

# APPOINTMENT OF DIRECTORS' POLICY

**TABLE OF CONTENTS**

1. INTRODUCTION ..... 3

2. PURPOSE OF THE POLICY ..... 3

3. REGULATORY REQUIREMENTS..... 3

4. NOMINATIONS COMMITTEE (“THE COMMITTEE”)..... 4

5. PROCEDURE FOR THE SELECTION AND APPOINTMENT OF NEW NON-EXECUTIVE DIRECTORS . 4

6. PROCEDURE FOR THE SELECTION AND APPOINTMENT OF EXECUTIVE DIRECTORS ..... 5

7. PROCEDURE FOR THE RE-APPOINTMENT OF RETIRING DIRECTORS ..... 6

8. NON-EXECUTIVE DIRECTORS’ TENURE..... 6

9. INDUCTION OF NEW DIRECTORS ..... 6

10. AMENDMENT OF THE POLICY ..... 6

11. REVIEW OF THE POLICY ..... 6

## **1. INTRODUCTION**

The Board of Woolworths Holdings Limited (“WHL” or “the Company”) maintains responsibility for approving directors for appointment to the Board.

In accordance with WHL’s Memorandum of Incorporation (“MOI”), the Board has the power to appoint at any time and from time to time, any appropriate person as a director, either to fill a casual vacancy or as an addition to the Board. The total number of directors shall not at any time exceed 20, being the maximum number fixed in WHL’s MOI.

The appointment of all directors shall be subject to the approval of the shareholders at the Company’s Annual General Meeting (“AGM”).

## **2. PURPOSE OF THE POLICY**

The purpose of the Appointment of Directors Policy (the “Policy”) is to outline a formal and transparent process to be utilised in the nomination and final appointment of incoming directors for WHL and its major subsidiaries, Woolworths (Pty) Ltd, David Jones (Pty) Ltd and Country Road Group (Pty) Ltd (collectively, the “Group”).

The Policy aims to ensure that suitable candidates with relevant skills, experience, and knowledge; and who will reflect the Board’s approach to diversity are identified and recommended to the Board for appointment. The Board consists of members who collectively possess the diversity attributes, as set out in the Board Diversity Policy.

The Policy will evidence a clear balance of power and authority at Board level to ensure that no one director has unfettered powers and the Board always acts as a collective. The Board should be of a size and composition that is conducive to making appropriate decisions. It should not be so large that effective decision-making is hindered.

## **3. REGULATORY REQUIREMENTS**

### **3.1 JSE Listings Requirements (“Listings Requirements”)**

Paragraph 3.84 of the Listings Requirements stipulates that Companies must comply with certain specific requirements concerning the appointment of directors. These provisions require mandatory compliance and as such the Company Secretary must be in a position to confirm compliance with the Listing Requirements in the Annual Compliance statement.

### **3.2 The Companies Act 71 of 2008, as amended, (“the Companies Act”)**

The Companies Act requires that:

- a. the Board review that a director is not disqualified for appointment in terms of Section 69 (an un-rehabilitated insolvent, prohibited from being a director in terms of regulation, removed from an office of trust on grounds of misconduct involving dishonesty or convicted from fraud, etc.); and
- b. the Company provide for the election by shareholders of at least 50% of the directors and 50% of any alternate directors.

#### **4. NOMINATIONS COMMITTEE (THE “COMMITTEE”)**

The Committee appointed by the Board shall comprise of at least three non-executive directors, the majority of whom shall be independent. The Chairman of the Committee must be an independent non-executive director. In the event the Chairman of the Board is not independent, then the Chairman of the Committee must be the Lead Independent Director, with the Chairman of the Board attending meetings as a Committee member.

The Committee is mandated with the responsibility of assisting the Board with the selection and appointment of directors and ensuring a transparent and accountable process is followed to determine the Board and its committees' composition.

#### **5. PROCEDURE FOR THE SELECTION AND APPOINTMENT OF NEW NON-EXECUTIVE DIRECTORS**

The Committee will:

- 5.1 annually review the Board composition against the Board Charter, the MOI, the Companies Act, the JSE Listings Requirements, King IV™, and the Board Diversity Policy;
- 5.2 perform a needs assessment against the current Board's skills, experience and expertise gaps, gender and race diversity, age range, , and levels of independence to best complement Board effectiveness both currently and in the foreseeable future;
- 5.3 consult with the Group Chief Executive Office (“Group CEO”) on the appointment of non-executive directors for all subsidiaries in the Group;
- 5.4 agree and develop selection criteria for potential Board candidates;
- 5.5 forward the selection criteria to the Board for recommendations on potential candidates and appoint an independent service provider to perform a detailed background check, conduct a fit and proper assessment; identify any potential conflicts of interest and assess the independence of potential candidates;
- 5.6 assess and agree on the final candidates and forward to the Board for approval;
- 5.7 forward a recommendation to the Remuneration Committee to ensure that the proposed remuneration is aligned with the Remuneration policy and fees as agreed by the shareholders at the previous AGM;
- 5.8 authorise the Chairman of the Board to approach the desired candidate(s); and
- 5.9 provide recommendations to the Board on the commendation of the Chairman of the Board.

