



WOOLWORTHS HOLDINGS LIMITED

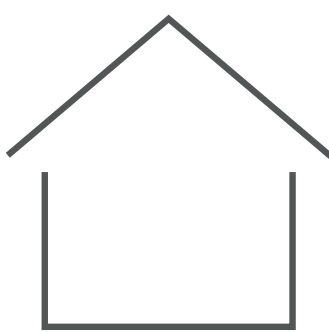
2021 Integrated Annual Report

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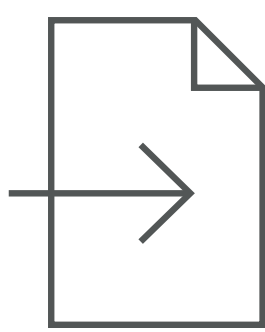
NAVIGATING OUR REPORT

*IN COMMITMENT TO OUR GOOD BUSINESS JOURNEY,
THIS REPORT IS ONLY AVAILABLE DIGITALLY.*

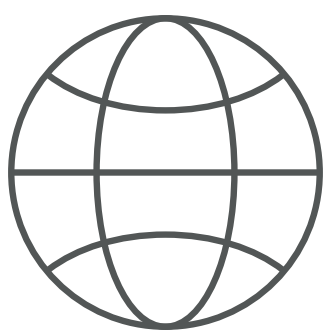
THIS REPORT IS INTERACTIVE. YOU’LL FIND THESE NAVIGATION TOOLS THROUGHOUT THE REPORT:



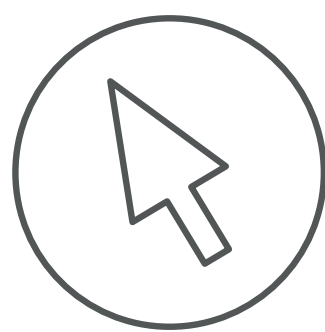
HOME
BACK TO
CONTENTS PAGE



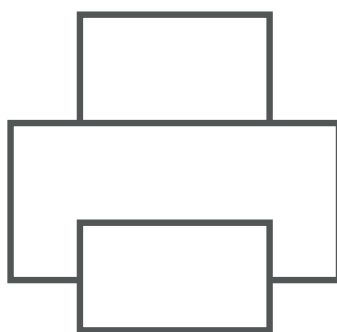
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CONTENTS

OUR INTEGRATED REPORT

Woolworths Holdings Limited (WHL or the Group) presents its 2021 Integrated Annual Report:

An overview of WHL’s performance, value created for stakeholders, and contribution to society for the 52 weeks ended 27 June 2021, and how the Group’s strategy, governance, and performance add to the creation of value over the short, medium, and long term. The report has been prepared for the benefit of all our stakeholders, with a particular focus on aspects relevant to those stakeholders who provide us with access to resources of a financial nature.

SCOPE AND BOUNDARY OF REPORT

Material issues, risks, and opportunities arising from the external environment and the retail landscape.

FINANCIAL REPORTING BOUNDARY

WHL interests in wholly owned subsidiaries, associates, and Woolworths Financial Services (WFS), which is reported as an equity-accounted joint venture.



CUSTOMERS



EMPLOYEES



SUPPLIERS



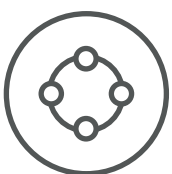
THE MEDIA



SHAREHOLDERS



DEBT FUNDERS



COMMUNITIES AND OTHER



INDUSTRY ORGANISATIONS



ACADEMIC INSTITUTIONS



GOVERNMENT & REGULATORS

Material issues, risks, and opportunities arising from stakeholder engagement

The scope of this 2021 Integrated Annual Report incorporates the financial reporting boundary of the WHL Group – i.e., the performance and data relating to the Group and its subsidiaries, joint ventures, associates, and operations of the Group throughout South Africa, the rest of southern Africa, Australia, and New Zealand. The Group manages its retail operations on a 52-week basis, which requires the inclusion of an additional week approximately every six years in order to align the trading and reporting calendars.

The report also extends beyond financial reporting to include non-financial performance, opportunities, risks, and outcomes attributable to, or associated with, our key stakeholders, who significantly influence our ability to create value.

As a Group retailing across food, fashion, beauty, and home, our business model is based on long-term supplier relationships and a responsibility to influence change throughout the supply chain. We manage our broader business impact through comprehensive social, ethical, and environmental policies and practices. Where aspects of our Good Business Journey programme are more fully developed, the risks, opportunities, and outcomes of those stakeholders impacted are incorporated into both the Integrated Annual Report and the Good Business Journey Report.

REPORTING FRAMEWORKS AND COMPARABILITY

In compiling this report, we have considered information included in previous reports, legislative reporting requirements, and the International Integrated Reporting Council’s (IIRC) framework. We are committed to adopting the IIRC framework in this report.

Other reporting frameworks applied, where appropriate, include:

- The Global Reporting Initiative Standards, relevant to information provided in the sustainability strategic focus area
- International Financial Reporting Standards, relevant to financial information provided in the Annual Financial Statements

The scope and boundary of this 2021 Integrated Annual Report are broadly similar to those of the 2020 Integrated Annual Report.

2021 REPORTING SUITE

The 2021 Integrated Annual Report is the key report that provides a holistic view of the Group’s business, strategy, performance, and the creation of value for all stakeholders. This report should be read in conjunction with the more detailed reports highlighted below.

Complementing the Integrated Annual Report are a number of other reports targeted at specific stakeholders. These reports are:

- Annual Financial Statements, providing a more detailed understanding of the financial aspects of our business
- Good Business Journey Report, providing details of our sustainability strategy and a review of performance, primarily against non-financial targets for social and environmental matters
- Summarised Remuneration Report, providing key features of the Remuneration Report

FORWARD-LOOKING STATEMENTS

Certain statements in this report may constitute forward-looking statements which, by their nature, involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Group’s control. The directors, therefore, advise readers to use caution regarding interpreting any forward-looking statements in the report.

APPROVAL AND ASSURANCE OF OUR REPORTS

The content of this report is consistent with the indicators used for our internal management and Board reports.

The WHL Audit Committee reviewed the Integrated Annual Report and Annual Financial Statements, and recommended them to the Board for approval.

The Sustainability Committee reviewed and recommended the Good Business Journey Report, which was then approved by the Board.

The Board acknowledges its responsibility for ensuring the integrity of the Integrated Annual Report. The Board has applied its mind to the Integrated Annual Report and considered the operating

- Annual General Meeting (AGM) Notice, providing the relevant information necessary for shareholders to vote on the resolutions to be tabled at the AGM

The Annual Financial Statements and Good Business Journey Report are available online on our corporate website, www.woolworthsholdings.co.za.

The AGM Notice will be available online on our corporate website, www.woolworthsholdings.co.za, and sent to all shareholders by no later than 30 September 2021.

Supporting documents and compliance information not included in the reports can be accessed on our corporate website, www.woolworthsholdings.co.za.

context, strategy, and value creation model in this process. The Board believes that the Integrated Annual Report addresses all material matters that have, or could have, a material effect on the Group’s ability to create value, and fairly presents the integrated performance of the Group.

Elements of the information included in our Integrated Annual Report were verified by a combination of internal and external assurance specialists. This assurance covers a significant spread of business operations.

This 2021 WHL Integrated Annual Report was approved by the Board on 29 September 2021.

H BRODY
Chairman

R BAGATTINI
Group Chief Executive Officer



HOW OUR
INTEGRATED
ANNUAL REPORT
DESCRIBES OUR
VALUE CREATION
PROCESS

We deliver our purpose and vision with a commitment to the highest standards of governance, ethics, and integrity.

Sustainable value creation depends on ensuring the relevance and sustainability of our business model. This includes efficiently and effectively using our capitals, managing their trade-offs, and optimising our business activities to meet the wants, needs, and expectations of our stakeholders.

Our strategy is informed by our trading environment, meaningful interactions with our stakeholders, and the resulting material issues, risks, and opportunities which are identified. Through strong governance oversight and the successful execution of our strategy we aim to deliver financial outcomes and long-term, sustainable value for all our stakeholders.

OUR VISION IS TO
BE ONE OF THE
WORLD'S MOST
RESPONSIBLE
RETAILERS

TO HELP US TO ACHIEVE
THIS VISION WE:

STRONG GOVERNANCE OVERSIGHT AND COMMITMENT TO THE HIGHEST STANDARDS OF GOVERNANCE, ETHICS, AND INTEGRITY

7
REPORT BACK
TO OUR STAKEHOLDERS



Integrated Annual Report

Annual Financial Statements



Good Business Journey Report



DELIVERING LONG-TERM, SUSTAINABLE VALUE FOR ALL STAKEHOLDERS



CLICK ON BOX TO GO TO THAT SECTION

OUR GROUP

OUR PURPOSE, VISION, AND VALUES

OUR VISION

TO BE ONE OF THE WORLD'S
MOST RESPONSIBLE RETAILERS

Reflects our passionate commitment to doing good business,
for our customers, our people, and our planet

OUR PURPOSE

ADDING QUALITY TO LIFE

Exceptional quality in every product we sell and every
experience we deliver, to our customers and our people

OUR VALUES

*Our values inform and underpin the way we do business
across our Group. From values-based leadership to
passionate brand advocacy, we seek to embed our
values across all dimensions of our business.*

