



WOOLWORTHS HOLDINGS LIMITED

2020 Stakeholder Engagement

START

OUR STAKEHOLDERS

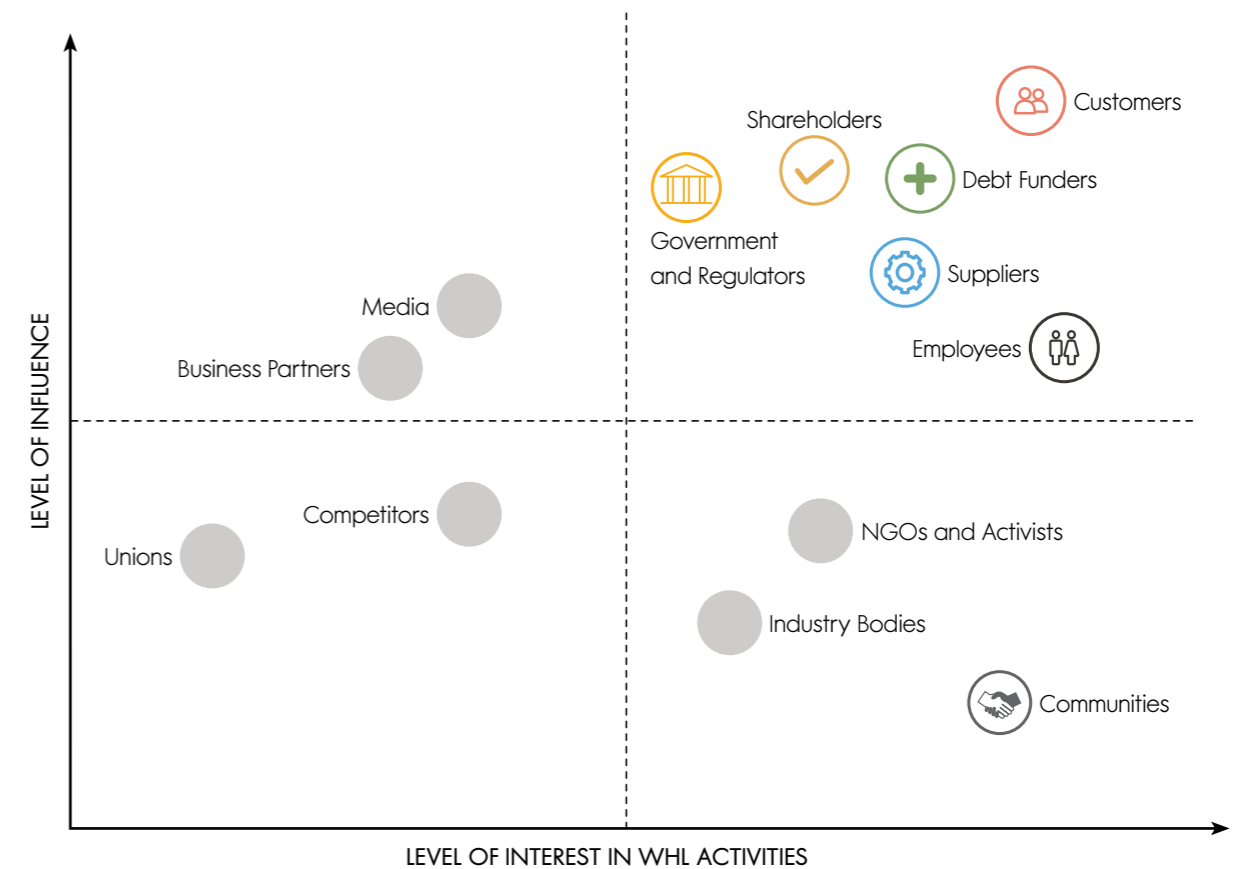
The Group believes that strong, sustainable stakeholder relationships form the foundation of our ability to create shared value in the short-, medium-, and long-term. Unique to our value creation process is the extent to which our Good Business Journey supports and nurtures future access to our resources, which is key to building a more sustainable business and future.

We are committed to developing and maintaining quality, long-term relationships with the broad range of stakeholders who have an interest in the Group, its products, activities, and initiatives and on whom our business has an impact.

Our philosophy is to engage authentically, openly and inclusively with them, allowing us to better understand and benefit from their insights, concerns, and priorities; to seek areas of potential partnership; mitigate risks to the business; and create mutual trust and respect. This is integral to the ongoing, daily management of the Group and key to identifying the material issues that could significantly impact our performance and sustainability. We therefore ensure that we engage on issues that are salient both for stakeholders and the business.

