

## **WOOLWORTHS HOLDINGS LIMITED**

### **TERMS OF REFERENCE OF THE SOCIAL AND ETHICS COMMITTEE**

#### **1. CONSTITUTION**

- 1.1 Section 7(d) of the Companies Act 71 of 2008 (“the Act”), as amended, deals with the purpose and application of the Act and states that one of its purposes is to “Reaffirm the concept of the company as means of achieving economic and social benefits”. The Social and Ethics Committee (“the Committee” or “SEC”) can thus be seen as a mechanism for ensuring that companies monitor and report whether they produce social benefits for the economy, workplace, society and the natural environment.
- 1.2 The SEC is constituted as a statutory committee of Woolworths Holdings Limited (“the company” or “WHL”) Board (“the Board”) in respect of its statutory duties in terms of section 72(4) of the Act, read with Regulation 43 of the Regulations, 2011 and as a Committee of the Board in respect of all other duties assigned to it by the Board as defined in these terms of reference.
- 1.3 The Committee shall be a standing committee, with the composition and membership reviewed by the Board annually.
- 1.4 The Committee shall report to the shareholders in terms of its statutory responsibilities and to the Board on all other duties assigned to it by the Board.
- 1.5 The deliberations of the Committee do not reduce the individual or collective responsibilities of the Board members with regard to their fiduciary duties and responsibilities, and they must exercise due care, skill and diligence.
- 1.6 These Terms of Reference are subject to the Act, as amended, the company’s Memorandum of Incorporation and any other applicable law or regulatory provision including the JSE Listings Requirements and has been drafted with due consideration of the King IV Report on Corporate Governance for South Africa, 2016 (“King IV”).

#### **2. COMPOSITION**

- 2.1 The Committee members shall be nominated by the Nominations Committee and appointed by the Board. The Committee shall comprise of at least three members, the majority of whom shall be independent non-executive directors.
- 2.2 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.
- 2.3 Invitations to attend the Committee meetings shall be extended to:
  - the Head of Human Resources;
  - the Head of Transformation;
  - the Chairman of the Woolworths Trust; and
  - any other senior executives and professional advisors as deemed appropriate.
- 2.4 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not vote on resolutions or form part of the quorum for Committee meetings.

- 2.5 A quorum of the Committee shall be a majority of members.
- 2.6 The Chairman of the Committee shall be appointed by the Board from its members, and shall be an independent non-executive director.
- 2.7 In the absence of the Chairman, the members present may nominate and elect one of their members to chair the meeting, provided the member is an independent non-executive director.
- 2.8 The Group Company Secretary shall be the secretary to the Committee.

### **3. ROLE OF THE COMMITTEE**

The role of the Committee is to ensure that the Group's activities support its intent to be a responsible corporate citizen and to assist the Board in setting the tone for an ethical organisational culture by overseeing the Group's conduct, approach and manner in which the business is conducted with due regard to value creation in society. To achieve this, the Committee will address its statutory requirements and also assess the trends in the industry to identify one or two areas of focus each year.

### **4. MANDATE IN RESPECT OF SUBSIDIARIES**

The Committee is appointed to act on behalf of WHL and its subsidiaries. This authority applies to all the WHL subsidiaries insofar as it relates to governance best practices and Group wide ethical standards. The SEC shall act as a statutory committee of the South African subsidiaries with a Public Interest score above 500 calculated in terms of the Act. It will act on all matters that are significant for the Group including as Committee of the Australian and African entities to the extent the laws of the countries are in line with international laws and governance as contemplated in the UN global compact as well as OECD rules on corruption.

The Committee will incorporate feedback from Woolworths South Africa ("WSA"), David Jones ("DJ") and Country Road Group ("CRG") into the agendas of the Committee's meetings.

### **5. RESPONSIBILITIES**

The Committee shall operate within the Board's delegation of authority. In discharging its responsibilities to the Board and shareholders, the Committee will:

- 5.1 oversee and report on organisational ethics, the Group's responsible corporate citizenship; sustainable development (excluding those matters within the remit of the Group's Sustainability committee) and stakeholder relationships including the approval of a stakeholder engagement strategy; and
- 5.2 assist the Board to discharge its responsibility with respect to the approval, implementation, and monitoring of policies and practices that facilitate the Group's responsible corporate citizen credentials thereby ensuring that the Group is operating in a sound and ethical manner.

