



WOOLWORTHS HOLDINGS LIMITED

2021 Governance Report

As extracted from the 2021 Integrated Annual Report

START

OUR LEADERSHIP & GOVERNANCE

The disruption caused by the Covid-19 pandemic has fundamentally impacted all aspects of corporate and everyday life, accentuating the elevated interdependencies between society and business, and society's heightened expectations of business to serve a greater purpose.

Effective and ethical leadership were at the heart of our activities and deliberations over the reporting period, as we steered the reset of the Group's strategic direction and the evolution of our governance practices.

The refreshed governance and oversight structures eliminated duplication and inefficiencies at subsidiary level, providing management with more agility to execute on strategic initiatives while ensuring that we retain full oversight of all material matters. Further detail on this is provided later in this report.

IT REMAINS ESSENTIAL FOR OUR STRATEGIC AND GOVERNANCE PRACTICES TO BE ALIGNED AND RELEVANT TO ENSURE WE MAINTAIN OUR LEGACY OF RESPONSIBLE CORPORATE CITIZENSHIP AND ETHICAL BUSINESS PRACTICES.

Further details on the governance framework and the supporting processes and policies, such as the Board Charter, committee terms of reference, and our governance policies, are available on our website, www.woolworthsholdings.co.za.



Woolworths, Autumn 2021

INTRODUCTION TO THE BOARD



HUBERT BRODY (57)
South African
Chairman
Independent Non-executive Director
Joined the Board in 2014



ZARINA BASSA (57)
South African
Lead Independent Director and
Independent Non-executive Director
Joined the Board in 2011



ROY BAGATTINI (58)
South African
Executive Director and
Group Chief Executive Officer
Joined the Board in 2020



CHRISTOPHER COLFER (52)
Canadian
Independent
Non-executive Director
Joined the Board in 2019



BELINDA EARL (59)
British
Independent
Non-executive Director
Joined the Board in 2019



REEZA ISAACS (52)
South African
Executive Director and
Group Finance Director
Joined the Board in 2013



DAVID KNEALE (67)
British
Independent
Non-executive Director
Joined the Board in 2019



NOMBULELO MOHOLI (61)
South African
Independent
Non-executive Director
Joined the Board in 2014



SAM NGUMENI (53)
South African
Executive Director and
Group Chief Operating Officer
Joined the Board in 2014



ZYDA RYLANDS (56)
South African
Executive Director and
Chief Executive Officer: Woolworths
Joined the Board in 2006 and will step
down on 30 September 2021



THEMBISA SKWEYIYA (48)
South African
Independent
Non-executive Director
Joined the Board in 2019



CLIVE THOMSON (55)
South African
Independent
Non-executive Director
Joined the Board in 2019




























CHANTEL REDDIAR (45)
South African
Group Company Secretary

BOARD ATTENDANCE FOR THE FINANCIAL YEAR : ● 100% ● 75% ● BELOW 75%

USEFUL LINKS :
FOR MORE DETAIL :

BOARD SKILLS & EXPERIENCE

The current mix of skills and experience represented on the Board is illustrated below:

HUBERT BRODY								
ROY BAGATTINI								
ZARINA BASSA								
CHRISTOPHER COLFER								
BELINDA EARL								
REEZA ISAACS								
DAVID KNEALE								
NOMBULELO MOHOLI								
SAM NGUMENI								
ZYDA RYLANDS								
THEMBISA SKWEYIYA								
CLIVE THOMSON								



67%

GLOBAL RETAIL

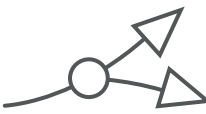
Experience in the retail industry, including experience in or exposure to digital commerce and innovation, and the operation of supply chains and distribution models in large, complex organisations.



100%

BUSINESS LEADERSHIP

Experience serving on boards of publicly listed or large companies and senior leadership experience in a large, complex organisation or publicly listed company.



100%

RISK MANAGEMENT

Understanding of and experience in identifying and monitoring critical risks to an organisation and implementing appropriate risk management frameworks and procedures and controls.



100%

GOVERNANCE

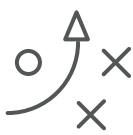
Knowledge of governance practices and trends and global codes of governance. Experience in implementing and practising high standards of governance in a large organisation.



50%

FINANCE

Senior executive experience in financial accounting and reporting, internal financial risks and controls, corporate finance and/or restructuring and corporate transactions.



100%

STRATEGIC CAPABILITY

Clear ability to identify and critically assess strategic opportunities and threats and to develop and implement successful strategies to create sustained, resilient business outcomes. Ability to question and challenge delivery against agreed strategic planning objectives.



67%

REMUNERATION AND PERFORMANCE MANAGEMENT

Experience in developing and implementing remuneration policy with linkage between performance and value creation.



83%

SUSTAINABILITY, HEALTH, AND SAFETY

Management of workplace and business health and safety. Experience in steering responsible environmental practices and social responsibility initiatives.

BOARD COMPOSITION
AND CHANGES

The Board has a unitary structure and comprises an independent Chairman, Lead Independent Director, the Chief Executive Officer, and an appropriate mix of executive directors and non-executive directors. During the reporting period, there were four executive and eight non-executive directors on the Board. All non-executive directors remain classified as independent following the independence assessment conducted this year.

There were no new appointments to, or resignations from, the Board during the 2021 reporting period. However, subsequent to year end, and as noted in the Chairman’s Report, the Board announced that Zyda Rylands would step down as an executive director of WHL and as the Chief Executive Officer of Woolworths South Africa (WSA), with effect from 30 September 2021 due to personal circumstances and a desire to pursue early retirement.

The Board, on the recommendation of the Nominations Committee, regularly reviews its composition, size and structure. In addition, a considered review of the depth of skills and expertise on the Board is undertaken to ensure these attributes remain appropriate to lead an iconic listed company competing in a retail market experiencing rapidly changing consumer preferences. In this context, the Board reviewed its ongoing requirements relative to the strategic reset this year and endorsed the Nominations Committee’s intended recruitment of a non-executive director with appropriate food retail expertise in both physical and digital channels, adding another dimension to the already strong retail skills profile on the Board. At the time of this report, the recruitment was in progress.

The Board is confident that collectively, it has the right balance of skills, experience, and diversity of perspective required to fulfil its fiduciary responsibilities, provide the necessary oversight over implementation of the Group’s strategic initiatives, and ensure that good governance practices are maintained. The size of the Board is appropriate and provides for suitable representation on the Board’s committees.

A CONSIDERED REVIEW OF THE DEPTH OF SKILLS AND EXPERTISE ON THE BOARD IS UNDERTAKEN TO ENSURE THE COLLECTIVE ATTRIBUTES REMAIN APPROPRIATE TO LEAD AN ICONIC LISTED COMPANY COMPETING IN A RETAIL MARKET EXPERIENCING RAPIDLY CHANGING CONSUMER PREFERENCES.

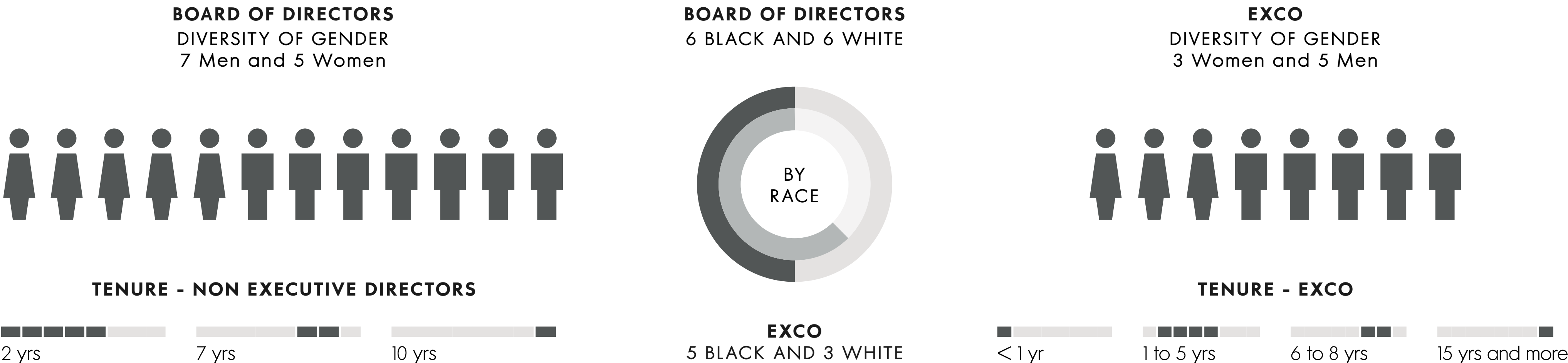
FOSTERING
DIVERSITY

The Board has long been a proponent of the benefits of a broad range of diverse attributes among its members, and remains committed to fostering a diverse Board.