CUSTOMER OBSESSED

means that in our world, the customer always comes first

INSPIRATIONAL

says we are always looking ahead and taking the lead

BEING RESPONSIBLE

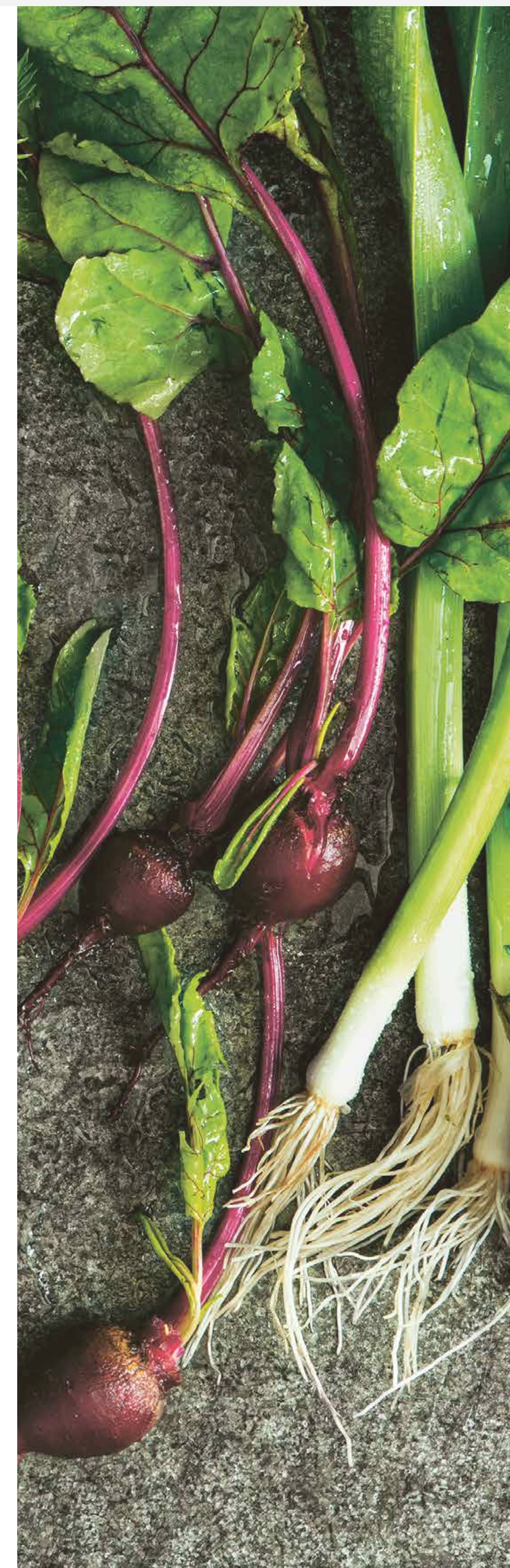
is about doing the right thing – always value with values

COLLABORATIVE

means we are one team working together

QUALITY

is the heart of our business. We are committed to quality,
in whatever we do, wherever we do it



CLICK TO ACCESS THE SECTIONS



OUR GROUP

WOOLWORTHS HOLDINGS LIMITED (WHL) IS ONE OF THE TOP COMPANIES LISTED ON THE JSE SECURITIES EXCHANGE.

It consists of three trading divisions, Woolworths South Africa (VSA) a leading South African retailer offering a range of primarily private label products, David Jones (DJ) one of Australia’s leading premium department stores, and Country Road Group (CRG), a leading Australian speciality retailer.

The businesses all retail quality, innovative products that are responsibly sourced and conveniently available to our target markets. Through our shared Group purpose, vision and values, we share resources, skills and expertise while driving synergies and facilitating efficiencies to responsibly and sustainably create value for all our stakeholders.

R85.9bn

turnover and concession sales

R5.2bn

profit before tax

ADJUSTED EBIT BY GEOGRAPHY



AFRICA

60.7%



AUSTRALIA

39.3%

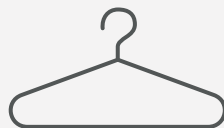
WHL

ADJUSTED EBIT BY CATEGORY



FOOD

43.4%



APPAREL, BEAUTY AND HOMEWARE

54.9%



FINANCIAL SERVICES

1.7%

OFFERING

A selected range of quality fashion, beauty, homeware, and food products. Financial services are provided through Woolworths Financial Services (WFS)



BASED IN

South Africa and trading in South Africa and a further 10 countries in Southern Africa



60.2% GROUP TURNOVER AND CONCESSION SALES

60.7% GROUP aEBIT



TRADING SPACE FBH: 453 000 m² FOOD: 264 000 m²

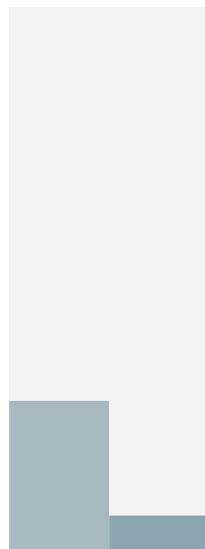
OFFERING

Leading international and local apparel, accessories, footwear, beauty, and homeware brands



BASED IN

Australia and trading in Australia and New Zealand



25.8% GROUP TURNOVER AND CONCESSION SALES

13.8% GROUP aEBIT



TRADING SPACE 442 000 m²

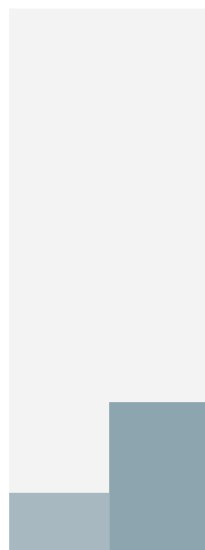
OFFERING

Stylish, high-quality apparel, accessories, footwear, and homeware



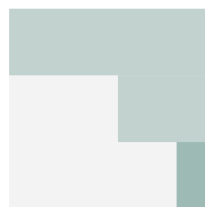
BASED IN

Australia and trading in Australia, New Zealand, and South Africa



14.0% GROUP TURNOVER AND CONCESSION SALES

25.5% GROUP aEBIT



TRADING SPACE 111 000 m²

HIGHLIGHTS & FOCUS AREAS

Successful execution of our strategic initiatives has seen us end the year in a far stronger position than when we entered it. We have clearly defined focus areas to further build upon this momentum as we aim to be a leading, purpose-driven, truly connected retailer positioned for long-term, sustainable growth and value creation to the benefit of all stakeholders.

OVERVIEW OF THE YEAR

- Environment remained impacted by further **Covid-19 waves and subsequent lockdowns**
- Continued to **prioritise the health and safety** of our employees and customers
- **Relentless focus on trading the business** and responding to our customers’ changing wants and needs
- Successful **execution of our capital plan**, unlocking value for David Jones, Country Road Group, and WHL
- **Strengthened balance sheet** with improved liquidity and significantly reduced net debt
- Re-prioritisation of investment towards **digital and data transformation**
- **Simplified structures** to reduce complexity and enable more agile ways of working
- Introduced **new sustainability targets** for 2025 and beyond
- Launch of **Inclusive Justice Initiative**, including the Just Wage initiative
- **Commendable results and demonstrable progress against strategic initiatives** attributable to the resilience and commitment of our people
- **Well-positioned into new year** with refreshed Group Strategic Framework
- **Final dividend** of 66.0 cps

WE HAVE TAKEN CLEAR AND DECISIVE ACTIONS TO IMPROVE THE STRENGTH OF OUR BUSINESSES, ENDING THE YEAR IN A FAR HEALTHIER POSITION

FOCUS AREAS IN FY22

- **Improve** operational and financial performance in David Jones (DJ)
- Explore **new growth opportunities** for Country Road Group (CRG)
- Improve underlying **financial health of Woolworths Fashion, Beauty and Home** business
- Protect and grow **market share in Woolworths Food** by improving accessibility while remaining aspirational
- Rationalise and **optimise our apparel footprint** to enhance the shape of our store portfolio and improve productivity metrics
- Further **leverage customer insights** into our decision-making processes
- Continue to **drive digital engagement**, investing in a **new operating model** to fast-track the building of our online capability
- **Review our cost base** to identify potential areas for further efficiency and flexibility, and **leverage the scale, diversity, and matrix operating model** of the Group
- Reduce complexity to enable **more agile and responsive ways of working**
- Continue to **drive sustainability** as a business imperative and key competitive advantage

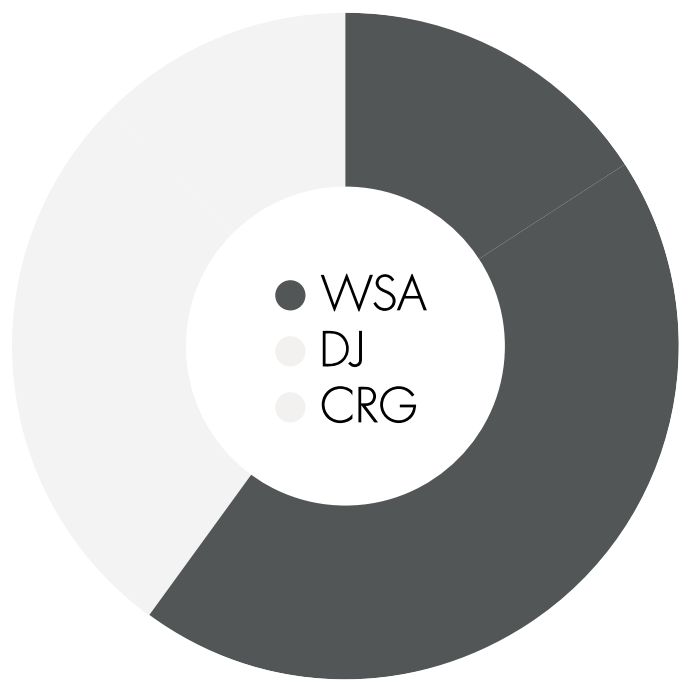
WE EXPECT TO SHOW ONGOING AND REAL PROGRESS AGAINST OUR STRATEGIC INITIATIVES, TO DELIVER ON OUR COMMITMENTS TO OUR STAKEHOLDERS

WOOLWORTHS SA

AN OVERVIEW OF OUR BUSINESS

OUR VISION IS TO BE OUR CUSTOMERS’ FAVOURITE RETAIL BRAND

CONTRIBUTION TO GROUP TURNOVER

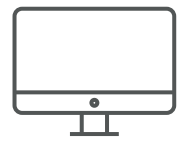


FASHION, BEAUTY AND HOME (FBH)

FINANCIAL SERVICES

15.3%
Contribution to Group turnover and concession sales

15.6%
Contribution to Group adjusted EBIT



4.1% ONLINE SALES TO SOUTH AFRICAN SALES

STORE LOCATIONS: 267



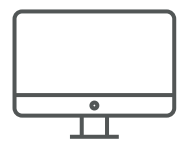
1.6M ACCOUNTS

1.7%
Contribution to Group adjusted EBIT

FOOD

44.9%
Contribution to Group turnover and concession sales

43.4%
Contribution to Group adjusted EBIT



2.3% ONLINE SALES TO SOUTH AFRICAN SALES

STORE LOCATIONS: 452



99% OF FOOD PRODUCTS AND 95% OF FBH PRODUCTS HAVE AT LEAST ONE SUSTAINABILITY ATTRIBUTE

Woolworths South Africa (WSA) is a leading Southern African retailer trading in South Africa and a further 10 countries in Africa and offering a wide range of quality clothing, beauty, home, and food products. Woolworths Financial Services, a joint venture between Woolworths South Africa and Absa Group Limited, provides Woolworths customers with focused financial products and services.