### **Responsible Corporate Citizen responsibilities:**

- 5.3 review and ensuring the Group's adoption of the United Nations Global Compact's ("UNGC") principles in the area of human rights, labour, environment and anti-corruption;
- 5.4 review the Group's policy on anti-corruption in accordance with the OECD requirements;
- 5.5 review the Group's policy on the promotion of equality and prevention of unfair discrimination in the Group ;
- 5.6 receive reports relating to the Group's corporate social responsibilities;
- 5.7 monitor the risks relating to social and ethics matters;
- 5.8 monitor the Group's consumer relationships including compliance of the Group's advertising, sponsorship and public relations practices against relevant legislation and Group policy;
- 5.9 report back to shareholders on an annual basis.

### **Duties in respect of inclusiveness, including transformation**

- 5.10 review and recommend to the Board the targets for B-BBEE contributor level rating for the Group, including the scorecard component targets;
- 5.11 review and approve the appointment of a verification agency and annually review the report and certificate issued by the verification agency;
- 5.12 review the overall budget to facilitate the transformation strategy;
- 5.13 review the capacity and effectiveness to implement the B-BBEE codes;
- 5.14 recommend to the Board certain B-BBEE external communications in relation to the transformation strategy;
- 5.15 monitor the Group's compliance against all relevant legislation, specifically the Employment Equity Act, Skills Development Act and the B-BBEE Act;
- 5.16 review the Employment Equity plans and reports submitted to the Department of Labour;
- 5.17 review the quarterly progress against the B-BBEE scorecard; and
- 5.18 review the B-BBEE compliance report for publication on the Group's website.

### **Duties in respect of employee value creation**

- 5.19 monitor employees' freedom of association and effective recognition of the right to collective bargaining;
- 5.20 monitor the Group's standing in terms of the International Labour Organisation Protocol ("ILOP") on decent work and working conditions across the Group;

- 5.21 monitor the adherence to the Group's ethical standards by employees and other relevant stakeholders through, among others, periodic independent assessments;
- 5.22 review the impact assessment of the training programmes, the ROI on learning and development across the Group; and
- 5.23 review an analysis of the income differentials and the progress to close any gaps in respect of the South African subsidiaries.

## **6. DELEGATED DUTIES**

- 6.1 The Committee has delegated certain of its functions relating to consumer protections laws, health and public safety to the Risk and Compliance committee; sustainable development in the context of natural capital to the Sustainability Committee; remuneration aspects to the Remuneration Committee; and contribution to development of communities and record of donations and charitable giving has been delegated to the Woolworths Trust.
- 6.2 Feedback from these committees on SEC issues is submitted to the WHL Board and/or SEC, as appropriate.
- 6.3 One or more members of the Committee should be members of the aforementioned committees' to facilitate effective functioning of the SEC.

## **7. MEETINGS OF THE COMMITTEE**

- 7.1 Committee meetings shall be held quarterly. The Committee Chairman shall report on key matters addressed by the Committee at each Board meeting.
- 7.2 Additional meetings may be held at the request of the Chairman or any member of the Committee or Board as required.
- 7.3 All directors of the Board are entitled to attend the Committee meetings.
- 7.4 Minutes of Committee meetings shall be distributed timeously.
- 7.5 Committee papers shall, other than under exceptional circumstances, be forwarded to each member of the Committee no fewer than seven days prior to the date of the meeting.
- 7.6 Members of the Committee shall declare any conflict of interest in respect of matters on the agenda and such declarations will be managed as deemed necessary.
- 7.7 The Chairman of the Committee shall attend the Annual General Meeting of the company and be prepared to respond to any shareholder questions on the Committee's activities.

## **8. AUTHORITY OF THE COMMITTEE**

- 8.1 The Committee shall have authority to:
  - 8.1.1 access any information it needs to fulfil its responsibilities;
  - 8.1.2 seek independent advice at the company's expense; and
  - 8.1.3 investigate matters within its mandate.

8.2 The Committee shall have the ability to consult with and receive the full cooperation of any employee where necessary to fulfil its responsibilities.

## **9. REMUNERATION OF MEMBERS**

Non-executive members of the Committee shall be paid such remuneration in respect of their appointment as recommended by the Board and approved by shareholders. The Chairman of the Committee shall, in addition to her remuneration as a member, receive a further sum as recommended by the Board and approved by shareholders. .

## **10. REVIEW OF TERMS OF REFERENCE**

The Committee shall review the Terms of Reference annually, to ensure that they remain consistent with its statutory duties and the Board's objectives and responsibilities. The Terms of Reference may be amended as required, subject to the approval of the Board.

## **11. EVALUATION OF THE COMMITTEE'S PERFORMANCE**

The Committee shall ensure that a formal process, as recommended by the Nominations Committee and approved by the Board, is followed for evaluating the performance of the Committee, at least every second year.