

**SHAREHOLDER QUESTIONS RECEIVED 16 NOVEMBER  
2015 AND ANSWERS**

**WOOLWORTHS HOLDINGS LIMITED**

**ANNUAL GENERAL MEETING**

**30 NOVEMBER 2015**

**Q1: In addition to the annual financial statements, will Woolworths furnish to shareholders any other reports by its external auditors, internal auditors and any other assurance providers during the last 18 month (since 1 July 2014)? If not, Woolworths is requested to detail the nature of the reports and why such reports will not be furnished to shareholders.**

**A:** The Board has and will continue to report back to Shareholders on all relevant issues. As a matter of general policy, and in accordance with all legal requirements and prudent practice, the WHL Board does not circulate internal reports. Listed companies are, of course, also constrained by the JSE Listing Requirements not to disseminate financial or price sensitive information other than in the prescribed form.

**Q2: How has the Board of Directors discharged its duties particularly in respect of section 76 and section 77 of the Companies Act as it relates to Woolworths trade with Israel?**

**A:** These are the fiduciary duties of directors to act in the best interests of the company, in good faith for a proper purpose, and with the appropriate degree of care, skill and diligence. The primary duty and responsibility of the directors in such circumstances is to act fairly and impartially in accordance with all applicable laws, policies and ethical and governance standards and requirements, whilst at the same time serving the best interests of the company. We believe that the Board has demonstrated and continues to demonstrate, in the reports before this meeting, the highest levels of compliance with these statutory requirements. Specifically on sourcing product from Israel, the Group does not directly source any products from the occupied territories. The Group has no political affiliations and is guided by the government's guidelines in the territories in which we do business.

**Q3: How does Woolworths trade with Israel, which continues to illegally occupy Palestinian land and administers gross violations of human rights, affect Woolworths': Good Business Journey index; BEE score; and Carbon footprint.**

**A:** Our trade with Israel (which does not include occupied territories) is an insignificant proportion of our business and as such has had no impact on any of these KPI's.

**Q4: Has the Board of Woolworths seriously considered the effect of buying from an apartheid state like Israel compared to sourcing the same fresh produce locally or from alternative sources internationally? If so, if there is a negative effect, what action will be taken in this regard? If there is no effect, how are the above indicators relevant to shareholders in any meaningful way?**

**A:** We take ethical sourcing seriously and drive this primarily through our Code of Business Principles and supplier audits. We partner with credible third party organisations and standards, particularly where we are sourcing commodities from producers where we don't have direct relationships. We also have specific policies (published on our website) that summarise our positions on most of the key ethical trade issues.

The majority of goods (both food and clothing) sold in our stores, by volume, are manufactured in Southern Africa and we continue to encourage local manufacturing wherever possible. We will only consider sourcing abroad due to seasonality issues or where local or regional supplier partners are unable to provide the ideal quality, value, and innovation that our customers expect.

Specifically on sourcing product from the Middle East, the Group does not source any products from the occupied territories. The Group has no political affiliations and is guided by the government's guidelines in the territories in which we do business.

**Q5: Has the Board of Woolworths seriously considered the effect of purchasing products from Israel in respect of Woolworths' carbon footprint and Woolworths' sustainability indicators including its inclusion in the JSE SRI index? If so, Woolworths is requested to kindly furnish the report in this regard.**

**A:** Our trade with Israel (which does not include occupied territories) is an insignificant proportion of our business and as such has had no impact on any of these KPI's.

**Q6: In measuring the water consumption in respect of fresh produce imported from Israel, how is water usage measured in circumstances where 5 million Palestinians live in a state of water shortage and drought due to Israel's curtailment of water resources and services to Palestinians?**

**A:** This is not specifically measured. Water efficiency is a focus for all Woolworths produce suppliers.

**Q7: How is Woolworths' trade with Israel consistent with Woolworths brand and vision?**

**A:** The majority of goods (both food and clothing) sold in our stores, by volume, are manufactured in Southern Africa and we continue to encourage local manufacturing wherever possible. We will only consider sourcing abroad due to seasonality issues or where local or regional supplier partners are unable to provide the ideal quality, value, and innovation that our customers expect.

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**Q8: In respect of the 4% of fresh produce which is imported, kindly furnish an account and/or explanation undertaken by Woolworths of alternative sources to procure figs and pretzels other than from Israel.**

**A:** The 4% is incorrect. The products vary for seasonality reasons and comprise less than 0.1% of our total sales. Currently the products are matzos, pretzels and figs.