Our target market consists of mid- to upper-income customers who appreciate quality, innovation, value, and sustainability. Customer engagement and relationships are primarily enabled through our WRewards loyalty programme, which includes MySchool MyVillage MyPlanet and our partnership with Vitality, as well as our own in-store

OUR TARGET MARKET CONSISTS OF MID- TO UPPER-INCOME CUSTOMERS WHO APPRECIATE QUALITY, INNOVATION, VALUE, AND SUSTAINABILITY.

card and credit card. Our WRewards programme provides our 3.7 million active members with compelling loyalty benefits and offers, and is key to building customer loyalty and driving customer acquisition, frequency, and spend.

We seek to provide our Fashion, Beauty and Home (FBH) target market with modern, wearable fashion, timeless classics, and beautiful basics. We have strong Beauty and Home businesses that provide our customers with both comprehensive ranges of quality private label merchandise and market-leading brands. Our Food business offers customers curated product ranges, the majority of which are private label. We have long held a leadership positioning in fresh produce, innovation, and quality, and aim to maintain it while ensuring we offer competitively priced products that deliver value to our customers. While our Woolworths brand is the anchor of our FBH and Food propositions, we also provide our customers with highly selective third-party brands, aligned to our product ethos, to

DAVID JONES

AN OVERVIEW OF OUR BUSINESS

***OUR VISION IS TO BE THE DESTINATION THAT INSPIRES EXPERIENCES WITH SERVICE...
LIKE NO OTHER***

David Jones (DJ) is an iconic Australian department store that has been trading for over 180 years. It operates in Australia and New Zealand, offering customers premium and luxury products and experiences from leading national and international brands in fashion, beauty, food, and homeware. A financial services offering is provided to customers in partnership with Amex.

We operate at the top- and upper-middle tiers of customers within our markets, with a focus on those who seek on-trend products and stylish, exclusive brands complemented by impeccable service. Customer relationships are enhanced through our digital David Jones Rewards programme, which allows us to communicate with them in a meaningful manner and improve customer engagement and personalisation. We now have an active membership base of 1.8 million members with whom we can communicate directly.

We purchase our merchandise on a wholesale basis and also offer concession agreements to a number of brands. Our merchandise strategy is to curate a compelling assortment of desirable and exclusive Australian and international brands, creating a differentiated customer experience. We leverage customer insights to build brand assortments based on customer segmentation and store catchment data, ensuring the product mix offered to customers is highly relevant. We prioritise newness as well as growing and protecting the exclusivity of desired brands to build credibility within our ranges. We also provide our customers with curated, premium food ranges and services in our two Food Halls in Sydney.

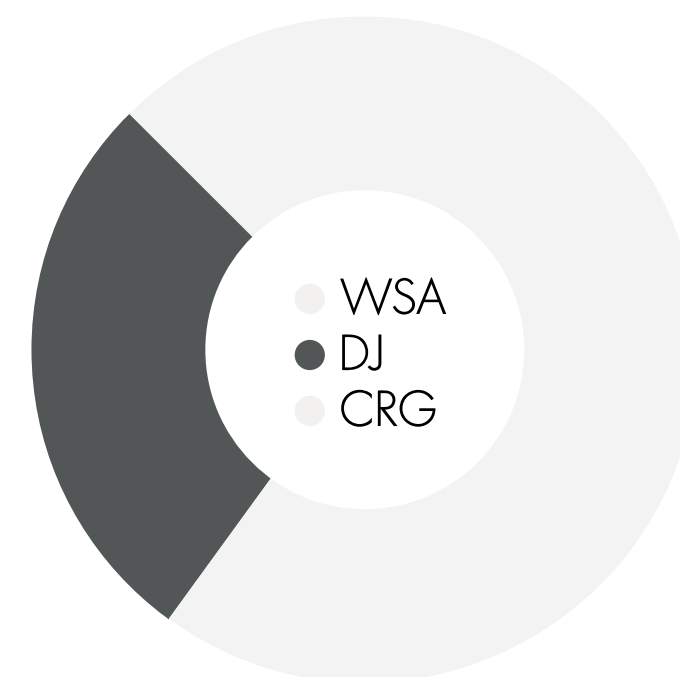
We have a contemporary website platform and have grown a material online

sales base on which to build as we look to become the premium online platform and marketplace in Australia and New Zealand. As we shift our focus to engaging with our customers digitally, we are actively rationalising our physical space to optimise the shape of our chain and improve productivity metrics. We currently have 45 stores in Australia and New Zealand, anchored by our iconic Elizabeth Street flagship store in Sydney.

We employ a dedicated team of over 6 000 people across our operations. We continue to embed our values-based culture and are focused on providing our people with an environment in which they can grow and excel. Our support centre staff share a purpose-built head office facility with their Country Road Group colleagues in Melbourne, Australia. While the two companies operate independently, this allows us to leverage synergies and efficiencies where appropriate.

We are aligned with the Group's focus areas and sustainability commitments and contribute towards these by implementing sustainable practices and embedding our Good Business Journey in everything we do. For example, to offer customers ways to keep products in circulation for as long as possible, we recently launched a partnership with clothing rental service Glam Corner, as well as an in-store beauty packaging takeback scheme, BeautyCycle.

CONTRIBUTION TO GROUP TURNOVER



25.8%

Contribution to Group turnover and concession sales

13.8%

Contribution to Group adjusted EBIT



17.3% ONLINE CONTRIBUTION

STORE LOCATIONS: 45

% OF TARGETS ACHIEVED ON SUSTAINABILITY SCORECARD: 94%



David Jones, Autumn 2021

COUNTRY ROAD GROUP

AN OVERVIEW OF OUR BUSINESS

OUR VISION IS TO BUILD LIFELONG RELATIONSHIPS WITH OUR CUSTOMERS TO ENRICH THEIR LIVES THROUGH ASPIRATIONAL, DESIGN-LED, AUSTRALIAN BRANDS

Country Road Group is a group of aspirational, quality, design-led brands based in Australia and operating in Australia, New Zealand, and South Africa. We offer stylish, high-quality apparel, accessories, footwear, and homeware through our five brands: Country Road, Witchery, Trenery, Mimco, and Politix.

The brands are positioned to appeal to the mid- to upper-tier consumer within our respective markets. We have clearly defined brand identities and customer-led strategies for each brand. We differentiate ourselves from our competitors by offering a premium proposition to each brand’s specific target customers. Country Road is an iconic Australian lifestyle brand offering stylish, high-quality products for women, men, children, and home. Witchery is a feminine, modern brand, while Politix provides more tailored menswear. Trenery appeals to our slightly older, more classic yet sophisticated customer, and Mimco offers accessible, luxury accessories.

Country Road, Witchery, Trenery, and Mimco all have successful loyalty programmes through which they engage with customers and reward them for their loyalty. Collectively, we have an active membership base of 2.3 million customers with whom we can communicate in a direct and personalised manner; we can track more than 85% of our sales on our loyalty cards. This customer data provides us with deep and rich insights that we leverage to better understand our customers’ wants and needs.

In Australia and New Zealand, CRG brands are sold in stand-alone stores and on an exclusive concession basis in David Jones stores. In South Africa, Country Road, Witchery, and Trenery brands are sold in a limited number of stand-alone stores and on a concession basis in selected WSA stores. CRG provides a digitally enabled

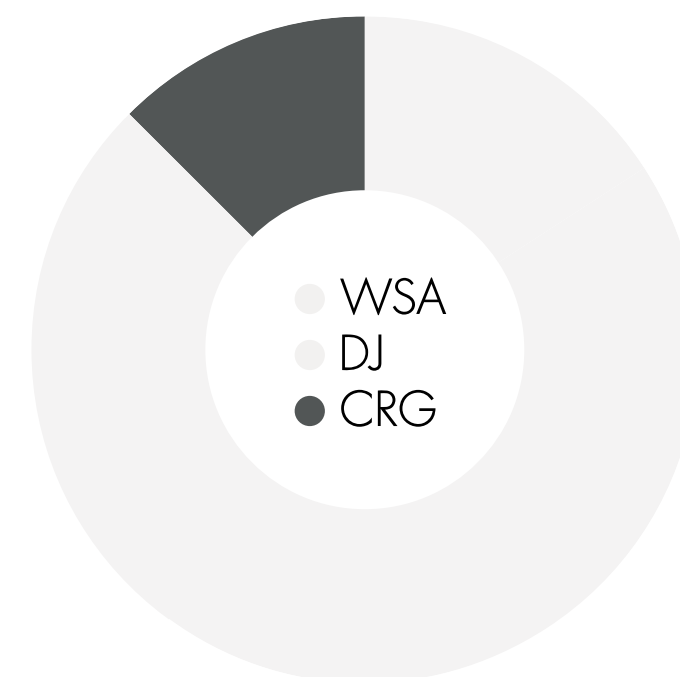
and inspiring experience and has a high online penetration. All CRG brands can also be purchased online through their market-leading platforms and also through The Iconic, the leading online marketplace for fashion in Australia and New Zealand.

Our purpose-built, owned Omni-channel Fulfilment Centre in Melbourne services all Country Road Group stores and online fulfilment requirements. This centralised approach reduces end-to-end handling costs due to improved labour productivity and the consolidation of transport costs. The centre, which is 5-star rated by the Green Building Council of Australia, is a key enabler for future growth as it serves to support the increase in online sales.