We reported last year that the Board’s aspirational goal (set in 2017) to achieve 40% female and black director representation, respectively, on the Board by 2020 had been realised.

These levels of representation were maintained during the 2021 financial year (as illustrated in the table below) and the Board remains committed to maintaining these levels, subject to interim variations to accommodate changes from time to time. Going forward, the Board has set an aspirational target to achieve 50% female and 50% black representation on the Board by 2023.

THE BOARD COMPOSITION WAS FULLY IN LINE WITH THE BOARD’S VOLUNTARY GENDER AND RACE TARGETS FOR THE DURATION OF THE 2021 FINANCIAL YEAR AS ILLUSTRATED BELOW.



EXECUTIVE MANAGEMENT

A number of changes at Group Exco level were made during the reporting period with the retirement of Ian Moir in his capacity as Acting Chief Executive Officer of David Jones in November 2020, and the subsequent appointments of Scott Fyfe as Chief Executive Officer of David Jones and Raju Vuppalapati as Chief Executive Officer of Country Road Group.



ROY BAGATTINI
Executive Director and
Group Chief Executive Officer



REEZA ISAACS
Executive Director and
Group Finance Director



SAM NGUMENI
Executive Director and
Group Chief Operating Officer



ZYDA RYLANDS
Executive Director and Chief
Executive Officer: Woolworths*



SCOTT FYFE
Chief Executive Officer:
David Jones



RAJU VUPPALAPATI
Chief Executive Officer:
Country Road Group



CHANTEL REDDIAR
Group Company Secretary
and Director: Governance,
Legal, Risk and Compliance



JEANINE WOMERSLEY
Director: Strategy and
Investor Relations

USEFUL LINKS ::
FOR MORE DETAIL ::

*Zyda’s role will change to that of Chief Executive Officer: Woolworths Food on 1 October 2021.

BOARD PROCESSES

APPOINTMENTS TO THE BOARD

The Nominations Committee is mandated by the Board to identify suitable candidates for appointment to the Board. Appointments are conducted in a formal and transparent manner in accordance with the Group's Appointment of Directors Policy. The policy sets out the appointment criteria and 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 policy further aims to ensure a clear balance of power and authority at Board level so that the Board acts collectively and no single director has unfettered powers.

In identifying suitable candidates for appointment to the Board, the Nominations Committee considers the skill set required with due regard to prevailing circumstances, the external environment, and operating context. Key skills and attributes include the ability to critically assess strategic opportunities and risks; a clear understanding of and experience in identifying financial and non-financial risks; the increasing importance of technology and innovation for our business; and the ongoing importance of judicious capital allocation.

The Nominations Committee actively considers potential candidates' independence and whether they have any conflicts that cannot be managed satisfactorily. In addition, the demands of their other professional commitments are assessed to ensure they will be able to devote sufficient time to discharge their duties effectively. The Board requires a considerable time commitment from all of its members and their exemplary meeting attendance illustrated on page 59, bears testimony to the Board's commitment in this regard. These attributes are again assessed annually by the Nominations Committee, along with the holistic assessment of non-executive directors' independence and objectivity of mind.

The Board is assisted in its recruitment of new non-executive directors by appropriate search firms who search both local and international talent pools for the most appropriate skill sets required by the Board at the time.

IN IDENTIFYING SUITABLE CANDIDATES FOR APPOINTMENT TO THE BOARD, THE NOMINATIONS COMMITTEE CONSIDERS THE SKILL SET REQUIRED ON THE BOARD WITH DUE REGARD TO PREVAILING CIRCUMSTANCES, THE EXTERNAL ENVIRONMENT, AND OPERATING CONTEXT.

DIRECTOR INDUCTION PROGRAMME

The Board induction programme aims to support new directors in meeting their statutory obligations, and developing an understanding of the Group's strategic priorities. It also introduces new directors to the executive and management teams who are responsible for the day-to-day management of the businesses.

The programme comprises a comprehensive induction into the Group's operations and, to the extent this is possible within the current pandemic-related travel restrictions, includes visits to all key operations (stores, distribution centres and head offices) across South Africa and Australia, and one-on-one meetings with key levels of management across both regions. In addition, relevant governance and regulatory briefings are provided and directors are immersed in Company, and more generally, in retail-specific experiences. They also have direct access to management and their teams at all times.

Non-executive directors who were appointed to the Board in 2019 and were introduced to the Group by way of the induction process described above provided positive feedback (during the Board evaluations in 2020) on the thorough induction they had received.

ANNUAL INDEPENDENCE ASSESSMENT

The Board, assisted by the Nominations Committee, conducts an annual independence assessment on all non-executive directors in accordance with the independence criteria recommended by King IV™ and the Company's Memorandum of Incorporation. In addition, the Board takes the demands of directors' other professional commitments into account to determine whether a director has sufficient time to discharge his or her duties effectively and is free from conflicts that cannot be managed satisfactorily.

Having conducted its annual independence assessment, the Board is satisfied that the non-executive directors have all demonstrated independent and objective judgement in decision-making, and do not have any interests or associations which, when considered from the perspective of a reasonable and informed third party, are likely to influence their judgement or cause bias in their decision-making.

As we reported last year, the Board extended the tenure of Zarina Bassa, the Lead Independent Director, given the continuity required by the Board following the refresh of its composition at the time. In doing so, the Board took cognisance of the provisions of the Company's Memorandum of Incorporation and the Appointment of Directors Policy, which provide for the Board, on an exceptions basis and with good cause, to extend an independent non-executive director's tenure after three terms of three years, subject to annual independence assessments. As was done last year, the Board again robustly assessed the independence of Ms Bassa in accordance with the provisions of the Memorandum of Incorporation, given that she will be reaching her eleventh year on the Board in November 2021. The Board concluded that there were no factors inhibiting Ms Bassa's independence or objective judgement and that she remains independent.

Given that the Board is well settled, Ms Bassa intends to step down from the Board during the first half of the 2022 calendar year. This will allow a suitable period of time for her to hand over her committee chairmanships. The Board extends its appreciation to Ms Bassa for the invaluable role she has played on the Board during her tenure.



Woolworths, Summer 2021

ROTATION AND SUCCESSION

Non-executive directors are subject to a nine-year tenure limit (i.e., three terms of three years) on the Board, unless extended as described in the previous section. Both executive and non-executive directors are subject to staggered rotation after three years in terms of the Company’s Memorandum of Incorporation. In addition, and provided directors continue to be eligible as determined by the Board, in accordance with its policies and the Company’s Memorandum of Incorporation, directors may make themselves available for re-election by shareholders at the Annual General Meeting.

Executive directors are eligible for early retirement from the age of 55, while the mandatory retirement age is 63 in terms of the Group’s retirement policy.

The following directors will retire at the Annual General Meeting in November 2021, and being eligible in terms of the relevant governance considerations, have made themselves available for appointment and/or re-election:

- Hubert Brody
- Nombulelo Moholi
- Thembisa Skweyiya
- David Kneale

The Nominations Committee is responsible for the Board’s succession planning with due regard to existing Board members’ terms of office, as well as the skills needed on the Board at the time, and in particular, skills relating to the Group’s strategic focus areas. In addition, the Committee reviews the leadership and succession planning of the WHL Exco, including the Group CEO, and reviews both planned and emergency succession planning on an ongoing basis.

BOARD EVALUATION

Last year, we reported on the external Board evaluation process conducted with our external service provider, Deloitte, in June 2020. The findings reflected that the Board was meeting all of the requirements expected of a listed and well governed corporate citizen and as set out in King IV™. Certain areas for further improvement were identified and formed part of the Board’s key focus areas in 2021.

These included simplifying the Group’s governance structure and reporting; redesigning the subsidiary Board structures to facilitate improved effectiveness; realigning the Group’s strategy and performance against strategy; and adopting purposeful ways of engagement. Progress has been made on all these aspects and the ways of engagement have culminated in an agreed formal set of Board commitments. The Board reflects on its performance against these commitments at the end of each quarterly Board meeting week to ensure continuous effective performance.