OUR PHILOSOPHY IS TO ENGAGE AUTHENTICALLY, OPENLY AND INCLUSIVELY WITH OUR STAKEHOLDERS, ALLOWING US TO BETTER UNDERSTAND AND BENEFIT FROM THEIR INSIGHTS, CONCERNS, AND PRIORITIES; TO SEEK AREAS OF POTENTIAL PARTNERSHIP; MITIGATE RISKS TO THE BUSINESS; AND CREATE MUTUAL TRUST AND RESPECT.

Our stakeholders, their interests, and level of influence in the Group's operations vary according to geographical location, business area, and the nature of their interest. The manner, level, and extent of our engagements are driven by their influence, interests, expectations, and concerns. These relationships are depicted in the graph below.



THE ROLE OF STAKEHOLDER ENGAGEMENT

The programme of stakeholder engagement helps the Group better navigate through a complex regulatory, legislative, and political landscape; provides ongoing macro-environmental insights; develops goodwill ambassadors; and, ultimately, ensures our continued social licence to operate. The Board is committed to stakeholder engagement. The interactions, monitoring and implementation of stakeholder engagement are the responsibility of respective management teams in the Group. The Social and Ethics Committee annually reviews the Group's self-assessment of stakeholder engagement.

THE COVID-19 PANDEMIC has significantly impacted both our Group and our stakeholders. Across the Group, our first priority is always the health and safety of our people, our customers and all our stakeholders, including our extended value chain. More information on our response to the COVID-19 pandemic and to the bushfire crisis in Australia can be found in our detailed case studies presented.

CUSTOMERS

OVER 8 MILLION CUSTOMERS IN SOUTHERN AFRICA AND OVER 9 MILLION CUSTOMERS IN AUSTRALASIA RELATE DIRECTLY TO OUR BRAND

They are at the heart of everything we do and provide us with our main source of revenue.

Issues which are material to our customers are identified through daily interactions in our physical stores and our digital and social media platforms. Customer focus groups and surveys provide clear input to identify their requirements, interests, and concerns.

SHAREHOLDERS & DEBT FUNDERS

THE SOURCES OF CAPITAL FOR THE GROUP COMPRISING 58 467 SHAREHOLDERS, R10.8BN EQUITY AND R17.1BN INTEREST-BEARING DEBT This enables business continuity and growth.

We provide regular trading updates and notifications to our shareholders and debt funders, and address their key issues and concerns through announcements, presentations, and meetings. We interact with and receive feedback from investors, analysts, and debt funders by participating in broker-hosted conferences and roadshows, and through ongoing interactions including face-to-face meetings, telephone calls, and email correspondence. In the current year, the incoming Chairman and Lead Independent Director hosted a roadshow for investors and our new CEO has also actively engaged with analysts, investors, and debt funders. Further interaction with shareholders is facilitated prior to and at the Annual General Meeting.

COMMUNITIES

THE RELATIONSHIPS WE HAVE WITHIN OUR COMMUNITIES ARE CRITICAL

They create an enabling business environment as well as the pipeline of future customers and employees.

We actively engage with members of the relevant communities and continue to deepen and expand our relationships with them. We continue to monitor the socio-economic impact we have in our communities, and we engage experts and interest groups, where possible, to ensure that we use our business strengths to provide a meaningful contribution in the regions in which we operate.

EMPLOYEES

THE PURPOSE, PASSION, COMMITMENT, TALENT AND KNOWLEDGE OF OUR 44 863 EMPLOYEES ACROSS THE GROUP

We believe that in addition to our employees being key enablers of our strategy and performance, they are also some of our most influential brand ambassadors. They are fundamental in allowing us to meet our customers wants and needs and are also deeply invested in the success of our business.

Employee engagement is a strategic focus area across the Group and takes place both informally as well as through more structured and formal engagement channels.

Informally, employee engagement occurs on a daily basis in the normal course of business. The Group value of being collaborative is deeply embedded and expressed in our culture of engagement and the co-creation of value through working together.

Additionally, regular formal one-on-ones and team engagements, both at an operational and at a strategic level, are an established way of working. The continuous formal engagement is supplemented by the annual performance and development process which includes one-on-one, bi-annual engagements on performance, career, and development.