We have almost 5 500 dedicated and passionate people employed across our various brands within Country Road Group. Our Melbourne-based regional head office, which we share with David Jones, allows us to create efficiencies and synergies through our shared regional services teams. We continue to embed a values-based culture across our organisation and focus on ensuring we have engaged employees who are proud to work for the Group.

The successful implementation of our Good Business Journey (GBJ) is critical to delivering long-term sustainable value for all our stakeholders. GBJ targets are integrated into CRG’s balanced scorecard and performance management processes to entrench sustainability practices and principles across our brands.

CONTRIBUTION TO GROUP TURNOVER



14.0%

Contribution to Group turnover and concession sales

25.5%

Contribution to Group adjusted EBIT



29.7% ONLINE SALES TO TOTAL SALES

STORE LOCATIONS: 689

% OF PRODUCTS WITH AT LEAST ONE SUSTAINABILITY ATTRIBUTE: 77%

% OF TARGETS ACHIEVED ON SUSTAINABILITY SCORECARD: 81%



Country Road, Autumn 2021

OUR VALUE-CREATING BUSINESS MODEL

Our business model is underpinned by strong governance oversight and commitment to the highest standards of governance, ethics, and integrity. Through it, we aim to create maximum value by delivering our purpose and ensuring the relevance and sustainability of our business model.

OUR TRADING ENVIRONMENT

The Group operates across the southern hemisphere including 11 Southern African countries, Australia, and New Zealand. Several factors that impact our environment are partially or wholly beyond the Group's control, and their impact is discussed throughout the report.

WITHIN OUR CONTROL

- Our product offering
- Operational efficiencies and synergies
- Cost management
- Relationships with our stakeholders
- Responsible use of natural capital governed by our Good Business Journey

BEYOND OUR CONTROL

- Global markets and exchange rate volatility
- Local macroeconomic factors
- The impact of unprecedented events such as Covid-19
- Climate and weather patterns

OUR CUSTOMERS

While we appeal to a broad range of customers, our main target market is the mid- to upper-income consumer in Southern Africa, Australia, and New Zealand. We have strong customer relationships which are enabled by the insights we derive from our rich customer data, attractive loyalty programmes, and differentiated customer experiences. We connect with our customers seamlessly and conveniently through multiple store formats and digital shopping sites, and through compelling and increasingly personal marketing campaigns and communications.

USEFUL LINKS
FOR MORE DETAIL



Trenery, Autumn 2021

ROLLOVER FOR MORE
DETAILED CONTENT



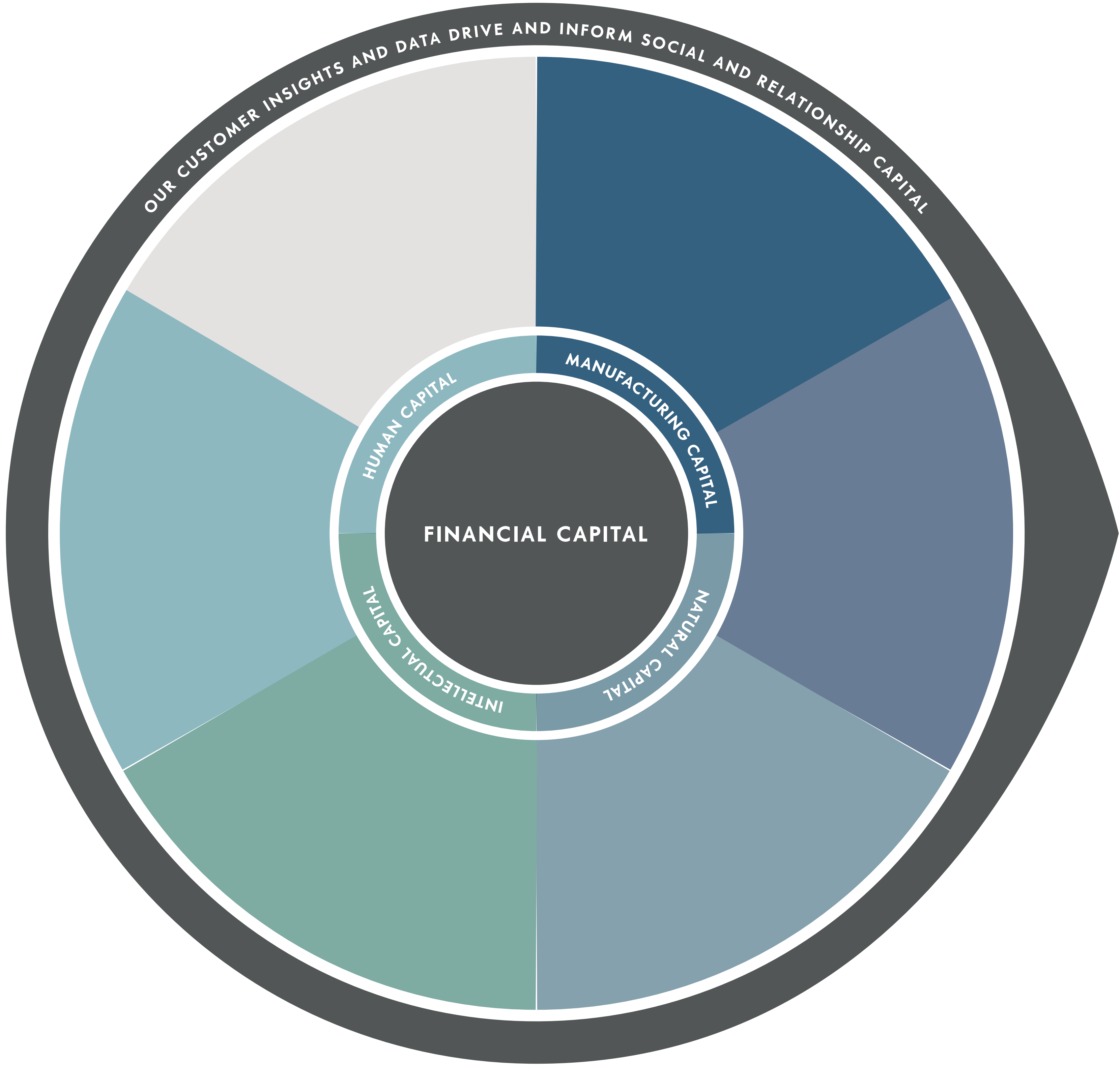
THE CAPITALS OF
VALUE CREATION

Our inputs include the financial, manufactured, intellectual, human, social and relationship, and natural capitals which we use in our business activities to create value for all our stakeholders. Unique to our value creation process is the extent to which our Good Business Journey (GBJ) aims to mitigate negative environmental and social impacts and supports and nurtures future access to our resources, and how we aim to generate sustainable value and returns for our stakeholders over the short, medium, and long term.

VALUE CREATING
BUSINESS ACTIVITIES

Successfully implementing our business model to execute our strategy will create value for all our stakeholders. We believe that the activities in our business model use our resources to optimise value creation. We also recognise the interdependencies among the resources as well as the need for us to manage trade-offs between the costs and benefits of the resources responsibly.

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



UNDERPINNED BY STRONG GOVERNANCE OVERSIGHT AND COMMITMENT TO THE HIGHEST STANDARDS
OF GOVERNANCE, ETHICS, AND INTEGRITY

ROLLOVER FOR MORE DETAILED CONTENT



DIRECT OUTPUT

Providing our customers with beautiful and high-quality fashion, beauty, home, and food products sold through our various channels while actively managing the sustainability impacts and waste in our value chain as part of our production, sourcing, packaging, and transportation through our GBJ programme.

OUTCOMES AND TRADE OFFS

We mindfully use and trade off the capitals to continue to invest in our employees, supplier relationships, and operations to meet the wants and needs of our customers while entrenching strong corporate governance and actively managing our costs and investments.

ACTIONS AND OUTCOMES	KEY TRADE-OFFS		USEFUL LINKS FOR MORE DETAIL
	<p>Financial capital is used to sustain and grow our business, usually with positive impacts on manufactured, human, intellectual, and social and relationship capital, and negative impacts on natural capital.</p> <p>In the current year, we sold our Bourke Street Menswear store and Elizabeth Street store, trading off these physical store assets in order to successfully execute our capital plan and increase financial capital.</p>	<p>We also decided to trade off the interim shareholder dividend benefit with the longer-term sustainability of the Group.</p>	
	<p>We actively manage our investment in manufactured capital by carefully considering the negative impact on short-term financial and natural capitals with the positive impact on the sustainability of these resources in the medium-to-longer term.</p> <p>We balance our investment in our physical stores and in our digital platforms to meet the needs of our customers, particularly with the ongoing shift to online.</p> <p>This is most notable in our Food business, where we actively manage the trade-off between meeting our customers’ demand for this channel and the dilution on margin.</p>	<p>Financial and manufactured capitals are strategically traded off to optimise the shape of our chain, investing where appropriate but also closing or reducing space to drive profitability.</p>	
	<p>We mindfully trade off the short-term negative impact on financial capital with the benefit we receive directly by investing in our intellectual capital and indirectly from our human and social and relationship capitals.</p> <p>In the current year, we strategically simplified our FBH structures to increase financial capital while maintaining intellectual capital.</p> <p>Across our businesses, we invested in our intellectual capital through systems and processes to accommodate new ways of working.</p>	<p>This allowed us to continue to support our employees and meet the wants and needs of our customers and a larger stakeholder base under unprecedented conditions.</p>	
	<p>Our employees are critical to the success of our business. We actively invest in our human capital, and thereby in our broader social and relationship capital.</p> <p>We manage the demands we place on our employees by prioritising initiatives which may deplete other capitals but preserve and grow our human capital.</p> <p>We willing trade off our financial capital in our Just Wage initiative, through which, over the last three years, we have made significant strides towards paying all our people a ‘living wage’.</p>	<p>We continue to train and develop our employees, which reduces our financial capital but increases our human and intellectual capital in order to further meet the wants and needs of our stakeholders, thereby ultimately creating value for them.</p>	
	<p>We consciously trade off financial capital to continue to grow and nurture our social and relationship capital, which is fundamental to our Group.</p> <p>We invested more than R500m in prices across WSA to make our products more accessible to customers and merchandise third-party brands to complement and complete their shop, trading off margin to benefit our customer relationships.</p> <p>In order to drive profitability in our WSA FBH business, we are streamlining our offer. This could result in short-term market share loss in favour of long-term financial health in the business.</p>	<p>We support our suppliers, offering them financial assistance, especially during these uncertain pandemic conditions.</p> <p>Through our Good Business Journey and Corporate Social Investment initiatives, we reduce our financial capital in the short term for longer-term benefit to the communities in which we operate.</p>	
	<p>We consume natural resources, which negatively impacts on natural capital but ultimately increases our financial capital and, indirectly, all other capitals of value creation.</p> <p>Our consumption of natural capital is carefully managed under our well-established Good Business Journey.</p>		