The Board’s policy is to alternate between external effectiveness evaluations and internal self-assessment evaluations every two years. Given that the 2020 effectiveness evaluation took place in June 2020 (having been rescheduled from February 2020 due to the Covid-19 pandemic), the key focus areas identified were dealt with during the 2021 reporting period. In addition, an internal director performance evaluation was conducted by the Board Chairman in 2021. The Board will conduct its next formal effectiveness evaluation during the course of 2022.

THE BOARD IS SATISFIED THAT THE NON-EXECUTIVE DIRECTORS HAVE ALL DEMONSTRATED INDEPENDENT AND OBJECTIVE JUDGEMENT IN DECISION-MAKING, AND DO NOT HAVE ANY INTERESTS OR ASSOCIATIONS WHICH, WHEN CONSIDERED FROM THE PERSPECTIVE OF A REASONABLE AND INFORMED THIRD PARTY, ARE LIKELY TO INFLUENCE THEIR JUDGEMENT OR CAUSE BIAS IN THEIR DECISION-MAKING.

	DATE OF APPOINT- MENT	DESIGNATION	OVERALL ATTEN- DANCE	BOARD	STRAT	AC	NOMCO	R&C	R&TM	SEC	SC	TC	DIRECTORS STANDING FOR RE-ELECTION
HUBERT BRODY ¹	01/07/2014	Independent Non-executive	100%	4/4	2/2	-	3/3	4/4	4/4	3/3	2/2	4/4	Re-election
ROY BAGATTINI	17/02/2020	Executive	100%	4/4	2/2	-	-	4/4	-	3/3	2/2	4/4	
ZARINA BASSA	17/11/2011	Independent Non-executive	100%	4/4	2/2	3/3	3/3	4/4	4/4	-	-	4/4	
CHRISTOPHER COLFER	01/07/2019	Independent Non-executive	100%	4/4	2/2	3/3	3/3	4/4	4/4	-	-	-	
BELINDA EARL	01/07/2019	Independent Non-executive	100%	4/4	2/2	-	-	4/4	-	-	2/2	-	
REEZA ISAACS	26/11/2013	Executive	100%	4/4	2/2	-	-	4/4	-	-	-	4/4	
DAVID KNEALE	11/03/2019	Independent Non-executive	100%	4/4	2/2	-	3/3	4/4	4/4	-	-	-	Re-election
NOMBULELO MOHOLI	01/07/2014	Independent Non-executive	100%	4/4	2/2	-	2/2 ²	4/4	4/4	3/3	2/2	-	Re-election
SAM NGUMENI	12/02/2014	Executive	100%	4/4	2/2	-	-	4/4	-	-	-	-	
ZYDA RYLANDS	22/08/2006	Executive	75%	3/4	2/2	-	-	3/4	-	2/3	1/2	-	
THEMBISA SKWEYIYA	11/03/2019	Independent Non-executive	100%	4/4	2/2	3/3	-	4/4	-	3/3	2/2	3/3 ³	Re-election
CLIVE THOMSON	19/08/2019	Independent Non-executive	100%	4/4	2/2	3/3	-	4/4	-	3/3	-	4/4	

1. Chairman
2. Appointed to Nominations Committee on 24 August 2020
3. Appointed to Treasury Committee on 24 August 2020

STRAT – Strategy; AC – Audit Committee; NOMCO – Nominations Committee; R&C – Risk and Compliance Committee; R&TM – Remuneration and Talent Management Committee; SEC – Social and Ethics Committee; SC – Sustainability Committee; TC – Treasury Committee.

BOARD ACTIVITIES DURING THE YEAR

During the year, the Board held four scheduled quarterly Board meetings which were all conducted digitally due to the pandemic-related social distancing protocols and travel restrictions. Scheduled Board and committee meetings are held quarterly over three to four days, with two days set aside for strategy discussions every six months.

At these meetings, the Board discussed material strategic matters in detail, evaluated progress on the various initiatives, debated and/or challenged approaches taken, and where required, approved specific actions.

Additional ad-hoc Board meetings were held to consider, among other matters, Covid-19 related matters; the terms of the sale of the Bourke Street Menswear building in Melbourne; the sale and leaseback of the Elizabeth Street building in Sydney; the recent civil unrest in parts of KwaZulu-Natal and Gauteng in South Africa; and to receive additional updates on performance and progress in relation to the strategic initiatives implemented during the reporting period. The Group Chief Executive Officer and Group Finance Director, furthermore, provide the Board with written reports on trading and general business performance between Board meetings.

The Board composition and attendance at Board and committee meetings are set out in the table on page 64, which excludes details of the Board calls.

DIGITAL ANNUAL GENERAL MEETING (AGM)
In 2020, we held our 90th AGM and our first-ever entirely digitally hosted AGM. Fortunately, there were no digital malfunctions, and we experienced an operationally smoothly run first digital AGM. We believe that the AGM provides a valuable opportunity to communicate with our stakeholders, and particularly our shareholders. Shareholders are encouraged to attend the 2021 AGM, which will again be held entirely digitally. The decision to do so is due to the ongoing uncertainty as to when the Covid-19 pandemic will abate, and the restrictions on holding large gatherings be lifted. In addition to being able to vote in advance (by proxy), all stakeholders will be able to join the meeting online to hear our Chairman’s message, pose any questions that they may have, and vote on the resolutions.

The Chairman, Lead Independent Director, and the Group Company Secretary also engage with shareholders post the release of the Integrated Annual Report and prior to the AGM. These engagements are robust, and our shareholders provide us with good feedback, which is appreciated and escalated to the Board for consideration. We address this feedback in various parts of our Integrated Annual Report.

BOARD 2021 FOCUS AREAS

At the commencement of the reporting period, the Board’s primary focus was on overseeing the continued financial impacts of Covid-19 on the Group, stabilising our operations and cash flow, strengthening the balance sheet, and improving liquidity. Various cost-saving initiatives were also implemented, with substantial cost savings being achieved across the Group in the second half of the reporting period.

In addition to focusing on protecting the Group’s financial health, the Board also oversaw the implementation of appropriate measures to prioritise the health and safety of our people and customers. Focus then turned to the measures being implemented by management to promote employee wellness and mitigate the emotional and mental stress experienced by many of our people dealing with the ongoing challenges, personal loss, and grief as a result of the Covid-19 pandemic, and, more recently, the civil unrest in parts of KwaZulu-Natal and Gauteng.

The Board dedicated a great deal of time during the reporting period to the development of new strategic objectives, given the significant shifts in retail as a result of changing consumer needs and preferences, as well as economic conditions in the markets in which the Group operates. Reassessing our strategies provided an opportunity to redirect our strategic approach on certain key matters (such as our digital and data strategy) to one driven from a Group perspective. This approach allows for best practice to be leveraged and maximised across the Group, facilitates better oversight and prioritisation of initiatives, and enables a collective effort in strategy execution.

In addition, the Board adopted a revised Group scorecard (dashboard) which tracks performance against the new strategic objectives, with a similar

scorecard cascaded across the respective business units. An updated scorecard is tabled at each quarterly Board meeting to provide the Board with an overview on strategy execution, while more in-depth presentations on specific strategic initiatives are tabled separately to ensure the appropriate amount of time is allocated for discussion.

