



WWHL

WOOLWORTHS HOLDINGS LIMITED

2021 Stakeholder Engagement

START

OUR STAKEHOLDERS

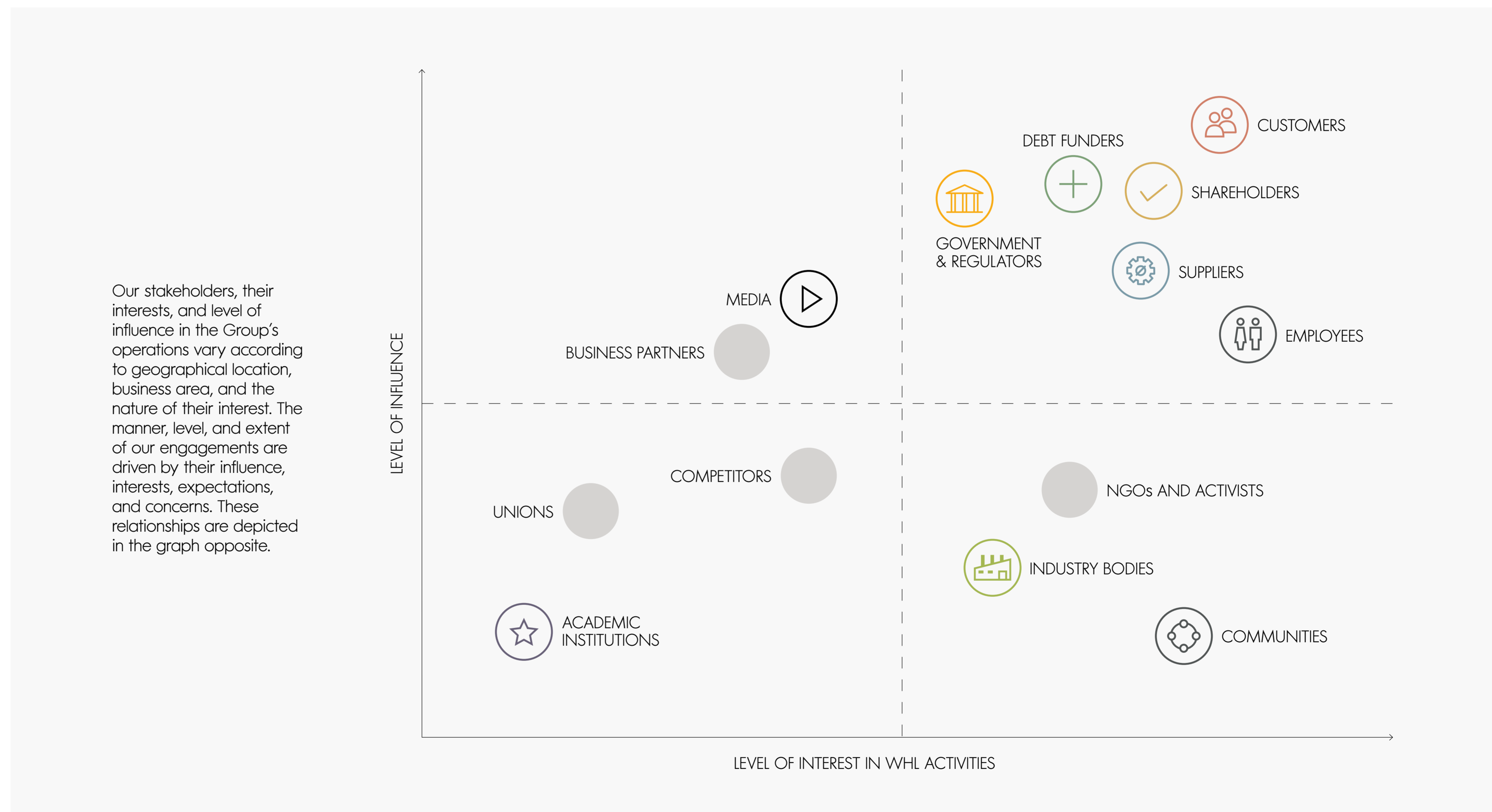
The Group believes that strong, sustainable stakeholder relationships form the foundation of our ability to create shared value in the short, medium, and long term. Unique to our value creation process is the extent to which our Good Business Journey supports and nurtures future access to our resources, which is key to building a more sustainable business and future as we endeavour to meet the demands of our current stakeholders without compromising the ability of future generations to also fulfil their wants and needs.

