



WOOLWORTHS HOLDINGS LIMITED

2021 ERM Independent Limited Assurance Report

START

Independent Assurance Statement to the Board of Directors and Stakeholders of Woolworths Holdings Limited



ERM Southern Africa (Pty) Ltd ('ERM') was engaged by Woolworths Holdings Limited ('Woolworths') to provide assurance in relation to the information set out below and presented in the 2021 Good Business Journey Report (the 'GBJ Report').

Engagement Summary

Scope of our assurance engagement (subject matters)	<p>A. Whether Woolworths adheres, in all material respects, to the four AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact.</p> <p>B. Whether the 2021 data for the 52 week period ending 27 June 2021, for the following selected performance indicators are fairly presented, in all material respects, with the reporting criteria:</p> <ul style="list-style-type: none"> ▪ Water usage for Woolworths' head office, stores, and distribution centres (kilolitres) (p. 75); ▪ Percentage of Woolworths branded Fashion, Beauty and Homeware (FBH) locally sourced (%) (p. 44); ▪ Percentage change in reusable bag sales (%) (p. 64); ▪ Percentage change in Food plastic bag sales per transaction (%) (p. 64); ▪ Percentage of Woolworths Food private label products with a sustainability attribute (%) (p. 55); ▪ Percentage of supplier sites meeting social and ethical compliance requirements – Food (%) (p. 44); ▪ Percentage of supplier sites meeting social and ethical compliance requirements – FBH (%) (p. 44); and ▪ Good Business Journey Savings (Rands) (p. 1 of the GBJ Report Appendix: 2021 Key Sustainability Indicators). <p>C. Whether the assertions of the following management approach disclosures (indicated with 'LA' in the GBJ Report) are fairly stated, in all material respects:</p> <ul style="list-style-type: none"> ▪ Energy and Climate Change (p. 82); and ▪ Packaging and Waste (p. 65).
Reporting criteria	<ul style="list-style-type: none"> ▪ AA1000 AccountAbility Principles (AA1000AP, 2018) ▪ Woolworths' own internally defined 'measurement and reporting criteria' for the selected indicators, available on Woolworths' website www.woolworthsholdings.co.za/sustainability/reports
Assurance standard	<ul style="list-style-type: none"> ▪ AA1000 Assurance Standard (AA1000AS v3) – Type 2
Assurance level	<ul style="list-style-type: none"> ▪ Moderate assurance for all subject matters
Respective responsibilities	<ul style="list-style-type: none"> ▪ Woolworths is responsible for preparing the GBJ Report, and for the collection and presentation of the information within it, including the maintenance and integrity of the website. ▪ ERM's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Our assurance activities

We planned and performed our work to obtain all the information and explanations that were necessary to provide a basis for our assurance conclusions. A multi-disciplinary team of sustainability and assurance specialists performed the following activities:

- A review of external media reporting relating to Woolworths, peer company annual reports and industry standards to identify relevant sustainability issues in the reporting period;
- A review of the suitability of the internal reporting guidelines, including conversion factors used;
- Enquiries with relevant corporate level staff and desktop review of documentation to understand changes to the sustainability strategy, policies and management systems, including stakeholder engagement;
- Interviews with relevant staff to understand and evaluate the data management systems and processes (including IT systems and internal review processes where appropriate) used for collecting and reporting on the data for the selected indicators;
- Desktop review of documentation and virtual interviews with relevant staff to verify source data;
- An analytical review and desktop testing of the year-end data included in the consolidated 2021 Group data for the selected indicators;
- A review of selected evidence related to the assertions of the management approach disclosures for Energy and Climate Change, and Packaging and Waste; and
- A review of the presentation of information relevant to the scope of our work in the GBJ Report to ensure consistency with our findings.

Our conclusions

A. AA1000AP 2018 Principles

Based on our activities, nothing has come to our attention to indicate that Woolworths does not adhere, in all material respects, to the AA1000 AccountAbility Principles (AA1000AP, 2018), namely: Inclusivity, Materiality, Responsiveness and Impact.

B. Selected Performance Indicators

Based on our activities, nothing has come to our attention to indicate that the 2021 data for the selected indicators are not fairly presented, in all material respects, with the Reporting Criteria.

C. Selected Management Approach Disclosures

Based on our activities, nothing has come to our attention to indicate that the following disclosures on Woolworths' management approaches, are not, in all material respects, fairly presented:

- Energy and Climate Change; and
- Packaging and Waste.

Our observations and recommendations

We have provided Woolworths with a separate, confidential Management Report detailing our assessment of the subject matters. Without affecting the conclusions presented above, we have the following key observations and recommendations:

In relation to the Inclusivity principle:

Woolworths conducts numerous stakeholder engagement activities that are led by the Corporate Affairs Department, which is part of the organisation's day-to-day operations. A summary of the stakeholder engagements completed during the reporting year is disclosed along with the GBJ Report. Accountability to stakeholders is included in internal documents such as the Board Charter and the Social and Ethics

Committee Charter, as well as the organisation's Stakeholder Engagement Policy which will be approved later in the year.