The following additional key items were on the Board’s agenda in 2021:

- Considered and approved the turnaround strategy for David Jones
- Oversaw the implementation of a refreshed strategic framework focusing on protecting and growing our core businesses while evolving to meet changing trends and consumer needs; driving new growth opportunities through our digital and omni-channel strategy; and enhancing our customer service model
- Reviewed the outcomes of management’s critical assessment of the Group operating models and considered and approved proposed strategic initiatives to reduce costs, rationalise the physical footprint in South Africa and Australia, and to improve productivity metrics
- Approved a new operating model for David Jones Food, with closure of the smaller format loss-making food stores in Bourke Street, Capitol Grand, and Malvern, and the exit from the food forecourt trial with BP so as to reverse the EBITDAR losses by the end of the 2022 financial year
- Approved the sale of the Bourke Street Menswear building in Melbourne and the sale and leaseback of the Elizabeth Street building in Sydney, after careful review of the terms of sale, an analysis of the risks and opportunities, and the recommendations of the Audit and Treasury Committees

- Oversaw the capital restructure of David Jones and Country Road Group, the reduction of debt in the Australian Group (the proceeds from the sale of the above buildings were utilised for this purpose), cancellation of the cross-guarantees between the two entities and separation of the covenant group. Being financially independent, both businesses are now positioned to be self-funding and to pursue growth opportunities independently of the other
- Oversaw the transition towards an optimal, sustainable store network configuration in Australia and monitored the approach being taken in David Jones to expedite the commercial resolution of lease exits with landlords
- Monitored the shift in shopping behaviours as a result of Covid-19 and the testing of new short-term lease options by Country Road Group, such as pop-up stores, which have been well received by shoppers and will form part of the operating model going forward
- Approved the turnaround and repositioning strategy for the Woolworths South Africa Fashion, Beauty and Home (FBH) business, focusing on restoring the underlying financial health of the FBH business and strategies to drive sustainable and profitable market share gains. In addition, received regular updates on the milestones reached and impact on financial performance
- Oversaw innovations to drive a Group data and digital strategy, reviewed the proposed roadmap, business case and KPIs, and approved next steps in this regard
- Addressed the Board evaluation findings (such as the changes to the subsidiary governance structure referred to in the next section of this report) to enhance Board effectiveness, and agreed a set of Board commitments.

BOARD FOCUS AREAS FOR 2022

- Monitor and oversee performance against the strategic initiatives, including the turnaround of the David Jones and FBH businesses; innovations in digital and data capability; rationalisation of the store network configuration for all subsidiaries; and the creation of inspiring and engaging store experiences
- Monitor the effectiveness of cost-cutting initiatives
- Monitor progress, including financial metrics, on the refurbishment of the Bourke Street Womenswear store in Melbourne to align the offering with the new customer-centric store experience model
- Monitor the process for enhanced Task Force on Climate-related Financial Disclosures (TCFD) implementation in the Group
- Monitor the effectiveness of an elevated and targeted approach to talent management and development to mitigate retention risk
- Monitor the impact of employee wellness initiatives across the Group
- Monitor progress on the rollout of the Inclusive Justice Initiative and the impact of its ambitions across our Group
- Monitor the 2022 Board and committee evaluation process and receive feedback and proposals from the Nominations Committee in this regard.

THE BOARD DEDICATED A GREAT DEAL OF TIME DURING THE REPORTING PERIOD TO THE DEVELOPMENT OF NEW STRATEGIC OBJECTIVES, GIVEN THE SIGNIFICANT SHIFTS IN RETAIL AS A RESULT OF CHANGING CONSUMER NEEDS AND PREFERENCES, AS WELL AS ECONOMIC CONDITIONS IN THE MARKETS IN WHICH THE GROUP OPERATES. REASSESSING OUR STRATEGIES PROVIDED AN OPPORTUNITY TO REDIRECT OUR STRATEGIC APPROACH ON CERTAIN KEY MATTERS.

OUR GOVERNANCE UNIVERSE

The Board is responsible for governance across the Group and for setting the direction for the manner in which the relationships and exercise of power within the Group are approached and conducted. The Board also retains full and effective control of the Group.

The Board is accountable and responsible for overseeing the Group’s performance and for reviewing and guiding corporate strategy; understanding the key risks faced by the Group; determining the risk appetite, tolerance and preferences of the Group, and the processes in operation to mitigate these.

The Board believes that effective governance is achieved through leadership and collaboration and has, together with the various Board committees, established a working framework that complements and supports the work of the executive. The level of engagement between the Board and members of executive management has increased, with more regular and robust debate on strategic objectives.

With these principles in mind, our governance structure was reshaped during the year to eliminate duplication and inefficiencies at subsidiary level. The new structure provides management with more agility to execute on the strategic initiatives and facilitates delegation of decision-making to the respective teams, while ensuring that the WHL Board retains full oversight of all material matters.

In line with this approach, the Boards of Woolworths South Africa, David Jones and Country Road Group were converted into management boards and the non-executive directors who previously served on these Boards stepped down. In addition, subsidiary Board committees were disbanded, and the powers previously delegated to them were transferred to the management boards or to the Group CEO or WHL Board Committees, as appropriate.

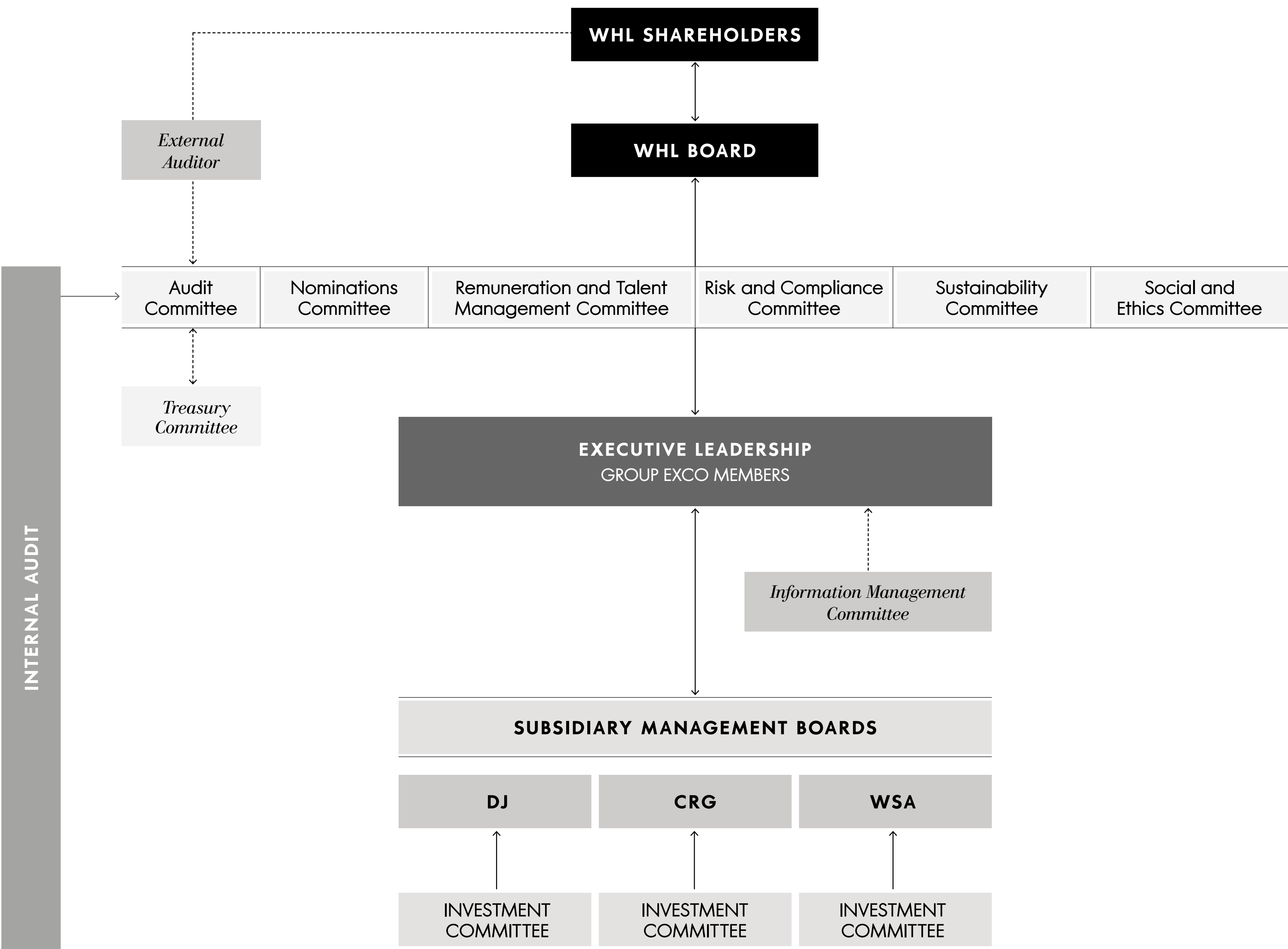
Our governance framework is illustrated in the diagram opposite.

THE BOARD BELIEVES THAT EFFECTIVE GOVERNANCE IS ACHIEVED THROUGH LEADERSHIP AND COLLABORATION

GOVERNANCE FRAMEWORK

The subsidiary boards meet quarterly to execute their duties in accordance with the work plans as set out in the respective subsidiary Board charters. Subsidiary board meetings are scheduled to take place in advance of the WHL Board and committee meetings to deal with relevant matters and enable the flow of feedback from the subsidiaries to the WHL Board by way of executive reports. Feedback on matters that fall within the remit of the WHL Board committees is provided to the committee chairs prior to the WHL committee meetings by the WHL Exco member responsible for the relevant functions.