**Q9: South Africa's fig industry includes approximately 10 farmers, in the Karoo town of Prince Albert, that are responsible for exporting over 100 metric tons of figs annually including organic figs. In this regard is not Woolworths' importing of figs from Israel in contravention of the goals of the National Development Plan and South Africa's agricultural policy? Furthermore, it would seem that Woolworths claims regarding sustainability does not support the South African agricultural and green economy?**

**A:** We do source figs from Prince Albert except where these are not available for seasonality reasons.

**Q10: Does Woolworths have an ethical policy in respect of its commercial and trade relations? In this regard, what is Woolworths policy on trading with entities and/or persons that are:**

- **Guilty of criminal conduct; and/or**
- **Guilty of contravening local and/or international law; and/or**
- **Condemned by the United Nations General Assembly and Human Rights Council.**

**A:** The principles are aligned with our values and are set out in the Woolworths code of principles. Refer to page 61 of the 2015 Good Business Journey report for further detail.

**Q11: The King Code, among other things, places great emphasis on building and sustaining a corporate ethical culture, implementing ethical standards and adhering to such standards, incorporating ethical risks and opportunities in the management risk process and the implementation of ethics-related policies. In fact the King Code places the responsibility for the ethical governance and compliance squarely on the Board of Directors including assessing, monitoring, reporting and disclosing a company's ethical performance. Furthermore, the issue of sustainability is also central to the King Code which holds that a company's strategy, risk, performance and sustainability are all inseparable. How has Woolworths given effect to these ideals in relation to sourcing products from contexts that are tainted by and/or compromised due to human rights violations and the contravention of international law?**

**A:** Under the King Code, the Board must determine and implement policies and strategies which comply with good corporate governance and serve the best interests of the company, including in respect of strategy, risk, performance and sustainability. The Board must take a well-informed and balanced view including where there are disputes with certain shareholders and consumers. The Group has no political affiliations and is guided by the government's guidelines in the territories in which we do business. Our trade with Israel is an insignificant proportion of our business. The Board clearly meets the standards and requirements set under the King Code.

**Q12: The following information is requested in respect of Woolworths past and continuing trade with Israeli entities:**

**- Do the directors and/or any staff of Woolworths have any financial interest in the Israeli entities which Woolworths interacts with?**

**A:** The s75 declarations made by directors disclose no personal financial interest in any Israeli suppliers.

**- Can you confirm if Woolworths has paid over all the applicable VAT payments in respect of its imports from Israel?**

**A:** The company has complied with SARS requirements including VAT payments.

**- Can you confirm that Woolworths is not involved in transfer pricing in respect of its purchases from Israeli entities in order to avoid the payment of tax in South Africa?**

**A:** The company has complied with SARS requirements and all transactions continue to be carried out at arm's length.

**- In auditing the sustainability attributes of food items sold at Woolworths, did you visit the Israeli fig farms and assess whether the farms were located illegally on occupied Palestinian land and furthermore whether the farms made use of water that was illegally sourced from occupied Palestinian land?**

**A:** This is not specifically audited. This matter was raised by BDS in a meeting with management over a year ago and management requested details so as to investigate. No further information has been forthcoming from BDS since that time.

**- Can you confirm the value of outstanding receivables and/or payables and/or loans from Israeli suppliers (as at the most recent financial year end)?**

**A:** These amounts are not material as related sales represent less than 0.1% of total sales.

**- Whether Woolworths has paid all duties and tariffs on goods imported from the Occupied Palestinian Territories (such as products of Palestine) at rates for Israel or at the rates for Palestine?**

**A:** We do not source from the occupied territories.

**Q13: Has Woolworths undertaken a proper and comprehensive investigation and/or due diligence to ensure that the Israeli goods that it is sourcing are not tainted by Israel's discriminatory policies? If there is a middle supplier who sources the produce from Israel has Woolworths ensured that such a supplier has conducted such an investigation? If so, can Woolworths kindly furnish these reports to shareholders.**

**A:** No, due to the size of this part of the business it has not received separate focus but is subject to the same rigorous procedures as applied to all sources.