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 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.

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 opposite.



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 and recent civil unrest in South Africa significantly impact 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 further response to this is detailed throughout the report.

CUSTOMERS

OVER 3.7M, 1.8M, AND 2.3M ACTIVE LOYALTY CUSTOMERS IN WSA, DJ, AND CRG RESPECTIVELY RELATE DIRECTLY TO OUR BRAND

They are at the heart of everything we do and provide us with our main source of revenue. Issues that 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 58 880 SHAREHOLDERS, R9.6BN SHAREHOLDERS' FUNDS AND R1.0BN NET 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 Chairman and Lead Independent Director hosted a roadshow for investors, and our 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 and has included participation of the Board Chairman and Lead Independent Director.

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 to our businesses. Their exceptional and often exclusive products help us meet our customers' wants and needs. We are also committed to supporting local procurement and 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.

EMPLOYEES

THE PURPOSE, PASSION, COMMITMENT, TALENT, AND KNOWLEDGE OF OUR 44 708 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. This includes a newly introduced 'OpenDoor' email account where our employees can engage directly with the WHL Group CEO to voice concerns, expectations, and innovative ideas. Regular employee surveys are also a key tool for employees to give input and feedback.

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.

As an active corporate citizen, we constructively participate 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.

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.

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.

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.

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.


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.

Key to creating value for all our stakeholders is our Good Business Journey (GBJ) as demonstrated in the table on the following page.

OUR COMPREHENSIVE GBJ REPORT CAN BE ACCESSED IN THE FOLLOWING LINK

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| INTERNAL AND EXTERNAL FACTORS THAT IMPACT OUR ABILITY TO DELIVER STAKEHOLDER VALUE | | | | |
|--|---|--|--|---|
| |  CUSTOMERS |  EMPLOYEES |  SUPPLIERS |  SHAREHOLDERS & DEBT FUNDERS |
| ROLLOVER FOR MORE DETAILED CONTENT  | | | | |
| THE NEEDS, EXPECTATIONS, AND CONCERNS OF OUR STAKEHOLDERS | <ul style="list-style-type: none"> Quality products at great value Convenient and seamless experience Exceptional service Community contribution Packaging and plastic reduction Ethical sourcing and supply chain transparency Efficient use of resources Customer health, safety, and wellbeing | <ul style="list-style-type: none"> Employment and job security Fair remuneration Diversity and inclusion Training and development Employee community involvement Employee health, safety, and wellbeing | <ul style="list-style-type: none"> Fair and ethical sourcing Timely payment and fair and favourable terms Enterprise and Supplier Development | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Providing quality, appealing, innovative, and responsibly sourced products Building strong relationships through enticing and rewarding loyalty programmes Ensuring products are readily, seamlessly and conveniently available, at great value and with excellent service Providing opportunities to give back to their communities | <ul style="list-style-type: none"> 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 their role as good corporate citizens Recognising the value of our employees with fair and responsible remuneration, including equal pay for equal work Continual investment in training and development, enabling a more specialised and knowledgeable workforce Promoting diversity, inclusion, social justice, justice, and equality throughout our Group, enabled by our Inclusive Justice Initiative aimed at realising our bold transformation vision of 'Inspiring Inclusive Growth for all our People' 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 | <ul style="list-style-type: none"> Supporting our suppliers by mutually growing our businesses and relationships with close integration, particularly for smaller, local suppliers, 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 | <ul style="list-style-type: none"> 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 Executing our capital plan, restructuring our balance sheet, and implementing a more sustainable funding structure for each of our Australian businesses Aligning our financing decisions with our sustainability strategy |
| RELATED KPI | <ul style="list-style-type: none"> Number of active customers % revenue tracked on loyalty cards Net promoter score Market share Turnover and concession sales growth Online sales growth % online sales Online traffic | <ul style="list-style-type: none"> Employee satisfaction Diversity | <ul style="list-style-type: none"> Turnover and concession sales growth Return on sales % Stock turn % targets achieved on sustainability scorecard | <ul style="list-style-type: none"> Turnover and concession sales growth Group aEBIT Return on sales % Net debt |
| MATERIAL ISSUES | <ul style="list-style-type: none"> Our trade performance Consumer spending and behaviour Digital world and cyber Responsible retailing | <ul style="list-style-type: none"> People, talent management, and change | <ul style="list-style-type: none"> Our trade performance Responsible retailing | <ul style="list-style-type: none"> Our trade performance Our business transformation |
| RELATED GBJ FOCUS AREA |     |    |     |         |
| KEY |  People  Social Development  Health & Wellness |  Sustainable Farming  Ethical Sourcing |  Packaging & Waste  Water  Energy & Climate Change | |