The Board has approved formal delegations of authority to the various Board committees, the Group Chief Executive Officer, and the subsidiary management boards. The delegations of authority are reviewed annually, and during the review this year, certain changes were approved to align the delegations with the simplified governance framework.



BOARD COMMITTEES

Board committees are formally constituted and comprise appropriately skilled members. The committees function in accordance with specific terms of reference and powers as delegated by the Board, which are reviewed annually and updated where appropriate.

■ INDEPENDENT NON-EXECS ■ EXECS

AUDIT COMMITTEE	
<div><div>4</div><div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div></div> <div>Members: Clive Thomson (Chairman), Zarina Bassa, Christopher Colfer, and Thembisa Skweyiya</div> <div>The committee’s purpose is to provide independent oversight of the effectiveness of the internal financial controls and the system of internal controls to assist the Board in ensuring and monitoring the integrity of the Group’s Annual Financial Statements and related external reports. The committee further oversees the effectiveness of the Group’s external and internal assurance functions and services that contribute to ensuring the integrity of the Group’s financial and integrated reporting. In addition, the committee assesses the independence and effectiveness of the external auditor and manages the relationship with them.</div> <div>Further detail is provided in the Audit Committee Report in the Annual Financial Statements.</div> <div>USEFUL LINKS FOR MORE DETAIL</div>	<div>FOCUS AREAS FOR 2021</div> <div><div><div><div>• Focused on balance sheet strengthening initiatives, monitored liquidity levels and the treatment of Covid-19 impacts on the balance sheet, including the accounting treatment of government support programmes (Jobkeeper subsidy and TERS benefits)</div><div>• Considered Treasury Committee recommendations with regard to the merits and terms of the sale of the Bourke Street Menswear building in Melbourne and the sale and leaseback of the Elizabeth Street building in Sydney</div><div>• Oversaw capital restructure initiatives for the Australian entities following the above transactions, which resulted in the payment and cancellation of debt facilities, the separation of the Australian Lending Group, and removal of the related cross guarantees</div><div>• Considered and recommended that no interim dividend be paid to preserve cash, given the uncertainty as to ongoing Covid-19 impacts</div><div>• Considered the Group’s longer-term dividend policy with due regard to target gearing levels, future capital investment requirements and working capital positions, and recommended that a final dividend of 66.0 cents per share be declared</div></div><div><div><div>• Led and concluded the process of audit firm rotation and, after satisfying itself as to the expertise, independence and JSE accreditation of KPMG Inc., nominated KPMG Inc. for appointment by shareholders at the Company’s 2021 Annual General Meeting</div><div>• Monitored the effectiveness of the incumbent external auditors (EY) in relation to their audit quality, expertise, and independence</div><div>• Reviewed the findings and recommendations of the external auditors and confirmed that there were no material unresolved findings</div><div>• Evaluated Group Internal Audit activities, ensuring the performance of an independent assurance function and monitored the effectiveness of the function in terms of its scope, execution of the audit plan, coverage, independence, skills, staffing, and overall performance</div><div>• Reviewed the 2021 unaudited interim financial statements and the audited Annual Financial Statements and related disclosures, and recommended them to the Board for approval</div><div>• Accepted responsibility for the role of Audit Committees of South African subsidiary companies</div></div></div></div><div>KEY MATTERS FOR 2022</div><div><div><div><div>• Conclude the target capital structure for each of the Australian and South African businesses</div><div>• Monitor the external auditor transition</div><div>• Continue to monitor the financial impacts of Covid-19 relative to the Group’s strategic initiatives</div><div>• Monitor the financial implications of the rationalisation of the Group’s physical store footprint</div><div>• Track operational cost-saving initiatives to achieve greater flexibility in the cost base</div><div>• Focus on aligning financial decisions with the sustainability strategy, including sustainability-linked loan facilities and the execution of a sustainability-linked unlisted bond</div><div>• Monitor the establishment of an internal reporting framework to ensure appropriate Climate-related Financial Disclosures (TCFD) in reports going forward</div></div></div></div></div>

TREASURY COMMITTEE	
<div><div>7</div><div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div></div> <div>Members: Clive Thomson (Chairman), Zarina Bassa, Hubert Brody, Roy Bagattini, Reeza Isaacs, Thembisa Skweyiya, and Ian Thompson</div> <div>The Treasury Committee’s purpose is to oversee all treasury risk management functions and policies and to proactively manage the Group’s treasury exposures within acceptable risk limits and in compliance with the Group Treasury Policy guidelines as approved by the Board.</div>	<div>FOCUS AREAS FOR 2021</div> <div><div><div><div>• Reviewed the Group capital structure to assess if any external interventions would be required to rebuild balance sheet equity and concluded that none, other than withholding dividends for a limited period, would be required to rebuild the equity position on the balance sheet</div><div>• Reviewed the strategic rationale for the sale and leaseback of the Elizabeth Street building in Sydney, as well as the financial effects and implications of the proposed transaction and separation of the Australian Lending Group. After concluding that the transaction would be in the best interests of the WHL Group, David Jones and Country Road Group, and would not prejudice creditors and suppliers, the committee agreed to recommend the proposed transaction to the Board for conditional approval</div><div>• Monitored the liquidity positions of the Australian and South African businesses to ensure they continued to track in line or ahead of the forecasts provided to the banks at the time of the covenant amendment process (in the 2020 financial year) and remained within the debt covenant levels</div></div><div><div><div>• Oversaw the capital restructure initiatives for the Australian entities following the sale of the Bourke Street Menswear building in Melbourne and the sale and leaseback of the Elizabeth Street building in Sydney, inclusive of the refinance of the newly separated Australian entities</div><div>• Considered the Group’s longer-term dividend policy with due regard to target gearing levels, future capital investment requirements, and working capital positions</div><div>• Monitored interest rate and foreign currency risks, reviewed the levels of hedging, and approved new interest rate swaps as proposed by management</div><div>• Considered amendments to the Group Treasury Policy in light of the Group’s increased cash holding levels and recommended changes to the Audit Committee for approval</div><div>• Implemented the first sustainability-linked loans and unlisted bonds in the SA retail sector</div></div></div></div><div>KEY MATTERS FOR 2022</div><div><div><div><div>• Ensure progress on the target capital structures for each of the Australian and South African businesses</div><div>• Monitor balance sheet risks as well as stress and scenario testing</div><div>• Focus on aligning financial decisions with the sustainability strategy, including increasing the level of sustainability-linked lending facilities</div></div></div></div></div>