**Q14: In terms of the last AGM it was confirmed that Woolworths external auditors did not audit Woolworths sourcing from Israel and its policy regarding sourcing from the occupied Palestinian territories. What is the reason for Woolworths excluding same from its external auditors' mandate? Is Woolworths prepared to make this information available to its external auditors for auditing purposes?**

**A:** As explained at the AGM last year, this is not material from an audit perspective and thus not within their scope. The audit scope is determined by the auditors. No scope limitations were placed on the audit as evident from the unqualified audit opinion rendered on the Annual Financial Statements.

**Q15: In the Good Business Journey Woolworths extends its ethical relationship with jurisdictions outside of South Africa and also to producers who Woolworths does not have a direct relationship with. Woolworths claims that it "has embarked on a journey to better manage [its] ethical supply chain risk and to take more responsibility for improving the lives of workers in [its] South African and global supply chains" and furthermore state that it is "partnering with credible third-party organisations and standards, particularly where [it's] sourcing commodities and [doesn't] have direct relationships with the producers." Towards this end, Woolworths cites twelve international countries from which it ensures that it only sources socially responsible products. There is no mention of Israel. In this regard, is Woolworths of the view that products sourced from Israel have no ethical implications whatsoever unlike products sourced from the other twelve countries mentioned? If so, why is Woolworths of this view?**

**A:** Yes, we are a values driven business including ethical sourcing principles. All suppliers are thoroughly assessed and sign up to our Code of Business Principles. Our purchases from Israel meet these principles.

**Q16: Woolworths claims that it does not source any products from the Occupied Palestinian Territories. At the last AGM, Mr Ngumeni, the Chief Operating Officer of Woolworths, confirmed that Woolworths is comfortable with the services provided by G4S despite allegations of violating human rights in the occupied territories. G4S is directly implicated in providing services and equipment to the Israeli state in respect of its operations in the occupied territories. Therefore, G4S directly profits from Israel's unlawful occupation. Given Woolworth's confirmation that its policy prohibits it from sourcing products from the occupied territories and that it does not allegedly do so, it is surprising that it continues to outsource its security needs to G4S when G4S is implicated in Israel's occupation. Why is it that Woolworths refuses to extend its policy regarding the occupied territories to its relationship with service providers which have operations in and/or who profit from the occupation?**

**A:** We are a values driven business with codified ethical sourcing principles. All suppliers are independently assessed and sign up to our Code of Business Principles. G4S, as a supplier, satisfied these principles.

**Q17: In 2012 the UN Special Rapporteur for Human Rights, drawing attention to the UN Global Compact and the UN Guiding Principles on Businesses and Human Rights, specifically identified G4S Security as one of several companies that are involved in the illegal occupation of Palestine. The UN Special Rapporteur called on international companies to boycott G4S amongst other entities involved in the occupation. He said: “My main recommendation is that the businesses highlighted in the report – as well as the many other businesses that are profiting from the Israeli settlement enterprise – should be boycotted, until they bring their operations into line with international human rights and humanitarian law and standards.” Why has Woolworths chosen to ignore recommendations such as that from the UN Special Rapporteur?**

**A:** As noted above, all suppliers are independently assessed and sign up to our Code of Business Principles. G4S, as a supplier, satisfied these principles. During the G4S Group’s AGM in June 2014, the Chairman of G4S plc confirmed the Group’s position in relation to offending contracts. He stated:  
“The board has reconfirmed, that as announced in 2011, these contracts will not be renewed when they expire. The Board takes matters of human rights very seriously and is committed to conducting its business in a way which meets our own and internationally recognised human rights laws and standards.”

**Q18: At the last AGM Woolworths had undertaken to review the sourcing of SodaStream products by David Jones. Has Woolworths conducted such a review. If so, what were the findings of the review and the status of sourcing SodaStream products by David Jones? If not, why has Woolworths failed to fulfil its undertaking in this regard?**

**A:** Yes. We obtained written confirmation from the Managing Director of Sodastream in Australia that production of Sodastream product from their Mishor Factory has ceased and that the factory is currently being dismantled. All Sodastream lines previously manufactured out of the Mishor plant have been moved to their new Levahim facility.

**Q19: Has Woolworths employed the services of a private investigator with regard to the #BoycottWoolworths campaign?**

**A:** No.

**Q20: Has Woolworths withdrawn advertising from certain publications or media outlets due to coverage given to the #BoycottWoolworths campaign?**

**A:** No. We have never withdrawn advertising from any media houses for their coverage on the Boycott Woolworths campaign.