OUR STAKEHOLDERS

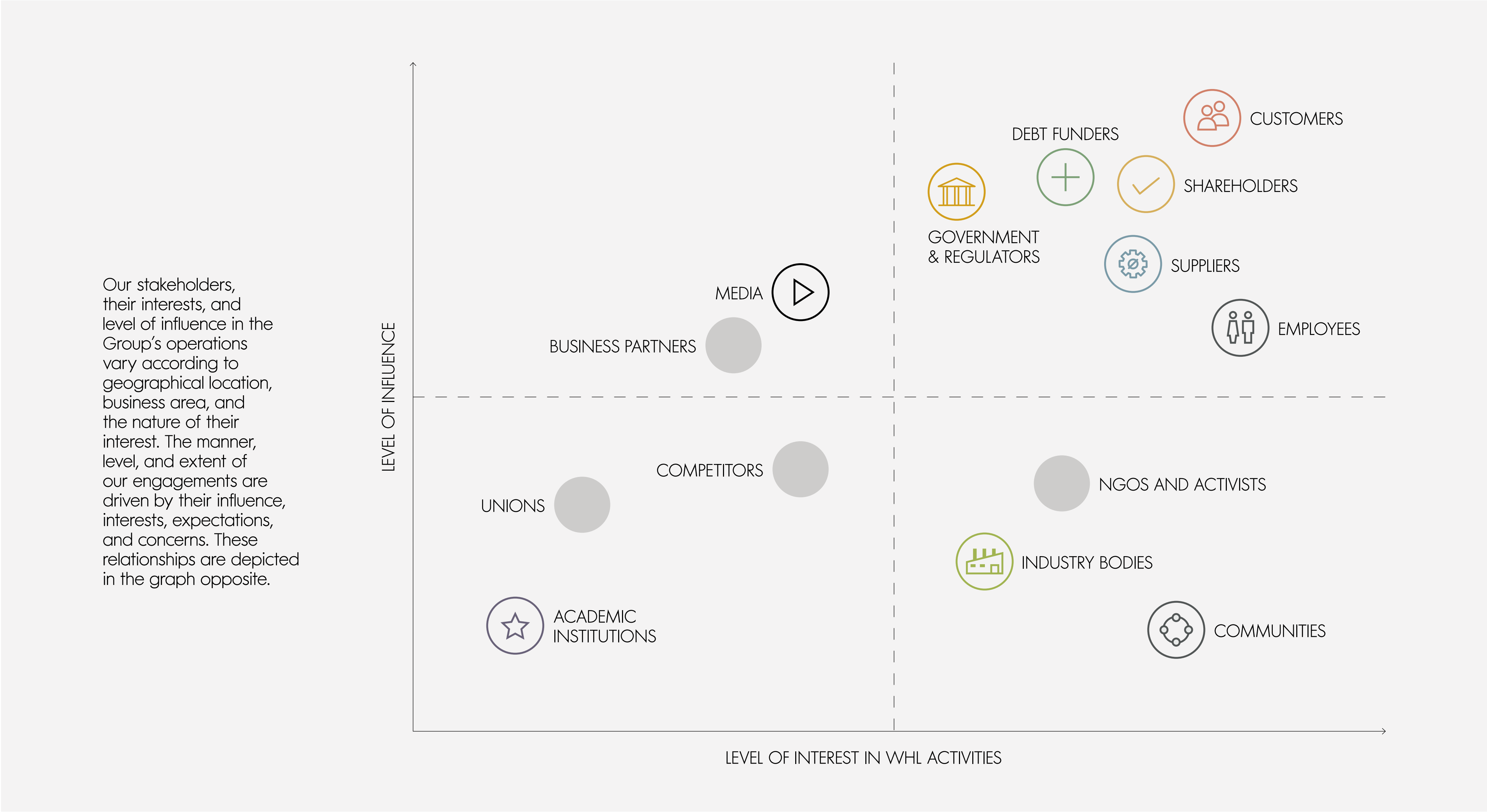
The Group believes that strong, sustainable stakeholder relationships form the foundation of our ability to create shared value in the short, medium, and long term. Unique to our value creation process is the extent to which our Good Business Journey supports and nurtures future access to our resources, 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.



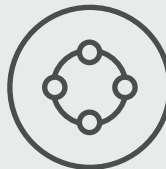
GOVERNMENT & REGULATORS

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.


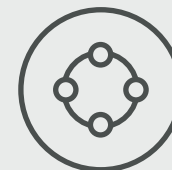




















































Our stakeholders are listed in the table that follows, together with their material needs, expectations and concerns, and how we create and measure value for them.

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

MORE DETAIL REGARDING OUR GBJ CAN BE FOUND IN THIS REPORT IN THE FOLLOWING SECTIONS

OUR COMPREHENSIVE GBJ REPORT CAN BE ACCESSED IN THE FOLLOWING LINK

INTERNAL AND EXTERNAL FACTORS THAT IMPACT OUR ABILITY TO DELIVER STAKEHOLDER VALUE				
	<div></div> <div>CUSTOMERS</div>	<div></div> <div>EMPLOYEES</div>	<div></div> <div>SUPPLIERS</div>	<div></div> <div>SHAREHOLDERS & DEBT FUNDERS</div>
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	<div></div>	<div></div>	<div></div>	<div></div>
KEY	<div> People</div> <div> Social Development</div> <div> Health & Wellness</div> <div> Sustainable Farming</div> <div> Ethical Sourcing</div> <div> Packaging & Waste</div> <div> Water</div> <div> Energy & Climate Change</div>			

	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

OVERVIEW OF THE GOOD BUSINESS JOURNEY

THE GROUP'S VISION IS TO BE ONE OF THE WORLD'S MOST RESPONSIBLE RETAILERS

The Good Business Journey (GBJ) facilitates our vision to be one of the world's most responsible retailers. It is our Group-wide plan to make a difference for our people, our communities, and the environment. The GBJ is one of the Group's strategic enablers.

GBJ STRATEGY

DURING THE YEAR, WE LAUNCHED OUR REFRESHED GBJ STRATEGY TO 2025 AND BEYOND. THE UPDATED STRATEGY, ITS THREE PILLARS, AND THE UNDERLYING GOALS AND TARGETS WERE INFORMED BY THE MATERIAL ISSUES IDENTIFIED.

MORE DETAIL
REGARDING OUR GBJ CAN BE FOUND
IN THIS REPORT

 [GOOD BUSINESS JOURNEY](#)

OUR COMPREHENSIVE GBJ REPORT CAN
BE ACCESSED IN THE FOLLOWING LINK

FOCUS AREAS

Implementation of our refreshed GBJ strategy to 2025 and beyond will occur through eight GBJ focus areas and their associated programmes.

Roll over our focus areas below for more information 

Each of our focus areas is broadly aligned to the UN Sustainable Development Goals (SDGs), and has specific individual strategies and management approaches. The Vision 2025+ goals and targets will be tracked and reported under the relevant focus area.





CLICK ON BOX TO GO TO THAT SECTION

OUR RISK APPROACH

ENTERPRISE RISK MANAGEMENT

Risk management is critical to the successful achievement of our broader strategic goals and enables us to respond promptly to mitigate risks and maximise opportunities as these arise. The Board sets the tone for the way in which risk management is approached and managed throughout the Group, and has mandated the Risk and Compliance Committee to oversee and direct management in the implementation of an effective framework and strategy for risk management.

The Group’s risk management approach is completely integrated with the overall business plans, and as such, a formalised and integrated system is used to identify and analyse risks and opportunities at both the strategic and operational levels, as well as their impact on the overall business strategy.

APPROACH TO RISK MANAGEMENT

The Group’s risk management strategy is pragmatic and geared to the retail sector. The Group employs an integrated risk management methodology that adheres to international best practices. In the rapidly changing world of retail, our risk strategy emphasises emerging risks and opportunities.

Our risk management process allows us to proactively anticipate and adapt to most changes in the operational environment, as well as make well-informed decisions in unexpected circumstances. The Group risk framework is reviewed on a yearly basis to ensure that it stays fully aligned with our governance philosophy and developing business requirements.

The Group risk function enables an extensive top-down annual risk review workshop with the Board and Group and subsidiary executives. Each of our businesses and business units use a similar process to identify and assess risks, reviewing them against defined criteria and weighing the likelihood of occurrence and possible business impact. These risk views are integrated to provide a consolidated Group risk profile, enabling the Group’s material risks to be robustly monitored. Risk exposures at the Group level are assessed against formalised risk appetite statements that are further matched with the Group’s strategic goals.