■ INDEPENDENT NON-EXECS ■ EXECS

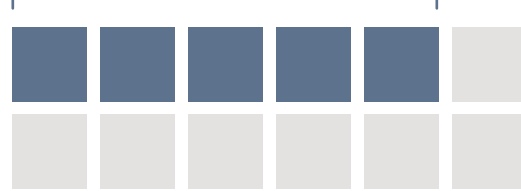
NOMINATIONS COMMITTEE	
<div>5</div> <div><div><div></div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div><div></div></div></div> <div>Members: Hubert Brody (Chairman), Zarina Bassa, Christopher Colfer, David Kneale, and Nombulelo Moholi</div> <div>The committee assists the Board with the nomination, election, and appointment of directors in accordance with Board policies and the succession strategy, ensuring that the process is transparent and delivers to expectations. The committee is also responsible for executive succession and for setting the Group CEO’s performance goals and overseeing the performance of the Group CEO. The Committee also oversees the performance of individual board members, the Group CEO, and Group Company Secretary.</div>	<div>FOCUS AREAS FOR 2021</div> <div><div><div><ul style="list-style-type: none">Received feedback from the external service provider (Deloitte) on the Board evaluation process conducted in June 2020, and subsequently formulated action plans to enhance Board effectiveness, which culminated in an agreed set of Board commitmentsEvaluated the Group Chief Executive Officer’s performance for the 2020 financial year and agreed the 2021 key performance goals and measuresConsidered and confirmed the achievement of the Group Chief Executive Officer’s conditional sign-on bonus objectivesConsidered the Group Chief Executive’s performance during the 2021 financial yearConducted Board succession planning assessments with due regard to the skills required on the Board relative to the Group’s strategic focus areas, director rotation, and the Board’s voluntary diversity targets (for race and gender)Assessed the independence and performance of non-executive directors to ensure a balanced, independent Board</div><div><ul style="list-style-type: none">Considered the tenure of the Lead Independent Director (LID), who reaches her eleventh year on the Board in November 2021Reviewed the compositions of Board committees and recommended non-executive directors for appointment as Board committee chairmen and membersConsidered the appointments of new Chief Executive Officers for David Jones and Country Road GroupReviewed the composition of the Audit Committee, and after deliberation, nominated directors for election as members of the Audit CommitteeConsidered directors retiring by rotation at the 2020 and 2021 Annual General Meeting, and having found them to be suitable, nominated them for election and/or re-election by shareholders</div></div></div> <div>KEY MATTERS FOR 2022</div> <div><ul style="list-style-type: none">Ongoing review of the Board composition relative to the continuing changes in retail, digitalisation, and shopping trends; risks and opportunities; and the Group’s strategic focus areas to ensure that the Board’s collective skills contribute to future value creationOversee the 2022 Board and committee evaluation processesSet the Group Chief Executive Officer’s performance goals and measures for the 2022 financial year</div>
INFORMATION MANAGEMENT COMMITTEE	
<div>3</div> <div><div><div></div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div><div></div></div></div> <div>Members: Sam Ngumeni (Chairman), Reeza Isaacs, Chantel Reddiar, and senior leadership team members of operating subsidiaries</div>	<div>As a management committee, the committee’s role is to proactively manage, leverage, and protect the Group’s information assets in a way that supports the business and enables it to achieve its strategic objectives in compliance with policy guidelines as approved by the Board</div>

RISK AND COMPLIANCE COMMITTEE	
<div>12</div> <div><div><div></div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div><div></div></div></div> <div>Members: All Board members are members of the Risk and Compliance Committee, which is constituted as follows: Zarina Bassa (Chairman), Roy Bagattini, Hubert Brody, Christopher Colfer, Belinda Earl, David Kneale, Reeza Isaacs, Nombulelo Moholi, Sam Ngumeni, Zyda Rylands, Thembisa Skweyiya, and Clive Thomson</div> <div>The committee plays a vital role in the Board’s governance of risk and assists the Board in setting the direction for Enterprise Risk Management throughout the Group. The committee oversees and holds management accountable for the implementation of effective risk management and compliance.</div>	<div>FOCUS AREAS FOR 2021</div> <div><div><div><ul style="list-style-type: none">Reviewed the Group Enterprise Risk Management (ERM) Policy to ensure clearly defined accountabilities in respect of the Risk Management process and alignment with the Board’s commitment and approach to ERMMonitored the Group’s key risks and risk trends, together with the key issues identified by management in relation to the constantly changing external environment, for the Group subsidiariesConducted the annual strategic risk workshop with inputs aggregated and incorporated into the revised Group Risk Profile for 2021Reviewed and recommended the effectiveness of the risk management process as well as the adequacy and effectiveness of the Group’s Business Continuity ProgrammeReviewed and approved the Combined Assurance ModelReviewed IT governance reports, including the strategic alignment and execution of IT projectsConsidered the development of cyber resilience capability to enable effective responses to cyberattacks, and noted that there had been no breaches of the Group’s defences during the year under review</div><div><ul style="list-style-type: none">Considered the activities of the Information Management Committee to ensure that appropriate strategies are in place to manage the Group’s informationReviewed the Group Anti-Bribery and Corruption Policy and recommended updates to the BoardReviewed the processes and systems in place to prevent and detect fraudReviewed the insurance programmes for South Africa, the rest of Africa businesses, and Australia to ensure their adequacy to moderate against key insurable risksReceived regular updates on health and safety activities across the Group, as well as details of the Covid-19 impacts on employees across the Group and measures taken to protect employees and customersReviewed the Group Tax Risk Policy, which articulates the Group’s approach to tax and recommended the policy to the Board for approval</div></div></div> <div>KEY MATTERS FOR 2022</div> <div><ul style="list-style-type: none">Continue to monitor execution risk as the business evolves and innovates for the digital economyMonitor the effectiveness of the price investment strategy with due regard to striking a balance between margin decretion and customer benefitsMonitor management’s response to changes in shopping patterns and market dynamics locally and globally and the potential correction in the apparel marketMonitor the effectiveness of initiatives to rightsize the cost base, including space and lease cost reductionOversee the effectiveness of measures implemented by management to promote employee wellness and mitigate the emotional and mental stress experienced by them as a result of Covid-19 and the civil unrest in parts of KwaZulu-Natal and Gauteng in South Africa</div>

■ INDEPENDENT NON-EXECS ■ EXECS

REMUNERATION AND TALENT MANAGEMENT COMMITTEE*

5



Members:
Zarina Bassa (Chairman),
Hubert Brody, Christopher
Colfer, David Kneale, and
Nombulelo Moholi

The role of the committee is to ensure that the Employee Value Proposition promotes fair, responsible, transparent remuneration and reasonable employment practices within the Group while adopting a stakeholder-inclusive approach. Furthermore, the committee ensures the establishment of an appropriate remuneration framework and adoption of remuneration policies aimed at attracting and retaining top talent with the capacity to drive the Group’s long-term strategy and sustainable performance.

* The name of the committee was changed (post the 2021 reporting period) to include Talent Management.

FOCUS AREAS FOR 2021

- The Chairman of the Board and the Chairman of the committee engaged with shareholders both prior to and after the Annual General Meeting
- Delayed finalisation of the long-term incentive performance conditions for FY2021 to mid-November 2020 due to Covid-19 impacts and consequent uncertainty with regard to economic conditions, to ensure alignment between appropriately incentivising management to deliver the Group’s strategic objectives and the creation of sustainable shareholder value
- Maintained the focus on a just wage. See the Remuneration Report on page 94 for further detail
- Focused on achieving alignment between the Remuneration Policy and the Group’s strategic direction with due regard to retention risk, and ensured that incentives are balanced against the interests of stakeholders
- Reviewed and approved the strategic deliverables for Group Exco for FY2021 and the weightings allocated to the strategic deliverables and the financial health metrics
- Deliberated and approved the overall remuneration budget for all employees, as well as the remuneration paid to the Group Chief Executive Officer and Group and subsidiary Exco members
- Reviewed the succession planning for senior management and the bench strength for the top 40 roles in the Group
- Reviewed the talent landscape and talent management strategies within the Group and the promotion of gender diversity generally, and convened a dedicated talent review workshop, given that talent strategy is an increasingly critical business outcome
- Continued to monitor the Group’s approach to fair pay and the inclusion of disclosures in this regard in the Remuneration Report

KEY MATTERS FOR 2022

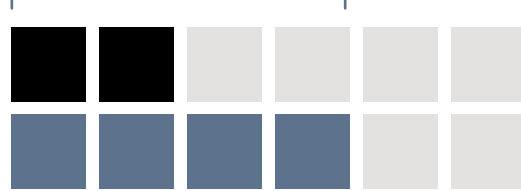
- Continue to refine the Remuneration Policy to ensure the outcomes support the Group’s strategic objectives and remain appropriate relative to the prevailing environment
- Oversee the Group talent management strategies that foster employee talent, align with business requirements, and provide opportunities for growth and advancement in the new world of work

Further detail is provided in the Remuneration Report

USEFUL LINKS FOR MORE DETAIL

SOCIAL AND ETHICS COMMITTEE

6



Members:
Thembisa Skweyiya
(Chairman), Roy Bagattini,
Hubert Brody, Zyda Rylands,
Nombulelo Moholi, and
Clive Thomson

The committee assists the Board in setting the tone for an ethical organisational culture by overseeing the Group’s conduct and approach, and ensuring that the manner in which the business is conducted supports the Group’s intent to be a responsible corporate citizen. In addition, the committee carries out the statutory duties in terms of the Companies Act.

