



WOOLWORTHS HOLDINGS LIMITED

*Terms of Reference of the
Remuneration Committee*

START

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. CONSTITUTION

- 1.1 The Remuneration 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 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 of the Companies Act No. 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 Chairman of the Committee ("Committee Chairman") and Committee members shall be nominated by the Nominations Committee and appointed by the Board.
- 2.2 The Committee shall comprise of at least three members, the majority of whom shall be independent non-executive directors.
- 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 Chief Executive Officer ("Group CEO");
 - the Group Chief Operating Officer ("Group COO"); 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 Committee meetings.
- 2.6 A quorum of the Committee shall be a majority of members.
- 2.7 The Committee Chairman shall be an independent non-executive director.
- 2.8 In the absence of the Committee Chairman, the members present may nominate and elect one of their members to chair the meeting.
- 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 ensure the employee value proposition promotes fair, responsible, transparent remuneration and reasonable employment practices within the Group, whilst adopting a stakeholder-inclusive approach. It will also ensure the establishment of an appropriate remuneration framework and adoption of remuneration policies, which aim to attract and retain top talent, agree with the Group's long-term strategy and drive sustainable performance.

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 relevant sub-Committees, within the subsidiary companies, constituted of appropriately qualified persons to assist in discharging its mandate in respect of any particular matter contained in these Terms of Reference.

The Committee will incorporate feedback and contributions from the Remuneration 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 oversee that the Group's remuneration strategy is market-related, competitive and business relevant in order to attract, retain and motivate diverse talent required to drive the desired behaviour;
- 5.2 receive feedback from the Group CEO with regard to the performance of the Group Executive Committee members ("Group Exco") (excluding the Group CEO) against agreed performance measures and targets;
- 5.3 review the performance evaluation metrics of the Group Exco members, excluding the Group CEO;
- 5.4 determine specific and appropriate remuneration packages for the Group CEO and members of Group Exco;
- 5.5 approve and review any form of exit packages for the Group CEO and Group Exco members;
- 5.6 approve the design of the Group corporate short term incentive plans, including determining targets and participation thresholds;

- 5.7 approve the design and the rules of the long-term share incentive plans, including determining the allocation criteria and performance conditions;
- 5.8 approve the design and the rules of the share retention plans, including allocation criteria;
- 5.9 approve the design and the rules of any broad-based employee share ownership plan;
- 5.10 recommend for Board approval JSE schedule 14 share plans and any amendments thereof;
- 5.11 review the effectiveness of the Group Exco succession planning process, including Group Exco members and other key positions to provide continuity of leadership;
- 5.12 consider and recommend to the Board the fees to be paid to the non-executive directors for services on the Board and its Committees at both Group and subsidiary level, where relevant;
- 5.13 consider feedback from Remuneration Committees for WSA, DJ and CRG; and
- 5.14 review the remuneration disclosures in the Annual Integrated Report and Annual Financial Statements and ensure that the information is accurate, complete and transparent.

Remuneration Policy and Annual Remuneration Report

- 5.15 review and approve the Group's Remuneration Policy and Implementation Report based on principles of fair, responsible and transparent remuneration;
- 5.16 consider the results of the non-binding advisory shareholder votes on the Remuneration Policy and Implementation Report;
- 5.17 engage with dissenting shareholders where possible to address any concerns; and
- 5.18 oversee the preparation and recommend to the Board the Remuneration Policy and Implementation Report to be included in the Annual Integrated Report and any related statutory or governance disclosure.

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, unless agreed otherwise with the Committee Chairman. 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 Committee Chairman or any member of the Committee or Board as required.
- 6.3 All non-executive directors 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 Committee Chairman shall attend the Annual General Meeting of the company and 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

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

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

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 2020**