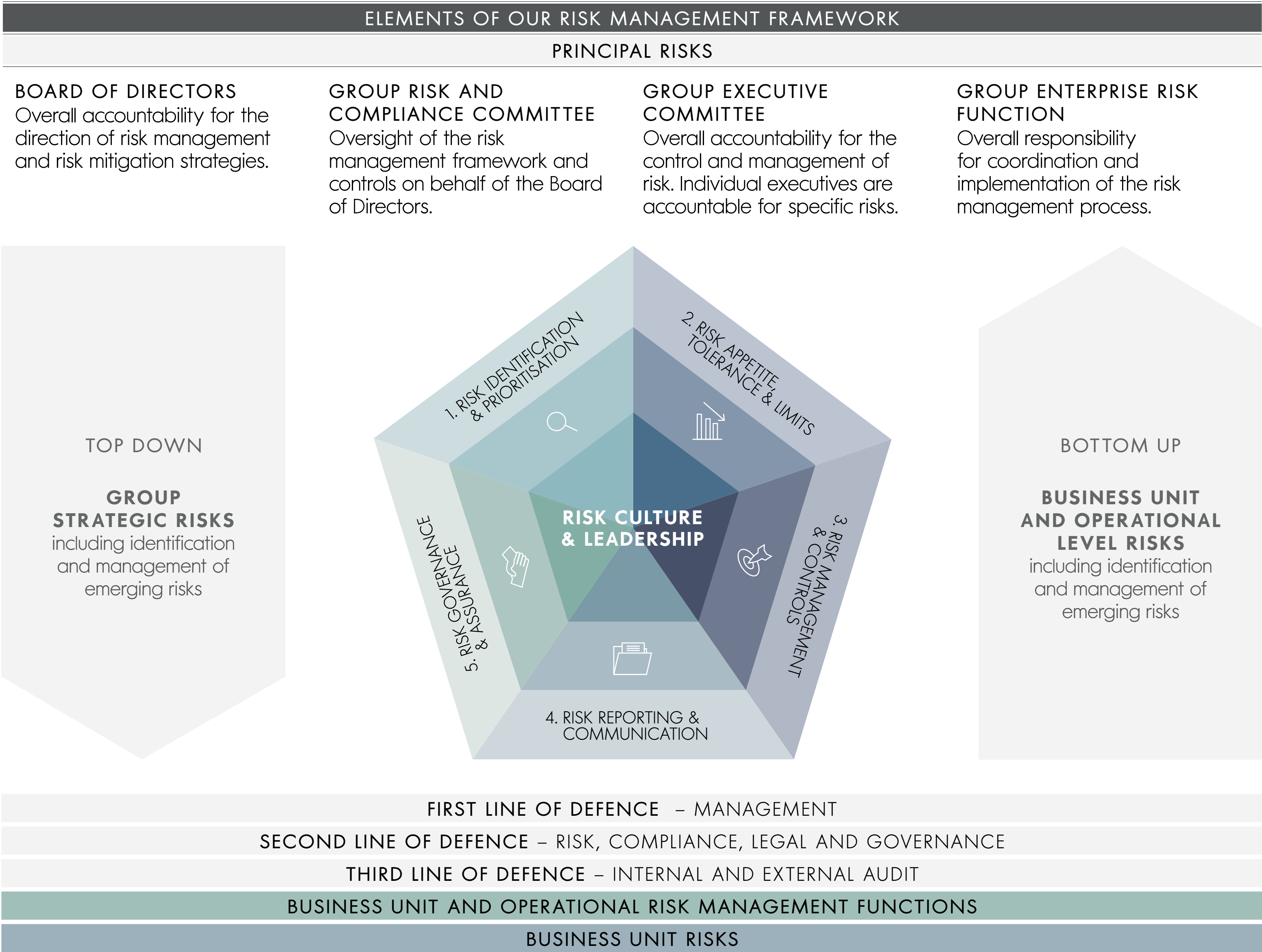
Our risk response plans take into account risk appetite and tolerance, as well as the link between the potential impact of significant risks and the effectiveness of mitigation measures or management activities. Management provides frequent updates to the Group’s Risk and Compliance Committee on all risk-related actions.

COMBINED ASSURANCE

The Group’s combined assurance framework uses the ‘three lines of defence’ concept as defined in King IV™ for defining the focus of assurance providers on major risks. In the implementation, distinctions are made between assurance providers that own and manage risk, those who monitor risk, and those who give independent assurance. The Group’s combined assurance report is tabled at both the Group Risk and Compliance and Audit Committees on an annual basis. In addition, the combined assurance report for each operating subsidiary is tabled with its Board. In their reviews, the Risk and Compliance Committee and the Audit Committee consider the completeness of risks assessed, the extent of the assurance coverage, and the outcomes of those reviews over the financial year.

RISK APPETITE AND TOLERANCE

Risk appetite and tolerance are key to our enterprise risk management approach. The Group’s risk appetite and tolerance framework define the levels of risk that the Group is willing to accept in order to achieve its business objectives. The approach is expressed primarily as the Group’s risk appetite in light of capital constraints and shareholder expectations. Risk appetite serves as a method to aid in the implementation of the Group strategy. The risk appetite parameters are a set of guidelines for making risk-based decisions in the context of strategy. They define the inherent restrictions that must be addressed when determining how much risk to take on and which risks the Group will tolerate in order to further its value creation objectives.



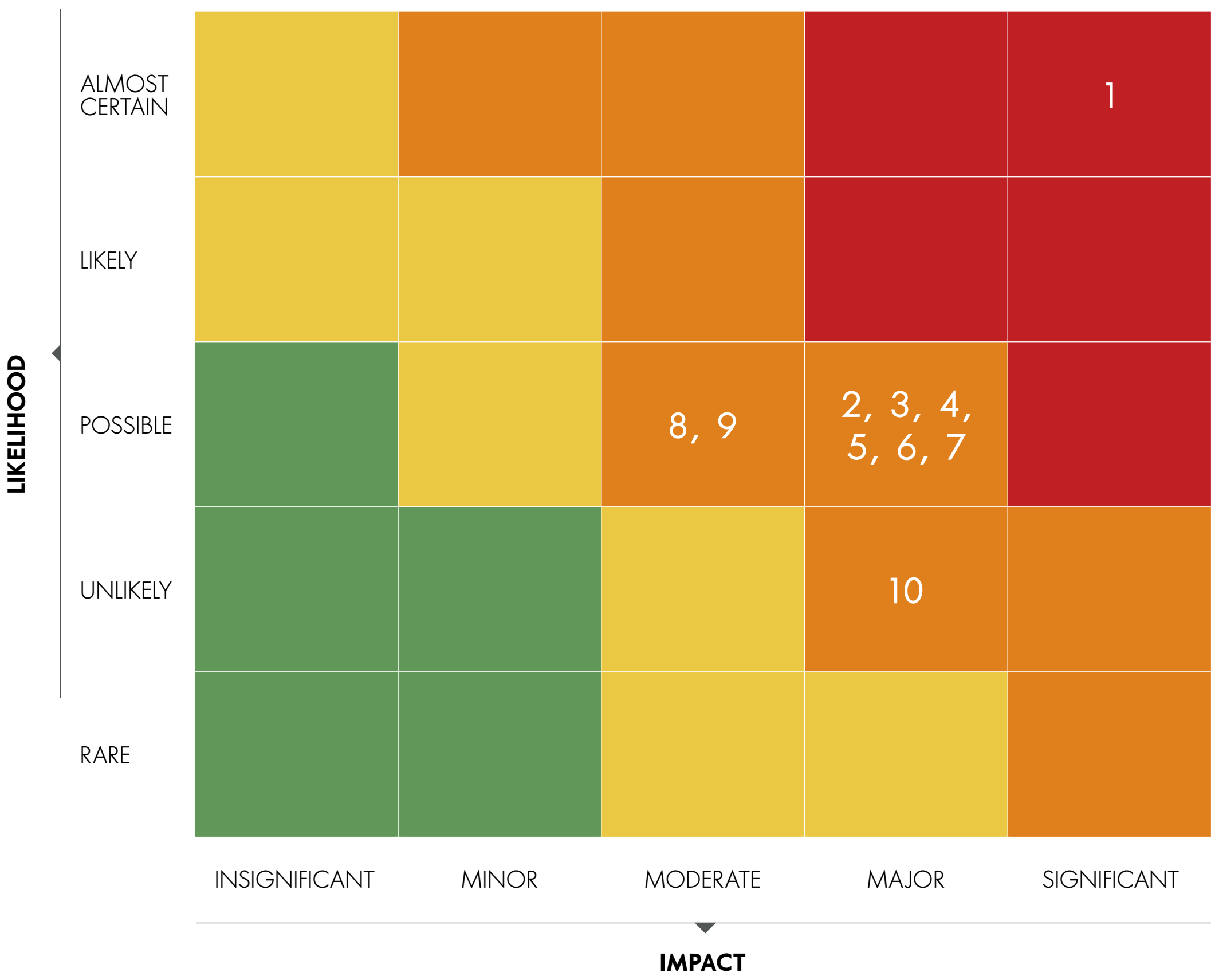
OUR PRINCIPAL RISKS

The heat maps below illustrate the Group’s main residual risks, the magnitude of their potential impact, and the pace (velocity) at which they may influence value generation. The residual risk rating is the exposure that remains after all mitigating measures have been implemented.

