Social and ethics committee member R000's	Benefit (1) R000's	Total non-executive directors' remuneration R000's
Simon Susman (2)	1 293	-	104	99	79	89	89	117	1 870
Patrick Allaway (3)	3 201	146	104	99	-	-	-	105	3 655
Peter Bacon	309	147	104	-	-	-	-	10	570
Zarina Bassa (4), (10)	667	147	-	193	79	-	-	18	1 104
Tom Boardman	436	-	203	-	128	89	89	18	963
Hubert Brody (5), (10)	495	217	-	99	-	-	-	-	811
Andrew Higginson (7)	1 278	147	104	98	-	-	-	1	1 628
Gail Kelly (6), (10)	1 841	-	79	77	50	70	-	116	2 233
Mike Leeming (8)	174	123	-	44	29	-	-	10	380
Nombulelo Moholi	309	-	104	99	-	-	89	19	620
Lord Rose (9)	1 278	-	104	99	79	163	-	-	1 723
Thina Siwendu	309	-	-	98	-	89	163	19	678
	11 590	927	906	1 005	444	500	430	433	16 235

NOTES

1. Benefits are discounts received on purchases made in WHL Group stores.
2. Simon Susman, the Chairman of the Board, previously held the role of Group Chief Executive Officer. On his retirement as Group Chief Executive Officer (in 2010) and in terms of the rules of the LTI share scheme, the directors approved that he had the balance of 10 years (of which the last allocation was in October 2006) to settle the interest-free share loan relating to the purchases of shares under Woolworths Holding Share Trust whilst he was an employee of Woolworths. He settled the loan on 15 October 2014 and transferred the shares into his own share trading account.

Benefits of R117 062 (2015: R666 751) include the following:
 - post-retirement healthcare benefit of R37 428 (2014: R34 212);
 - discounts received on purchases made in WHL Group stores of R79 634 (2015: R62 942);
 - interest-free share loan benefit relating to the purchases of shares under Woolworths Holdings Share Trust whilst he was an employee of Woolworths. 2016: nil (2015: R569 597, benefit calculated at 6.729% (average) on the value of the outstanding loan until the repayment of the loan on 15 October 2014).
3. Patrick Allaway's fees as a director are paid in Australian Dollars as an Australian resident. Directors fees earned as a Non-executive Director for David Jones and Country Road Group are A\$150 000 (2015: A\$65 754. R303 998 was paid for services rendered to the Group prior to his appointment as a WHL director). He was appointed to the Board on 1 December 2014.
4. Zarina Bassa was appointed a Non-executive Director for Woolworths South Africa on 4 February 2016. Directors' and committee fees earned as a Non-executive Director for Woolworths are R357 500 (2015: nil).
5. Hubert Brody's directors' fees earned include attendance at the Treasury Committee and Chairman of Woolworths Audit Review Panel are R186 000 (2015: nil). He was appointed to the Board on 1 July 2014.

2015

NON-EXECUTIVE DIRECTORS									
Notes	Directors' fees (11) R000's	Audit committee member R000's	Remuneration committee member R000's	Risk and compliance committee member R000's	Nominations committee member R000's	Sustainability committee member R000's	Social and ethics committee member R000's	Benefit (2) R000's	Total non-executive directors' remuneration R000's
Simon Susman (2)	1 343	-	94	80	83	131	76	667	2 474
Patrick Allaway (3)	1 735	90	72	62	-	-	-	-	1 959
Peter Bacon	604	117	94	-	-	-	-	13	828
Zarina Bassa	599	118	-	124	56	-	-	15	912
Tom Boardman	591	-	189	-	65	76	76	17	1 014
Hubert Brody	389	118	-	80	-	-	-	-	587
Andrew Higginson (7)	1 074	118	94	80	-	-	-	1	1 367
Mike Leeming	719	235	-	116	56	-	-	15	1 141
Nombulelo Moholi (12)	259	-	94	80	-	-	76	9	518
Chris Nissen (13)	250	-	-	-	27	37	73	17	404
Lord Rose (9)	910	-	94	80	56	95	-	-	1 235
Thina Siwendu	309	-	-	80	-	-	115	21	525
	8 782	796	731	782	343	339	416	775	12 964

6. Gail Kelly was appointed to the Board and the Remuneration, Risk and Compliance and Sustainability Committees on 1 October 2015. Her fees as a director are paid in Australian Dollars as an Australian resident. Directors' fees earned as a Non-executive Director for David Jones and Country Road Group are A\$56 250 (2015: nil).
7. Andrew Higginson's fees as a director are paid in Sterling as a British resident.
8. Mike Leeming retired from the Board on 30 November 2015.
9. Lord Rose's fees as a director are paid in Sterling as a British resident.
10. Changes made to committee membership during the 2016 financial year are:
 - Zarina Bassa was appointed to the Remuneration Committee effective 19 May 2016;
 - Hubert Brody was appointed as the Chairman of the Audit Committee effective 26 November 2015;
 - Gail Kelly was appointed to the Nominations Committee effective 10 February 2016.
11. Directors' fees include an amount paid in 2015 in respect of the additional work performed for the acquisition of David Jones. The amounts are based on the approved hourly rate for additional services. Hubert Brody received payment for the work he performed prior to his appointment as a director.
12. Nombulelo Moholi was appointed to the Board on 1 July 2014.
13. Chris Nissen retired from the Board on 26 November 2014.

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