FOCUS AREAS FOR 2021

- Reviewed the policies and processes that had been developed and implemented in Woolworths South Africa, ‘the rest of Africa,’ and Australia in response to the Covid-19 pandemic and, in particular, the measures and related workplace protocols to address the safety of employees, and measures, such as the Employee-2-Employee Fund, established to assist employees experiencing financial difficulties as a result of the pandemic
- Reviewed the 2025 Transformation vision in Woolworths South Africa for purposes of improving the contributor status in terms of the BBBEE Codes
- Considered management’s presentation on the enterprise-wide Inclusive Justice Initiative, (more detail on the Inclusive Justice Initiative is provided in the Social and Ethics Committee Report on page 73)
- Monitored progress on employment equity plans, barriers to the achievement of employment equity, and disability targets in South Africa and the actions to overcome the barriers
- Reviewed the Group’s talent succession plans, particularly with regard to diversity, inclusivity, and female representation at senior management levels
- Received regular updates on the Group’s Social Development initiatives, as well as sponsorships in terms of the Group Sponsorship Policy
- Received an update on the culture and climate survey that was conducted in 2020 and an overview of the Pulse survey conducted across the Group during 2021
- Reviewed the benchmark analysis of the Group’s practices and initiatives as they relate to relationships with employees and connected parties, with particular reference to the principles supporting the protection of human rights, promotion of equality, and prevention of unfair discrimination as provided in the International Labour Organisation’s protocol and legal framework indicators on decent work and working conditions, international best practices (OECD Principles, UN Global Compact Principles, and ETI Base Code), as well as country-specific regulatory requirements
- Reviewed the stakeholder engagement strategy in Woolworths South Africa, David Jones, and Country Road Group and the quantitative Stakeholder Survey in Woolworths South Africa
- Reviewed the Group Anti-Bribery and Corruption Policy for alignment with the OECD recommendations and current legislation and management’s approach to the provision of awareness and refresher training in this regard utilising digital platforms
- Reviewed amendments to the Group Whistleblower Policy to align with changes in Australian whistleblowing legislation and to refresh certain provisions relating to South Africa and the method of dissemination and refresher training utilising digital platforms, for which attendance was compulsory
- Reviewed the obligations of David Jones and Country Road Group to report in accordance with the requirements of the Australian Commonwealth Modern Slavery Act, 2018, and the four-year modern slavery plan being implemented across both businesses
- Accepted responsibility for the role of Social and Ethics Committees of subsidiary companies

KEY MATTERS FOR 2022

- Monitor the implementation and ongoing impact of the Inclusive Justice Initiative and activities related to diversity and inclusion, as well as performance relative to the Group’s 2025 Transformation vision
- Continue to monitor the effectiveness of practices to promote employee mental health and wellness
- Continue to monitor the impact of the Group’s Social Development initiatives
- Oversee the continued evolution of the Group’s stakeholder engagement strategy

Further detail is provided in the Social and Ethics Committee Report

USEFUL LINKS FOR MORE DETAIL

■ INDEPENDENT NON-EXECS ■ EXECS

SUSTAINABILITY COMMITTEE



Members:
Belinda Earl (Chairman),
Roy Bagattini, Hubert Brody,
Nombulelo Moholi,
Zyda Rylands,
Thembisa Skweyiya, and
Simon Susman*

* Simon continues as a member of the committee, given his expertise in this area.

The committee ensures that the sustainability strategy positions the Group as a leader in responsible retailing in the countries in which it trades. It further oversees that the sustainability initiatives and objectives are effectively integrated into the business and that the Group operates in an environmentally responsible manner.

FOCUS AREAS FOR 2021

- Reviewed the refreshed sustainability strategy, known as Vision 2025+ and its related goals
- Received updates on performance relative to the annual internal sustainability targets set for each of Woolworths South Africa, David Jones and Country Road Group
- Received feedback on progress with regard to the rollout of the combined assurance model for sustainability data
- Approved the scope of the limited assurance engagement and readiness review exercise for the 2021 Good Business Journey Report
- Considered the outcomes of the biannual corporate reputation survey, which tracked the reputations of Woolworths South Africa, David Jones and Country Road Group relative to their competitors in relation to environmental and social considerations
- Considered management’s presentation on the phasing in of Task Force on Climate-related Financial Disclosures (TCFD) disclosures in the Group annual reporting suite pursuant to global reporting initiatives to provide investors with consistent, comparable and clear information on the financial implications of climate-related risks and opportunities
- Monitored international developments in climate change and sustainable development
- Monitored the ethical sourcing strategy, as well as actions implemented to prevent risks of forced labour and modern slavery occurring in our supply chains (including direct and indirect sourcing of raw materials, yarn, fabrics, trims, or finished goods)
- Reviewed the status of key sustainability risks
- Reviewed and recommended the Sustainability Report (Good Business Journey Report) for 2021 for approval by the Board

KEY MATTERS FOR 2022

- Hosting a Sustainability Investor Roadshow
- Continue to monitor the effects of climate change and the risks and opportunities it presents for our value chain
- Monitor performance against the Vision 2025+ goals
- Continue to monitor the ethical sourcing strategy, increasing the product range with sustainability attributes, including sustainable fibres, and expanding our approach to circular fashion
- Oversee management’s process for enhanced TCFD implementation

Further detail is provided in the Good Business Journey Report

USEFUL LINKS FOR MORE DETAIL



STAKEHOLDER ENGAGEMENT

We are committed to developing and maintaining quality, long-term relationships with a broad range of stakeholders who have an interest in the Group. The Board believes that considering our stakeholders in key business decisions is not only the right thing to do but is fundamental to our ability to drive value creation over the longer term. Our approach to stakeholder engagement and details of our stakeholder universe are reported in the opening sections of this Integrated Report (on pages 14 to 17).

The focus of this section of the report is on internal and external stakeholder engagements relating to governance matters. Internal governance engagement takes the form of an annual ‘Governance Week’ held over 14 days in South Africa and Australia. With the new ways of working that evolved post the onset of Covid-19 in early 2020, Governance Week 2020 was hosted utilising our online channels, which provided employees with access to short videos, podcasts, visual guides, and panel discussions covering a range of topics relevant to their roles within the Group.

The format of Governance Week 2020 was positively received by attendees and we will again host Governance Week 2021 on our online channels to disseminate details relating to dealing with ethical dilemmas; managing conflicts of interest; approaches to prevent bribery and corruption; whistleblowing and protection afforded to whistleblowers; insider trading and price-sensitive information; protection of personal information; cyber security; intellectual property rights, and anti-competitive practices.

Our external engagements on Environmental, Social, and Governance (ESG) matters similarly took place online as follows:

- Hubert Brody and Zarina Bassa, together with the Group Company Secretary, Chantel Reddiar, conducted engagements with key stakeholders at the end of 2020
- Invitations to shareholders to engage with management in one-on-one meetings to discuss the resolutions to be tabled for approval at the Annual General Meeting, following the publication of the Notice of Annual General Meeting

We will conduct similar engagements relative to governance issues as well as the resolutions to be tabled at the 2021 Annual General Meeting once the Notice of Meeting has been published on our website. The notice details the resolutions to be tabled at the 2021 Annual General Meeting.

In addition, and in keeping with tradition, we encourage shareholders to attend the Annual General Meeting, as this provides them with another opportunity to communicate with us. An open invitation to do so at the 2021 Annual General Meeting stands, even though the meeting will again be held electronically this year in the interests of protecting all stakeholders and in the spirit of responsible corporate citizenship. All shareholders will be able to join the meeting online to hear from the Chairman and Board, ask questions, and vote on our resolutions. Information on how to participate electronically, both in advance and on the day, is included in the Notice of Meeting on our website.

OTHER GOVERNANCE PRACTICES

GROUP COMPANY SECRETARY

Our Group Company Secretary, Chantel Reddiar, continued to provide the Board and its committees with guidance and advice on governance matters. In accordance with good governance practice relating to company secretaries as recommended by King IV™, the Group Company Secretary is not a director of the Company and is deemed by the Board to be suitably independent. In addition, the Board is satisfied that an arm’s length relationship exists between it and the Group Company Secretary

The Group Company Secretary is responsible for engaging with the Board Chairman and committee chairs on meeting agendas, ensuring compliance with Board and committee procedures, terms of reference, and relevant legislation and regulations.

The Board has assessed the competence and expertise of the Group Company Secretary and is satisfied that she has the appropriate qualifications, experience, and competence to carry out the duties on behalf of a public company.

In addition to the company secretarial functions, the Group Company Secretary is responsible for the Group’s governance, risk, compliance, and legal functions and is supported by a suitably qualified team.

POLICIES

Our suite of policies governing the management of conflicts of interests, the protection of confidential or price-sensitive information, and dealing in the Company’s shares provides relevant guidance to our Board, WHL Exco, and other executive management.