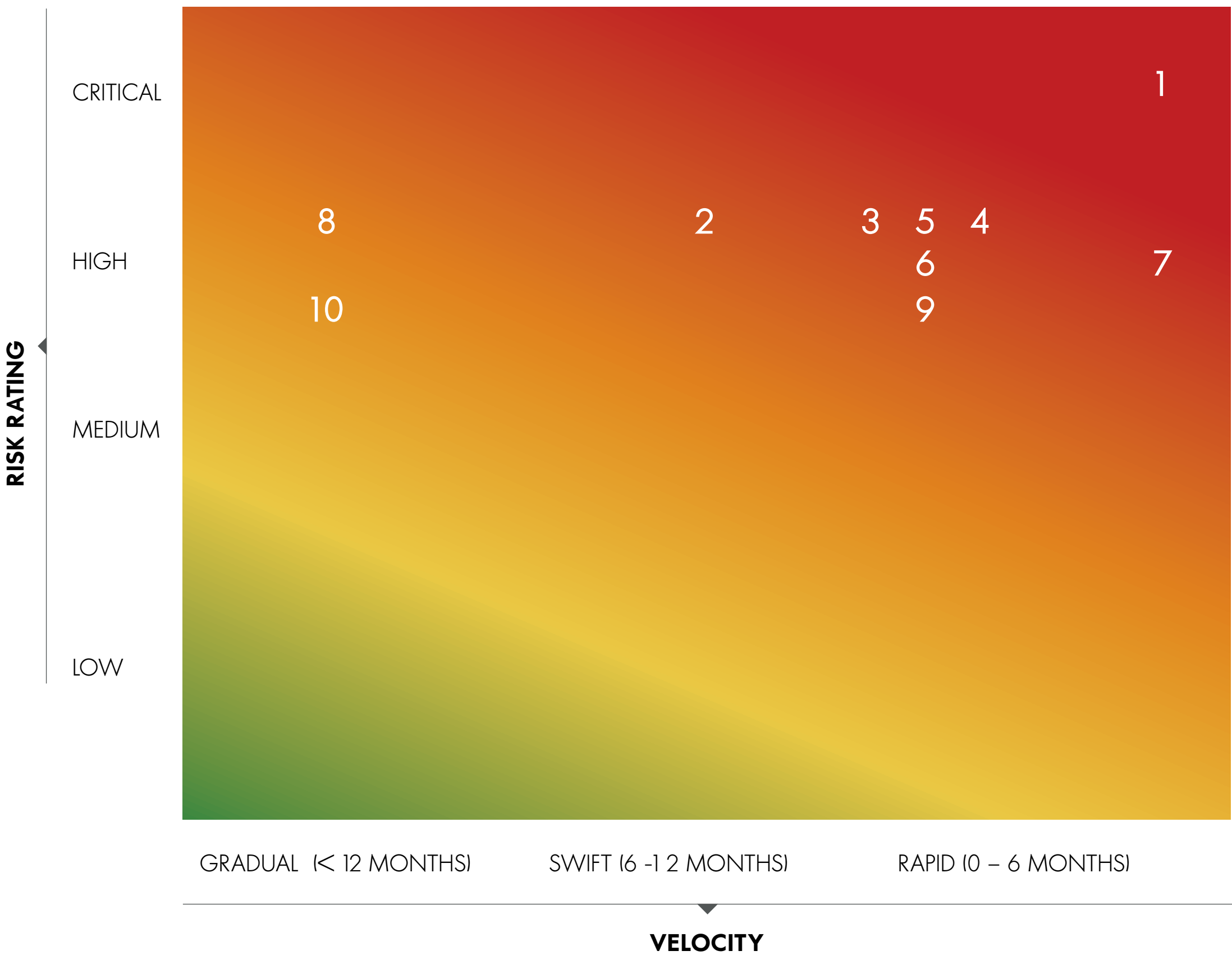
External variables outside management’s control, such as the effect of the continued Covid-19 pandemic and the sluggish South African economic reset, continue to be significant contributions to the present residual risk ratings.

MATERIAL CHANGES TO THE RISK PROFILE

- The strengthening of the Group’s balance sheet was a key priority during the year under review. We have strengthened our financial position and substantially decreased net debt levels in both South Africa and Australia via cash generation and preservation efforts, as well as the implementation of property transactions in Australia. As a consequence of these mitigating actions and the consequential substantial decrease in the residual risk rating, the balance sheet and debt management risk identified in the 2020 Group risk profile has been eliminated as a Group top 10 risk.
- The accelerated customer shift and increased Group reliance on digital enablement have resulted in a greater emphasis on accelerating our digital and data capabilities, systems, and related talent. The Group’s transformation into a digital and data-driven organisation has since been introduced as part of the Group’s top 10 risks in 2021.
- The following risk descriptions and context have been updated. Further augmentation to the following risks were incorporated:
 - The Group’s talent risk was expanded to include our operating model and ways of working as a reflection of the extraordinary changes that have occurred in the past year, given remote working and an appropriate Employee Value Proposition suited to the context, with a greater emphasis on people’s health, safety, and wellbeing
- Risk to our reputation, which includes a particular emphasis on our response and continued commitment to sustainability, ethics, and inclusiveness



1. Global macroeconomic risk underpinned by Covid-19
2. Fix Fashion and reposition Beauty and Home
3. David Jones turnaround
4. Execute the omni-channel strategy
5. Right-size the cost base of the business



6. Transforming into a digitally enabled and data-driven organisation
7. Cyber risk
8. Talent, operating model and ways of working
9. Business disruption and resilience
10. Sustainability, inclusivity, ethics, and our reputation

THE ONGOING IMPACT OF COVID-19 CONTINUED TO SHAPE ASPECTS OF THE GROUP’S RISK PROFILE OVER THE YEAR.

We continue to adapt our responses as new developments arise, and an inherent agility is now well embedded into our risk profile. The nature and scale of unfolding Covid-19 related challenges may continue to alter the risk profile in previously unanticipated ways.

We remain well-positioned to respond with agility and resilience.



Woolworths, Autumn 2021

1. GLOBAL MACROECONOMIC RISK UNDERPINNED BY COVID-19

RISK CONTEXT

- Slow global economic recovery influenced by the ongoing Covid-19 pandemic
- In South Africa, unsustainably high government debt levels, large fiscal deficits, elevated unemployment, and ongoing energy shortages
- Due to Covid-19 resurgences, lockdown restriction continues
- Disruptions to global supply chains and security over supply has become of increasing concern, particularly in the case of imported goods
- Uncertainty surrounding vaccine efficacy, as well as the slow rollout process, is of concern and increases the possibility of further Covid-19 waves in South Africa
- Discretionary spending remain constrained

MITIGATIONS

- Extensive work being done with relevant economic experts, which is a key input into strategy and business plans
- Prioritising key strategic projects and capex investment to protect the core business and drive growth and transformation
- Focus on building resilience and flexibility into business
- Strong focus and acceleration of key online initiatives under the Group digital and data analytics programme to support the shift to online in terms of experience, capability, and capacity
- Given trading conditions, additional emphasis is being placed on managing margins and expenses and driving efficiencies
- Ongoing cost reviews

OVERSIGHT

- WHL Risk and Compliance Committee
- WHL Audit Committee
- WSA, DJ, and CRG Boards
- Executive Committees

2. FIX FASHION AND REPOSITION BEAUTY AND HOME

RISK CONTEXT

- Weakening broader economic environment and consumer confidence
- Shift in customer shopping behaviour
- Poorly executed product in key segments of the business
- Customer-centric product and category strategy
- Consistency of trend, design, and product development capabilities across all the groups
- Price and value perception

MITIGATIONS

- Refresh the brand and product strategy
- Edit to amply our private brands to provide modern, wearable fashion and timeless classics
- Increase casualwear ranges and expand athleisure range
- Embed leadership changes implemented in order to support the fixing and repositioning of the business
- Reduce and optimise space to improve productivity
- Entrench strong ‘on the ground’ leadership, processes, and disciplines
- Strengthen our value perception by focusing on great price points, key value lines, and more strategic promotions and investment in price
- Leverage supplier relationships to improve pricing and quality
- Continue to build Beauty as a destination category

OVERSIGHT

- WHL Risk and Compliance Committee
- WHL Audit Committee
- Executive Committee

3. DAVID JONES
TURNAROUND

RISK CONTEXT

- Long-term viability of traditional department store model
- Weakening broader economic environment and consumer confidence
- Exit or downsize selected stores with unprofitable space
- Brand investment and creating brand relevance
- Shifts in retail spending, including consumer preference to shop online rather than in store
- Customer demand for a differentiated shopping experience

MITIGATIONS

- Investment in the digital strategy to enable a future-proof, data-driven business with a world-class online offering and improved user experience
- Focus on stabilising and improving profit margin
- Real estate optimisation, including right-sizing the store portfolio
- Continued refresh and improvement of store design concepts
- Provide accessible luxury and exclusive, differentiated products and brands, amazing experiences, and great service in our stores
- Continue to focus on brand exclusivity
- Enhance centralised supply chain efficiencies and improved sales mix

OVERSIGHT

- WHL Risk and Compliance Committee
- DJ Board
- Executive Committee

4. EXECUTE THE
OMNI-CHANNEL
STRATEGY

RISK CONTEXT

- Delivering seamless retail experience across all channels and brands
- Enabling profitable omni-channel opportunities
- Online capacity and capability to meet customer demands
- Balancing real estate plans with online
- Competition from new entrants is intensifying
- Attraction and retention of key talent

MITIGATIONS

- Facilitating an agile operating model, structure, and skills to support and enable a connected retail experience
- Focus on the delivery of a seamless, consistent offering on one integrated ecosystem across online and in-store
- Greater integration of bricks and mortar with the fast-growing online channel in order to understand and forecast the impact of online on real estate
- Significant investment in online and digital, including introducing new channels such as Click and Collect, Woolies Dash on-demand services, and improving web and mobile in-app shopping experience
- Significant investment in data analytics to inform business decisions and enable customer personalisation
- Focus on enhancing customer experience by improving the customer journey through online, streamlining the supply chain, and improving product fulfilment
- Constituted the WHL Digital and Data Analytics Steering Committee to drive delivery

OVERSIGHT

- WHL Risk and Compliance Committee
- WSA, DJ, and CRG Boards
- WHL Digital and Data Analytics Steering Committee
- Executive Committee

5. RIGHT-SIZE THE
COST BASE OF
THE BUSINESS

RISK CONTEXT

- Incremental costs to execute the ability to remain cost neutral
- Failure to realise Group efficiency strategies
- Inability to drive required levels of sales
- Inability to exit or downsize selected stores with unprofitable space
- Achieving optimal lease terms (tenure, rental cost) to provide flexibility
- Impact of online on real estate

MITIGATIONS

- Landlord portfolio review process and landlord management plan
- Ongoing review of store profitability and analysis of the portfolio
- Close all under-profitable or loss-making stores
- Continue to reduce store occupancy costs
- Ongoing focus on channel mix to reflect changes in online vs. physical
- Continued refresh and improvement of store design concepts
- Emphasis on top stores with better brand representation, more profit-focused space allocation, and greater depth of stock
- Balance sheet remodelling to absorb future business disruptions
- Ongoing targeted cost reviews across the Group
- Ongoing review of performance through the budget and forecast processes to manage margins and costs
- Leverage Group scale to drive synergies/ efficiencies

OVERSIGHT

- WHL Risk and Compliance Committee
- WHL Audit Committee
- WSA, DJ, and CRG Boards
- Executive Committees

6. TRANSFORMING INTO A
DIGITALLY ENABLED AND
DATA-DRIVEN ORGANISATION

RISK CONTEXT

- Rapidly changing digital landscape
- The need for a digital capability including data analytics, e-commerce, omni-channel and automation to drive value
- Organisational design and relevant talent
- Agile delivery
- Omni-channel and in-store digitisation