More broadly, our employees are informed about business direction and priorities and engaged on a wide range of issues through various channels including business and strategy updates, roadshows, focus groups, special purpose forums, digital and social platforms, and online media.

Regular employee surveys are also a key tool for employees to give input and feedback and voice their concerns and expectations.

GOVERNMENT & REGULATORS

WE ENGAGE WITH GOVERNMENTS AND REGULATORS, HONOURING NATIONAL PRIORITIES AND CONTRIBUTING TOWARDS THE GLOBAL SUSTAINABLE DEVELOPMENT GOALS

We are passionate about contributing towards building a thriving society.

We are an active corporate citizen, and constructively participates in industry affairs. We share insights and concerns with government and gain invaluable socio-political information which enables the Group to mitigate risks, explore opportunities, and partner with governments.

Our standing with government and track record as a good corporate citizen provide us with the opportunity to credibly contribute towards public policy formulation in the interest of a regulatory environment conducive to business sustainability.

SUPPLIERS

OUR RELATIONSHIPS WITH OVER 500 FBH DIRECT SUPPLIERS AND OVER 550 FOOD DIRECT SUPPLIERS ARE A KEY COMPETITIVE ADVANTAGE

In many cases our suppliers are not seen as external to our operations, but rather as pivotal and strategic extensions that are integral in our businesses.

Their exceptional and often exclusive products help us meet our customers' wants and needs.

We are also committed to supporting the development of small, black-owned businesses in South Africa, and artisans globally. The interests and concerns of suppliers are identified in the normal course of business and at annual supplier conferences. Suppliers are expected to adhere to codes of conduct, including our Good Business Journey principles. Regular reviews and assessments of suppliers are also conducted through supplier audits and supplier scorecards to ensure sustainable, responsible, and ethical business practices in our supplier base.

ACADEMIC INSTITUTIONS

WE ARE COMMITTED TO FACILITATING INTERACTIONS BETWEEN BUSINESS AND ACADEMIA

We participate in postgraduate and other research and surveys, offer experiential learning opportunities for students, and participate in the Network for Business Sustainability, an association that brings academia and business together to shape the future of sustainability.

INDUSTRY ORGANISATIONS

WE HOLD MEMBERSHIPS AND PARTICIPATE IN VARIOUS INDUSTRY BODIES

This allows us to provide commentary and advice on emerging issues, address topics of mutual concern and optimise opportunities for the Group.

THE MEDIA

OUR MEDIA INTERACTIONS PROVIDE US WITH THE OPPORTUNITY TO POSITIVELY INFLUENCE STAKEHOLDERS' PERCEPTIONS OF OUR COMPANIES AND TO HIGHLIGHT KEY SUSTAINABILITY ISSUES

We do this by proactively engaging with various media sources via press releases, TV appearances and interviews, as well as contributions to publications and opinion pieces.

THE WHL GROUP'S STAKEHOLDER UNIVERSE INCLUDES NUMEROUS STAKEHOLDER GROUPINGS IMPACTED AND AFFECTED ACROSS OUR VALUE CHAIN.

Our stakeholders are listed in the table that follows, together with their material needs, expectations, and concerns and how we create and measure value for them.

[USEFUL LINKS FOR MORE DETAIL](#)

OUR STAKEHOLDERS

Rollover for more detailed content



CUSTOMERS



EMPLOYEES



SUPPLIERS



SHAREHOLDERS & DEBT FUNDERS

THE NEEDS, EXPECTATIONS, AND CONCERNS OF OUR STAKEHOLDERS

- Quality, safe, and responsibly sourced products
- Convenience
- Value
- Good service
- Giving back to the community
- Access to credit
- Packaging and plastic
- Animal welfare
- Transparency in the supply chain
- Resource efficiency
- Customer health, safety, and wellbeing

- Employment and job security
- Remuneration
- Diversity and inclusion
- Training and development
- Employee community involvement
- Employee health, safety, and wellbeing

- Fair and ethical sourcing
- Timely payment and favourable terms
- Supplier and enterprise development

- Consistent returns on their investments
- Strong corporate governance
- Management of economic, social, and environmental risks

HOW WE CREATE VALUE FOR THEM AND THE VALUE WE CREATED IN THE CURRENT YEAR

- Providing quality, appealing, safe, innovative, and responsibly sourced products
- Building strong relationships with enticing and rewarding loyalty programmes
- Ensuring products are readily, seamlessly and conveniently available, at great value and with excellent service
- Offering them access to responsible and affordable credit
- Providing opportunities to give back to their communities