INTERNAL AND EXTERNAL FACTORS THAT IMPACT OUR ABILITY TO DELIVER STAKEHOLDER VALUE

ROLLOVER FOR MORE DETAILED CONTENT

| | COMMUNITIES | INDUSTRY ORGANISATIONS | GOVERNMENT & REGULATORS | ACADEMIC INSTITUTIONS | THE MEDIA |
|---|--|---|--|--|--|
| THE NEEDS, EXPECTATIONS, AND CONCERNS OF OUR STAKEHOLDERS | <ul style="list-style-type: none"> Community involvement and contribution Contribution to economic growth and social development A clear stance from leadership on inequality and other social issues | <ul style="list-style-type: none"> Policy development Retail-sector-related issues Key sustainability issues | <ul style="list-style-type: none"> 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) | <ul style="list-style-type: none"> Corporate sustainability Reporting and governance | <ul style="list-style-type: none"> Retail and consumer issues Product information Key sustainability issues |
| HOW WE CREATE VALUE FOR THEM AND THE VALUE WE CREATED IN THE CURRENT YEAR | <ul style="list-style-type: none"> 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 community-focused initiatives Assisting in driving economic growth by investing capital | <ul style="list-style-type: none"> 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 of industry transformation efforts | <ul style="list-style-type: none"> 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, and the ongoing impact of the Covid-19 pandemic | <ul style="list-style-type: none"> Contributing towards the sharing of knowledge of 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 | <ul style="list-style-type: none"> Growing our customer engagement and education, allowing them to make informed purchasing decisions |
| RELATED KPI | <ul style="list-style-type: none"> % targets achieved on sustainability scorecard | <ul style="list-style-type: none"> % targets achieved on sustainability scorecard | <ul style="list-style-type: none"> % targets achieved on sustainability scorecard | <ul style="list-style-type: none"> % targets achieved on sustainability scorecard | <ul style="list-style-type: none"> Number of active loyalty customers % targets achieved on sustainability scorecard |
| MATERIAL ISSUES | <ul style="list-style-type: none"> Responsible retailing | <ul style="list-style-type: none"> Responsible retailing | <ul style="list-style-type: none"> Our trade performance Responsible retailing | <ul style="list-style-type: none"> Responsible retailing | <ul style="list-style-type: none"> Responsible retailing |
| RELATED GBJ FOCUS AREA | | | | | |

KEY

People
 Social Development
 Health & Wellness
 Sustainable Farming
 Ethical Sourcing
 Packaging & Waste
 Water
 Energy & Climate Change

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*