During the year under review, Woolworths launched a Stakeholder Perception Survey. This was extended to a broad range of the organisation's stakeholders to determine the organisation's impact as the 'purpose-led' and 'trusted brand' which Woolworths has committed to being. Continued consideration should be given to utilising the Stakeholder Perception Survey results to further enhance Woolworths' processes to determine the effectiveness of stakeholder engagement activities, as well as the achievement of the targeted outcomes and impacts from the organisation's activities.

In relation to the Materiality principle:

The group materiality determination process is led by the Strategy and Reporting team, supported by the GBJ team and the Risk and Compliance team. The Board Sustainability Committee has oversight of Woolworths' sustainability materiality determination process. The process is underpinned by the organisation's eight GBJ focus areas and informed by annual retail industry reviews, peer and competitor comparisons, internal and external stakeholder engagements, and the risk assessment process. During the year under review, Woolworths undertook a materiality refresh which confirmed the organisation's material sustainability issues to be relevant, complete and in line with the organisation's new GBJ strategy: Vision 2025+.

The Stakeholder Perception Survey undertaken during the year enabled Woolworths to better understand the maturity of certain sustainability topics considered material by stakeholders and has informed the organisation's response, e.g. the establishment of the Inclusive Justice Initiative in response to stakeholder expectations around transformation, diversity and equality. The annual GBJ reporting, which covers Woolworths' material sustainability issues across its eight focus areas, is a good example of how the organisation demonstrates balance and transparency about the sustainability issues that matter most to the business and its stakeholders.

In relation to the Responsiveness principle:

Material sustainability issues, as raised by Woolworths' key stakeholders, are discussed at Board Sustainability Committee meetings and are integrated into the risk management process, influencing how the organisation manages and responds to these issues. Woolworths' approaches to respond to material sustainability issues remained consistent with both stakeholder and organisational interests and expectations. The organisation maintains numerous mechanisms to capture ongoing stakeholder feedback, including formal marketing and communication plans, customer email communication, social media, annual reporting, ad-hoc engagement with industry bodies and government, and internal organisation-specific communications.

Woolworths continues to report its performance across its eight GBJ focus areas which are mapped against international imperatives such as the United Nations' Sustainable Development Goals (SDGs). Whilst targets are disclosed for certain material topics, ERM recommends that the organisation extends public reporting of targets for other material topics across the GBJ focus areas (e.g. People and Transformation; and Water) in the future. In addition, Woolworths specifically progressed its climate change disclosures in issuing the organisation's first Task Force on Climate-related Financial Disclosures (TCFD) report. The organisation should continue to respond to the recommendations of the TCFD.

In relation to the Impact principle:

Woolworths measures, evaluates and manages its impacts through the implementation of the GBJ and sustainability scorecards applied across the Group. During the year under review, the organisation started refreshing business unit level sustainability scorecards to align with its Vision 2025+. The process for impact assessment across selected GBJ focus areas is formally defined with Woolworths measuring the majority of

its impacts based on internally defined criteria. ERM recommends that the organisation considers utilising published external impact measurement and assessment methodologies for comparability and greater transparency in the future.

The organisation's impacts are reported on (both quantitatively and qualitatively) in a balanced manner across its eight GBJ focus areas. Woolworths has also increased disclosure on its ethical sourcing practices and energy productivity, in addition to how it manages the impacts from its packaging.

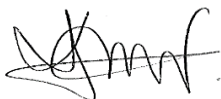
In relation to Selected Performance Indicators:

The reporting boundary, scope, calculation methodology and process for collecting and reporting data are detailed in indicator-specific guideline documents. During the year under review, these procedures were improved to detail the process followed when errors or omissions in data are identified. Supporting information is well maintained and easily accessible across the indicators.

Manual data manipulation steps are necessary to derive figures reported for certain indicators, presenting a risk of reporting error. Woolworths should consider further strengthening control measures where calculations are undertaken manually to minimise the potential for reporting errors. Woolworths also performs an analytical review of the data and has improved how it documents both its management reviews and the approval process for the indicators. Management reviews for certain indicators could be undertaken more frequently to identify potential reporting errors and enhance the robustness of the control environment.

The limitations of our engagement

The evidence gathering procedures for moderate assurance are more restricted than for high assurance and therefore less assurance is obtained with moderate assurance than for high assurance as per AA1000AS v3. It is important to understand our assurance conclusions in this context. Our independent Assurance Statement provides no assurance on the maintenance and integrity of Woolworths' website, including controls used to achieve this, and in particular, whether any changes may have occurred to the information since it was first published.



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29 September 2021

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ERM Southern Africa (Pty) Ltd is a member of the ERM Group and is an AccountAbility Licensed Assurance Provider. Our work complies with the requirements of ERM's Global Code of Business Conduct and Ethics (available at <https://erm.com/global-code>). Further, ERM CVS is accredited by the United Kingdom Accreditation Service and our operating system is designed to comply with ISO 17021:2015. Our processes are also designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest (refer to both the abovementioned Code of Business Conduct and Ethics, and the ERM CVS Independence and Impartiality Policy (available at <http://www.ermcvs.com/our-services/policies/independence/>)). The ERM staff that have undertaken work on this assurance engagement provide no consultancy related services to Woolworths in any respect related to the subject matter assured.

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*