- Providing the opportunity to be part of a purpose-led organisation, where they can add value through doing meaningful work
- Ensuring that our businesses are anchored in values and committed to playing its role as a good corporate citizen
- Recognising the value of our employees with fair and responsible remuneration, including equal work for equal pay
- Continual investment in training and development, enabling a more specialised and knowledgeable workforce
- Recognising all forms of diversity through committing to transforming our workforce to be more diverse and our culture to be more inclusive
- Providing opportunities for workplace-giving initiatives and other volunteering programmes to support employees to further participate in causes which they identify as important to them
- Offering wellness services and on-site occupational health and safety assistance

- Supporting our suppliers by mutually growing our businesses and relationships with close integration, particularly for smaller, local suppliers, thereby inspiring inclusive growth for all
- Assisting our suppliers to contribute positively towards the environment and their communities through various sustainability initiatives such as fair and ethical sourcing

- Responsibly investing capital for long-term sustainability
- Ensuring adequate funding to meet financial obligations and business objectives
- Actively managing the level of debt and liquidity, refinancing interest rates, and counterparty risks
- Implementing a range of cash generation and preservation initiatives

RELATED KPI

- Number of active customers
- % revenue tracked on loyalty cards
- Net promoter score
- Market share
- Turnover and concession sales growth
- % online sales
- Online traffic

- Employee satisfaction

- Turnover and concession sales growth
- % targets achieved on sustainability scorecard

- Turnover and concession sales growth
- Trading density
- Return on sales %
- Adjusted diluted HEPS
- Dividend per share
- Return on capital employed
- Free cash flow

MATERIAL ISSUES

- Our trade performance
- Consumer spending and behaviour
- Digital world and cyber
- Responsible retailing

- Talent and change management

- Our trade performance
- Responsible retailing

- Our trade performance
- The business transformation in Australasia

RELATED GBJ FOCUS AREA



OUR STAKEHOLDERS

Rollover for more detailed content



COMMUNITIES



INDUSTRY ORGANISATIONS



GOVERNMENT & REGULATORS



ACADEMIC INSTITUTIONS



THE MEDIA

THE NEEDS, EXPECTATIONS, AND CONCERNS OF OUR STAKEHOLDERS

- Community involvement and contribution
- Contribution to economic growth and social development
- A clear stance from leadership on inequality and other social issues

- Policy development
- Retail-sector-related issues
- Key sustainability issues

- Legislation and regulation adherence, both in spirit and intent
- Contribution towards inclusive economic growth (including, but not limited to, job creation and skills development, enterprise development, and local procurement)

- Corporate sustainability
- Reporting and governance

- Retail and consumer issues
- Product information
- Key sustainability issues

HOW WE CREATE VALUE FOR THEM AND THE VALUE WE CREATED IN THE CURRENT YEAR

- Enriching the lives of the vulnerable members of the community, and, specifically in South Africa, supporting the need to address the transformation of the previously disadvantaged
- Supporting our communities by contributing towards various disaster relief initiatives
- Assisting in driving economic growth by investing capital

- Providing commentary and input on emerging issues, programmes, and best practice through our industry partnerships
- Memberships and active contributions
- Collaborations with other industry players on non-competitive issues
- Full support on industry transformation efforts

- Adhering to the spirit and intent of legislation and regulation
- Actively engaging government and industry on policy matters
- Using our core competencies to contribute to solving social problems, such as food security, the impact of the COVID-19 pandemic and the Australian bushfire crisis

- Contributing towards the sharing of knowledge in sustainability and business issues by participating in surveys and interviews
- Drawing on the expertise of academic institutions in the development and execution of certain proof of concepts and trials

- Growing our customer engagement and education, allowing them to make informed purchasing decisions

RELATED KPI

- % targets achieved on sustainability scorecard

- % targets achieved on sustainability scorecard

- % targets achieved on sustainability scorecard

- % targets achieved on sustainability scorecard

- Number of active customers
- % targets achieved on sustainability scorecard

MATERIAL ISSUES

- Responsible retailing

- Responsible retailing

- Our trade performance
- Responsible retailing

- Responsible retailing

- Responsible retailing

RELATED GBJ FOCUS AREA



To find out more about
what we're doing, visit

We appreciate any feedback on our Good Business Journey Report.
Please contact GoodBusinessJourney@woolworths.co.za