The Board may:

- 5.10 invite the candidate(s) to attend some meetings to meet the Board; and
- 5.11 make its final decision and approve the appointment of a new non-executive director.

The Group Company Secretary will be required to:

- 5.12 prepare relevant letters of appointment, which shall include, inter alia, director duties and obligations, tenure, code of conduct, remuneration, and liability insurance;
- 5.13 ensure that all relevant statutory documentation is completed by the new director and lodged with respective regulators, if applicable; and
- 5.14 ensure that the new director(s) appointment is tabled at the next AGM for election by the Company's shareholders.

## **6. PROCEDURE FOR THE SELECTION AND APPOINTMENT OF EXECUTIVE DIRECTORS**

### **6.1 Appointment of the Group CEO**

Executive appointments are critical to business success and an important element of corporate governance. The appointment of the Group CEO is notably one of the most important decisions made by the Board as this would affect the Company's culture, determine the Company's ability to attract a high performing executive team and is key to driving shareholder value.

In the appointment of an external candidate, the Committee will in part follow the process utilised in the selection of non-executive directors. The Nominations and Remuneration Committees must:

- ensure the offer to the candidate is attractive;
- ensure that all terms of the contract, including remuneration have been comprehensively understood by the individual;
- seek agreement to the proposed terms from the candidate, and then document these terms of engagement.

The appointment of the Group CEO is in accordance with the terms of the MOI and the Group's Employment Policy (where applicable).

### **6.2 Appointment of Executive Directors who report to the Group CEO**

The Company's Executive Directors, in accordance with their employment contract, report to the Group CEO. The process for the appointment of an Executive to the Board of Directors is initiated by the Group CEO, who reviews candidates' employment history and performance prior to recommending the appointment to the Committee. The Committee:

- reviews the proposed candidate against Board composition;
- reviews the candidates declaration of interests to ensure no material conflict;
- if comfortable that the candidate is eligible to be a director in terms of the Companies Act, a letter of undertaking should be prepared; and
- recommends for Board approval the appointment of the candidate.

If the appointment relates to the Group Finance Director, the Audit Committee:

- reviews and evaluates the suitability of the expertise and experience of the candidate as a finance director; and
- if satisfied with the credentials of the candidate, recommends for Board approval the appointment of the candidate.

### **6.3 The Remuneration Committee:**

The remuneration and share options offered to Executive Directors will be in accordance with the Group's employment policies, as agreed by the Remuneration Committee.

The Board thereafter assesses the recommendation from the Committee, Remuneration Committee and Audit Committee (if applicable) before approving the appointment.

The appointed director would be required to retire at the upcoming AGM in accordance with the Companies Act and the Company's MOI.

## **7. PROCEDURE FOR THE RE-APPOINTMENT OF RETIRING DIRECTORS**

The re-appointment of directors will not be automatic. The Board will endeavour to ensure planned and progressive refreshing of the Board. The Nominations Committee assists the Chairman of the Board in evaluating the current Board's skills and qualities on a periodic basis to appropriately assess the needs of the business currently and going forward. The performance and independence of individual directors retiring by rotation would also be assessed, to recommend them for re-election, in compliance with the terms of the MOI. To comply with international best practice, Executive Directors retire by rotation every three years.

At each August meeting, the Committee will evaluate the performance and independence of retiring directors and assess the Board's composition with due regard to the provisions of the Board Diversity Policy. A formal independence test is performed on those directors retiring by rotation at the AGM. The Board applies the direction provided by King IV and international governance best practice in its determination of a director's independence.

Eligible retiring directors will be put forward for re-election at the next AGM accompanied by their resume outlining relevant experience and qualifications.

## **8. NON-EXECUTIVE DIRECTORS' TENURE**

It is the intention of the Board that an independent non-executive director serves no more than three terms of three years, subject to directors' rotation. The Board may however, on an exceptions basis and with good cause, resolve to extend an independent non-executive director's tenure after three terms of three years.

In the event that the Board resolves that an independent non-executive director should continue to hold office after serving three terms of three years, such independent non-executive director shall be subject to continued independence assessments by the Board, which may result in the independent non-executive director being reclassified as a non-independent non-executive director, or could later result in the independent non-executive director's term of office expiring.

The Board shall continually assess the effectiveness and objective judgment of all non-executive directors and should the Board unanimously agree the non-executive director can no longer be considered effective and objective, that non-executive director's term of office shall expire.

## **9. INDUCTION OF NEW DIRECTORS**

Following their appointment, all Directors shall be offered an induction program to familiarise them with the Group's strategy and business. Directors will be furnished with relevant Board and Committee packs of past meetings. The induction programme would include meetings with the Chairman, the Group CEO and CFO, CEOs of relevant subsidiary companies, relevant Exco members, and the Company Secretary.

## **10. AMENDMENT OF THE POLICY**

This Policy has been adopted by the Board. Any amendment to this Policy can only be approved by the Board.

## **11. REVIEW OF THE POLICY**

The Policy may be amended as required, subject to the approval of the Board.