**Q21: Has Woolworths employed the services of a PR or advisory firm such as Brunswick to manage and respond to the #BoycottWoolworths campaign?**

**A:** No. Brunswick has been retained for all Woolworths Corporate Communications requirements since January 2013.

**Q22: The claim by Woolworths that it has no political affiliations and respects its customers' right to make individual purchasing choices is disingenuous. Woolworths has made a decision not to source from the Occupied Palestinian Territories despite it being lawful to do so in South Africa. Woolworths has also stated that it needs to manage its ethical supply chain and seriously consider its ethical commitments in relation to various jurisdictions by ensuring that goods sourced from certain countries comply with its ethical standards despite no legal onus on Woolworths doing so. Accordingly, why does Woolworths act inconsistently by acting both ethically and politically in respect of some jurisdictions but does not apply those same principles in respect of sourcing from Israel? Is Woolworths of the view that all products sourced from Israel are not ethically compromised whatsoever?**

**A:** Woolworths does not source any products from the occupied territories. Woolworths has no political affiliations and is guided by the South African government and the DTI's guidelines.

We respect our customers' right to make individual purchasing choices, which is why we clearly label every product's country of origin and fully comply with government legislation. The vast majority of our food is sourced locally (more than 92%). We only source food abroad when local products are out of season and less than 0.1% of our food is sourced from the Middle East.

**Q23: At the previous AGM the Chairperson undertook to respond to a query raised by a shareholder, Ms. Marthie Momberg. Was this query responded to? If not, why not?**

**A:** There were two queries raised by Ms. Momberg:

1. Information on how the boycott against WW impact on sales.  
There has been no impact on sales, the results speak for themselves.
2. What the correct procedure is to raise an issue at the AGM.  
This is set out in the notice of AGM distributed to shareholders on the 12<sup>th</sup> of October either via post or via e-mail. The election of e-mail is at the option of the shareholder and as recorded in the records kept by our transfer secretaries.

**Q24: If you have implemented an appropriate and thorough screening process of your Israeli partners to investigate any possible participation and/or benefit from laws and practices that, for example, breach international human rights laws, can you please clarify and so convincingly at the upcoming AGM?**

**A:** As noted above, all our suppliers are subject to the same rigorous screening process. We take ethical sourcing seriously and drive this primarily through our Code of Business Principles and supplier audits. We partner with credible third party organisations and standards, particularly where we are sourcing commodities from producers where we don't have direct relationships. We also have specific policies (published on our website) that summarise our positions on most of the key ethical trade issues.

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**QUESTIONS TO THE COMPANY SECRETARY:**

**Q25: In terms of section 88 of the Companies Act 71 of 2008, as the Company Secretary, you are accountable to the Board of Woolworths and your duties also include providing guidance to the Directors of Woolworths. As such, what guidance have you furnished the Directors and/or the Board regarding:**

- a. The BDS Movement; and
- b. Trade with Israel.

**A:** Section 88 provides that the company secretary is accountable to the Board, and makes the directors aware of any law relevant to or affecting the company. The Board is satisfied that the Company Secretary has fully and effectually discharged her obligations under this section.

**Q26: Have you conducted or reviewed a risk assessment and/or report and/or strategy proposal and/or documentation and/or correspondence relating to (a) and (b) above?**

**A:** Yes. The board and management continued to assess all reputational and financial risks through a robust risk assessment and management process.

**Q27: Given your specific duty in terms of section 88(2)(b) of the Companies Act to make the directors aware of any law relevant to or affecting the company, have you informed the directors regarding the numerous United Nations resolutions and directives Woolworths is breaching by continuing to trade with Israeli entities.**

**A:** Woolworths does not source any products from the occupied territories. Woolworths has no political affiliations and is guided by the South African government and the DTI's guidelines.

**Q28: On Thursday the 12th of November two shareholders sent a query to ThobekaSishuba@woolworths.co.za regarding the cut off date and time for submitting questions for the AGM. Why were these two requests ignored?**

**A:** The cut-off date for submitting questions was clearly stated in the notice of Annual General Meeting as 16<sup>th</sup> of November. Thursday the 12<sup>th</sup> of November was the date of the WHL Board meeting in Melbourne, Australia. On this date, the time difference meant that Melbourne was 9 hours ahead. The requests were not ignored but considered and were responded to.