Comprehensive registers of individual director’s interests in and outside the Company are maintained and updated, and signed by the directors, with details noted by the Board at each quarterly Board meeting. A director is automatically recused from any decision-making where a cross-directorship exists, such as with the Company’s funders and banks.

RISK AND COMPLIANCE

The Board is responsible for setting the direction for the manner in which risk management is approached and addressed in the Group. The Board has delegated responsibility to the Risk and Compliance Committee, which comprises all WHL directors, to oversee and direct implementation of an effective risk management and compliance framework and plan. The risk management process comprises a formalised system to identify and assess risk, both at a strategic and an operational level.

Further details on the enterprise risk management framework and the entire risk management process in the Group is provided in the Risk Management section of this report on page 20. In terms of Group compliance, the Board is committed to operating in line with all legal and regulatory requirements in the countries in which the Group operates, and it recognises its obligations and responsibilities to all stakeholders. The Board has, accordingly, approved an effective compliance programme as part of the risk management framework.

Management is responsible for the design, implementation and monitoring of compliance structures as well as for integrating regulatory compliance into business processes. Each business has its own unique regulatory universe which is assessed against defined risk criteria and informs the compliance monitoring plan for the relevant business. Compliance monitoring forms an essential component of the compliance process and is designed to examine business activities to enable management and the Board to ensure that business is conducted in compliance with relevant regulatory requirements. Key regulatory items are monitored more frequently and reported to the Risk and Compliance Committee every quarter.

Management continually strives to integrate compliance as a key component of organisational culture. This culture is further entrenched through ongoing training and awareness of regulatory modules, which are designed and administered by the compliance team.

The compliance function forms part of the Group combined assurance model, which covers the three lines of defence, namely, management control, risk control, and compliance oversight functions, as well as independent assurance.

The Board is not aware of the Group having breached any material regulatory requirements or having failed to meet any statutory obligations during the year under review.

KING IV™ COMPLIANCE

Being of the view that good corporate governance contributes to value creation, the Board endorses the holistic approach to corporate governance and the purposeful application of the practices recommended in association with the King IV™ principles, which are incorporated into the Group’s governance framework and related policies and practices.

The primary objective in terms of applying the King IV™ principles is to ensure that the governance outcomes relating to an ethical culture, effective control, good performance, and legitimacy are firmly embedded within the organisation.

The Board is of the opinion that the Group currently complies with all governance principles contained in King IV™, as well as with all requirements of the Company’s Memorandum of Incorporation, the Companies Act, the JSE Listings Requirements and the JSE Debt Listings Requirements. Details on the manner in which the King IV™ governance principles have been applied in the Group are provided in our King IV™ Application Register, which is available on our website, www.woolworthsholdings.co.za.



BEING OF THE VIEW THAT GOOD CORPORATE GOVERNANCE CONTRIBUTES TO VALUE CREATION, THE BOARD ENDORSES THE HOLISTIC APPROACH TO CORPORATE GOVERNANCE AND THE PURPOSEFUL APPLICATION OF THE PRACTICES RECOMMENDED IN ASSOCIATION WITH THE KING IV™ PRINCIPLES.

GLOSSARY



ABBREVIATIONS USED IN THIS INTEGRATED ANNUAL REPORT

12mma: 12-month moving average; Used to refer to average market share over a rolling 12-month period

A

aPBT: Adjusted Profit Before Taxation

aEBIT: Adjusted Earnings Before Interest and Taxation

AGM: Annual General Meeting; Annual shareholder meeting held in terms of the Companies Act

B

BBBEE: Broad-Based Black Economic Empowerment; Legislation which aims to increase the participation of the majority of South Africans in the economy. Aims to redress the inequalities experienced under apartheid

BPS: Basis Points

C

CEO: Chief Executive Officer

COO: Chief Operating Officer

CPI: Consumer Price Index

CPS: Cents Per Share

CRG: Country Road Group; Wholly owned trading subsidiary of WHL based mainly in Australia. Owns the Country Road, Trenery, Witchery, Mimco and Politix brands

CSI/SD: Corporate Social Investment; Component of the BBBEE scorecard which encourages support of charitable and non-profit organisations

CTS: Cost to Sell; Expenses expressed as a percentage of turnover

D

DC: Distribution Centre; The Food and Fashion, Beauty and Home distribution centres

DJ: David Jones Proprietary Limited; Wholly owned, trading subsidiary of WHL based mainly in Australia

dtic: Department of Trade, Industry and Competition

E

EBIT: Earnings Before Interest and Taxation

EBITDA: Earnings Before Interest, Taxation, Depreciation and Amortisation

EPS: Earnings Per Share; Profit earned for the period divided by the weighted average number of shares in issue

F

FBH: Fashion, Beauty and Home; An operating segment in Woolworths South Africa which aggregates clothing, footwear, accessories, homeware, beauty and cell phone product buying groups

FD: Group Finance Director

FTE: Full-time Equivalent; Number of hours worked by store staff equated back to a person working a 40-hour week

FY: Financial Year

G

GBJ: Good Business Journey; Woolworths Holdings Limited’s programme to assist it in achieving its vision of becoming one of the world’s most responsible retailers by managing the environmental, social and transformational activities of the Group

GP: Guaranteed Pay; Annual salary and benefits paid to employees

GRC: Governance, Risk and Compliance; Business unit which provides governance, risk, legal and compliance solutions to the business and the Board

H

HEPS: Headline Earnings Per Share; Key measurement of normalised profit per share in South Africa

HDSA: Historically Disadvantaged South Africans

I

IPM: Integrated Performance Management; Performance appraisal mechanism to measure employees’ achievement against performance goals and behaviours

J

JSE: Johannesburg Stock Exchange; Stock exchange in South Africa on which the company is listed

K

KPI: Key Performance Indicator; Measurable value of performance against target which demonstrates how effectively the Group is achieving its key business objectives

L

LFL: Like for like; Used to compare sales in comparable stores i.e., those stores that are not new and have not had any extension or modernisation to them. Calculated on a 24-month period

LID: Lead Independent Director

LTi: Long-Term Incentive; Variable remuneration subject to the achievement of performance conditions. Generally a three-year period

LTIP: Long-Term Incentive Plan; Share scheme instrument allocated to employees in terms of long-term incentive scheme

LTO: Labour turnover; Percentage of employees leaving the business over a defined period

M

MTP: Medium-Term Plan; Three-year financial strategic plan

R

ROCE: Return on Capital Employed

ROE: Return on Equity

ROS: Return on Sales; Profit after tax expressed as a percentage of turnover

RSP: Restricted Share Plan; Share scheme instrument allocated to employees in terms of retention scheme

S

SARS: Share Appreciation Right Scheme; Share scheme instrument allocated to employees in terms of long-term incentive scheme

SEC: Social and Ethics Committee; A statutory committee in terms of the South African Companies Act which ensures that a company conducts business in a sound and ethical manner

SRI: Socially Responsibility Index; An index created by the JSE to measure the social responsibility criteria of companies listed on the JSE. The South African equivalent of the Dow Jones Index

STI: Short-Term Incentive; Variable remuneration subject to the achievement of performance conditions. Generally a one-year period

T

TCoE: Total Cost of Employment; Total salary and benefits of employees

V

VP: Variable Pay; Remuneration that varies according to the achievement or not of performance conditions

W

WACC: Weighted Average Cost of Capital

WFS: Woolworths Financial Services (Pty) Limited; A joint venture between Woolworths and Barclays Africa Group that supports the Woolworths retail business by providing financial services to Woolworths customers through in-store cards, credit cards and personal loans

WHL: Woolworths Holdings Limited; Southern hemisphere retail Group that has been listed on the Johannesburg Stock Exchange Limited (JSE) since 1997. The Group trades through three operating subsidiaries, including Woolworths Proprietary Limited (Woolworths or WSA), Country Road Group Proprietary Limited (Country Road Group or CRG), and David Jones Proprietary Limited (David Jones or DJ). Woolworths Financial Services Proprietary Limited (WFS) is a joint venture with Barclays Africa Group, which holds the controlling interest

WHST: Woolworths Holdings Share Trust; The Trust through which the shares allocated for the long-term incentive schemes are managed

WSA: Woolworths/Woolworths SA; A wholly owned trading subsidiary of WHL, mainly based in South Africa

Y

YES: Youth Employment Service; A CEO-led government initiative launched by President Cyril Ramaphosa aimed at providing one million youth with work experience and helping them gain valuable skills

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