

## **WOOLWORTHS HOLDINGS LIMITED**

### **TERMS OF REFERENCE OF THE RISK AND COMPLIANCE COMMITTEE**

#### **1. CONSTITUTION**

- 1.1 The Risk and Compliance Committee (“the Committee”) is constituted as a Committee of the Woolworths Holdings Limited (“the company” or “WHL”) Board (“the Board”).
- 1.2 The Committee shall be a standing Committee, with the composition and membership reviewed by the Board annually.
- 1.3 The Committee shall report to and derive its powers from the Board.
- 1.4 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.
- 1.4 These Terms of Reference are subject to the Companies Act 71 of 2008, as amended, the company's Memorandum of Incorporation, the JSE Listings Requirements and any other applicable law or regulatory provision 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 executive and non-executive directors with at least three independent non-executive directors.
- 2.2 One or more members of the Committee should be members of the Audit Committee to facilitate effective functioning of the Committee.
- 2.3 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.
- 2.4 Invitations to attend the Committee meetings shall be extended to:
  - the Group Head of Risk and Compliance,
  - the Head of Group Internal Audit;
  - the external auditors; and
  - any other senior executives and professional advisors as deemed appropriate.
- 2.5 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 the meetings.
- 2.6 A quorum of the Committee shall be a majority of members.
- 2.7 The Chairman of the Committee shall be appointed by the Board, from its members, and shall be an independent non-executive director.

2.8 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.

2.9 The Group Company Secretary shall be the secretary to the Committee.

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

The role of the Committee is to assist the Board to set the direction for the manner in which risk is managed and addressed while adopting a stakeholder-inclusive approach. The Committee shall further oversee and direct that the company has implemented an effective policy and plan for risk management and compliance encompassing the opportunities and associated risks to be considered when developing strategy and the potential positive and negative effects of the same risks on the achievement of the company's strategic objectives.

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

The Committee is appointed to act on behalf of WHL and its subsidiaries. The Committee has been authorised by the Board to establish Risk & Compliance committees, within the subsidiary companies, constituted of appropriately qualified persons to assist the Committee in discharging its mandate in respect of matters contained in these Terms of Reference.

The Committee will address the risk framework and profile of the Group including integration and Group specific risks. The Committee will incorporate feedback from the Risk and Compliance committees of 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, the Committee will:

- 5.1 review the Group's risk framework and policy;
- 5.2 assess whether there are appropriate processes/ controls in place to manage the risks down to an acceptable level, in line with the Board's risk appetite and tolerance;
- 5.3 liaise with the Audit Committee to exchange information relevant to risks and internal controls;
- 5.4 liaise with all other Board committees to exchange information relevant to risks specific to the mandates of those committees;
- 5.5 review the effectiveness of the risk management processes;
- 5.6 review and approve the combined assurance model;
- 5.7 assess if adequate and effective processes/ controls are in place to ensure regulatory compliance;
- 5.8 be satisfied that the risk and compliance department is sufficiently resourced to provide adequate assurance to the Committee;
- 5.9 review the adequacy of the Group's insurance portfolios;

- 5.10 review the impact that material litigation could have on the Group;
- 5.11 review and monitor the Group's policy including quarterly reports on health and public safety;
- 5.12 monitor information to identify and respond to reputational risks;
- 5.13 monitor the responses to developments in technology;
- 5.14 approve a policy to set direction on the management of technology and information and oversee management's implementation thereof including:
  - integration of risks, people, technology, information and processes across the Group,
  - business resilience;
  - monitoring policy for responsiveness to cyber security and social media risks;
  - third-party and outsourced service provider risks;
  - value delivered from technology investments and projects;
  - disposal of obsolete technology and information,
  - ethical and responsible use of technology and information; and
  - compliance with laws;
- 5.15 oversee that the executive team has identified and assessed all the risks and opportunities for the Group in relation to :
  - governance of technology and information;
  - Information & Technology risks (including cyber), disaster recovery and business continuity;
  - strategic and emerging risks;
  - legal risks;
  - project risks;
  - ethical and reputational risks;
  - stakeholder management risks;
  - fraud and whistleblowing risks; and
  - treasury risks;
- 5.16 review internal audit's assurance on the effectiveness of compliance management; and
- 5.17 review the compliance monitoring plan and policy.

The emphasis of meetings shall be directed toward the issues summarised in Annexure A.

Specific business decisions which are in terms of the delegation of authority and require input from the Committee are set out in Annexure B.

## **6. MEETINGS OF THE COMMITTEE**

- 6.1 Committee meetings shall be held quarterly. The Committee Chairman shall report on key matters addressed by the Committee at each Board meeting.
- 6.2 Additional meetings may be held at the request of the Chairman or any member of the Committee or Board as required.
- 6.3 All directors of the Board are entitled to attend the Committee meetings.

- 6.4 Minutes of Committee meetings shall be distributed timeously.
- 6.5 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.
- 6.6 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.
- 6.7 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.

## **7. AUTHORITY OF THE COMMITTEE**

- 7.1 The Committee shall have authority to:
  - 7.1.1 access any information it needs to fulfil its responsibilities;
  - 7.1.2 seek independent advice at the company's expense; and
  - 7.1.3 investigate matters within its mandate.
- 7.2 The Committee shall have the ability to consult with and receive the full cooperation of any employee where necessary to fulfil its responsibilities.

## **8. 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.

## **9. REVIEW OF TERMS OF REFERENCE**

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

## **10. 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.

***Approved by WHL Board  
August 2019***