MITIGATIONS

- WHL Group digital and analytics programme
- Align our businesses against a common vision and ambition for digital
- Define the required shifts in our talent, organisational operating model, core technologies, and data capabilities
- Group digital strategy roadmap in place
- Execution against the foundational roadmap to deliver the required capabilities, data and technology – in progress
- Leveraging compelling loyalty tools to build more profitable relationships with customers as we build key insights

OVERSIGHT

- WHL Risk and Compliance Committee
- WHL Digital and Data Analytics Steering Committee
- WHL Information Management Committee
- Executive Committee

7. CYBER RISK

RISK CONTEXT

- The increasing sophistication and frequency of global cyber attacks highlight an escalating security threat
- Increased cyber threat exposure due to accelerated digitisation and shift to online transactions
- Shift to office-based employees working from home
- Privacy, information management, and increased regulation

MITIGATIONS

- Advanced artificial intelligence (AI) and machine learning technology allow the detection of irregular human and machine behaviour which may indicate a possible security event
- Ongoing, proactive penetration testing and vulnerability scanning of both internal and externally facing network security devices and applications
- Ongoing focus on improving controls in line with our environment and threat landscape
- Ongoing security campaign with regular communications to raise awareness of evolving cyber threats
- Information management framework and policies to guide user behaviour
- Audit review of cyber risk control measures

OVERSIGHT

- WHL Risk and Compliance Committee
- WSA, DJ, and CRG Boards
- WHL Information Management Committee
- Executive Committee

8. TALENT, OPERATING MODEL AND WAYS OF WORKING

RISK CONTEXT

- Attract and retain talent
- The influence of the changing retail landscape driving the strategic direction in terms of the skills and capabilities needed for our business and driving a digitally enabled business
- Our strategic choices and investment are focused on the knowledge and skills needed for the future
- Heightened need to protect and promote the health, safety, and wellbeing of our employees
- Remote talent management
- Maintaining our culture and team dynamics in a remote-working environment
- Relevance of the Employee Value Proposition in the current climate

MITIGATIONS

- Enhanced health and safety protocols to ensure a safe working environment for our people
- Introduction of initiatives that support employee wellbeing
- Leadership development programmes to enhance leadership capability and to provide tools for leaders and managers to navigate the challenging environment brought about by the pandemic
- Reimagine office workspace and ways of working
- Maintaining a blended model of remote and on-site work
- Revised talent retention frameworks across the Group are being revisited following talent review discussions
- Continued leadership development remains a key focus
- Review people structure and capability to ensure optimal resourcing and skills required for the future needs of the business

OVERSIGHT

- WHL Risk and Compliance Committee
- WHL Remuneration and Talent Management Committee
- WSA, DJ, and CRG Boards
- Executive Committees

9. BUSINESS DISRUPTION AND RESILIENCE

RISK CONTEXT

- Increased period of volatility and operational disruptions due to global pandemic
- Impact of government response to national crises (e.g. lockdowns and civil protest in South Africa)
- Increased threat landscape, including political unrest, extreme weather events, cyber risks, etc.
- Rising influence of climate change and associated impacts
- The complexity and fragility of global supply chains continues to be emphasised by the pandemic
- Employees working and leading under relentless pressure

MITIGATIONS

- Established and proven crisis management capability in both Southern Africa and Australia, providing central oversight and coordination of critical response actions
- Group business continuity and disaster recovery frameworks in place, ensuring that the business can continue to operate under identified conditions of volatility and to recover from disruptive events
- Insurance cover to respond and remediate business disruption

OVERSIGHT

- WHL Risk and Compliance Committee
- WSA, DJ, and CRG Boards
- WSA, DJ, and CRG Crisis Management Committees
- Executive Committees

10. SUSTAINABILITY, INCLUSIVITY, ETHICS, AND OUR REPUTATION

RISK CONTEXT

- Heightened awareness of environmental and social issues, and the enhanced visibility and voice of external and internal advocacy groups
- Increased global climate change impacts
- Focus on diversity, and inclusiveness
- Adherence to new environment regulations, human rights, animal welfare and ethical standards, including meeting our commitments

MITIGATIONS

- Good Business Journey programme
- Introduction of the Group Inclusive Justice Initiative inspiring inclusive growth of all our people
- WHL Group ethical trade position statement in place
- Supplier Codes of Conduct in place
- Supplier ethical audits conducted
- Ongoing shareholder engagement and listening sessions conducted
- Media crisis communications plan and process in place
- Continuous awareness and training sessions on governance-related topics

OVERSIGHT

- WHL Risk and Compliance Committee
- WHL Sustainability Committee
- WHL Social and Ethics Committee
- WSA, DJ, and CRG Boards
- WSA Good Business Journey Steering Committee
- Executive Committees

MATERIAL ISSUES

Material issues are identified as those items with the potential to significantly impact the performance and sustainability of the Group.

THE MATERIALITY DETERMINATION PROCESS IS INTEGRATED INTO THE DAY-TO-DAY MANAGEMENT OF THE GROUP AS PART OF A CONTINUOUS PROCESS OF REVIEW AND ASSESSMENT OF VARIOUS INTERNAL AND EXTERNAL FACTORS.

Key to determining material issues are the interactions that we have with those stakeholders most likely to influence the Group’s ability to create sustainable stakeholder value. We also undertake regular research, analysis, updates, and consultation with experts on macro- and microeconomic conditions, the competitor landscape, the speed and effect of technological changes, societal issues, shifting customer behaviours and expectations, environmental challenges, the legislative and regulatory environment, and further matters identified through the risk management process.

1. OUR TRADING ENVIRONMENT

The trading environment remains challenging and volatile, particularly in South Africa. The uncertainty surrounding the vaccine efficacy, as well as the slow rollout process, is of concern, and increases the possibility of further Covid-19 waves in South Africa and continued snap lockdowns in Australia. From a macroeconomic perspective, while economic growth is expected to show some recovery off the Covid-impacted base, discretionary spending is likely to remain constrained, particularly with government relief initiatives having come to an end.

In South Africa, structural headwinds remain in the form of unsustainably high government debt levels, large fiscal deficits, elevated unemployment, and ongoing energy shortages. In Australia, the impact of Covid-19 has been less severe than that experienced in South Africa, but international tourism – which has historically bolstered luxury and beauty sales, particularly in CBD flagship stores – has been negatively affected by border closures.

Disruptions to global supply chains and security over supply have become of increasing concern, particularly in the case of imported goods.

WHILE ECONOMIC GROWTH IS EXPECTED TO SHOW SOME RECOVERY OFF THE COVID-IMPACTED BASE, DISCRETIONARY SPENDING IS LIKELY TO REMAIN CONSTRAINED

-  OUR RESPONSE
- UNLOCK AND CREATE VALUE IN AUSTRALIA AND NEW ZEALAND
 - FASHION TURNAROUND AND GROWTH IN BEAUTY AND HOME
 - LEADING AND ICONIC FOOD BUSINESS
 - COST EFFICIENCY AND OPERATIONAL EXCELLENCE



2. OUR BUSINESS TRANSFORMATION

In South Africa, while Woolworths Food has remained resilient and continued to trade above market, there is an increasingly competitive backdrop and we need to both retain and grow our market share by improving accessibility while still remaining aspirational. Our Fashion, Beauty and Home business has been beset with challenges, both in strategy and execution, for several years, resulting in reduced full-priced sales, increased markdown, and declining return on sales. It is imperative that we improve the underlying financial health of our Fashion business.

In Australia, the Country Road brand has performed particularly well, but there is work to be done to improve momentum across the rest of the portfolio of brands. David Jones has disappointed for some time, having failed to deliver on the envisaged synergies and benefits post acquisition, despite significant investment. It is critical to implement a refreshed product and brand strategy, as well as rationalise the DJ Food offering to stem the losses from this part of the business. The most pivotal lever, however, to improving DJ’s underlying profitability, is a meaningful reduction in its rental cost to sales ratio; while negotiations with landlords are ongoing, they remain complex and challenging. After successfully executing our capital plan, value must now be created by improving and optimising the underlying operational and financial performance of the Australian businesses, as they look to pursue their own strategic ambition.

The rapidly evolving and challenging retail landscape presents businesses with both risks and opportunities. To create sustainable value for their stakeholders, companies need to make clear strategic choices and trade-offs, and drive successful execution against these initiatives.

-  OUR RESPONSE
- UNLOCK AND CREATE VALUE IN AUSTRALIA AND NEW ZEALAND
 - FASHION TURNAROUND AND GROWTH IN BEAUTY AND HOME
 - LEADING AND ICONIC FOOD BUSINESS

3. CONSUMER SPENDING AND BEHAVIOUR

The face of retail has evolved significantly over the past decade, with the growing proliferation of choice, the growing demand for convenience, and the dramatic shift into online shopping. These trends have been accentuated and accelerated by the Covid-19 crisis, with many likely to endure in a post-pandemic world.

While spending patterns in physical stores should improve off a low base, and the rate of online growth will invariably slow, customers are likely to increasingly seek out inspiring and engaging personalised experiences. There is increasing demand to provide a variety of convenient, seamless shopping options – from in-store browsing to on-demand deliveries – through multiple iterations of formats and digital platforms.

The increasing penetration of mobile and related technologies is enabling customers to interact with each other and with global retailers directly. This affects every part of the customer journey – from researching products and prices before purchasing, to post-purchase feedback.

Customers’ lifestyles, wants, and needs have also evolved rapidly as a result of the pandemic, with more consumers working remotely and increasingly valuing home nesting, wellbeing, and comfort.

For retailers to remain relevant and purposeful, they must fast-track the building of online capability and fully appreciate the way customers now live their lives in the digital ecosystem. There is also an increased need to control cost bases so as to mitigate the impact of margin dilution on overall profitability from a growing online penetration, specifically in the Food space. At the same time, space rationalisation must remain a key focus area to optimise the shape of the store network in the context of this shift to online.

FOR RETAILERS TO REMAIN RELEVANT AND PURPOSEFUL, THEY MUST FAST-TRACK THE BUILDING OF ONLINE CAPABILITY AND FULLY APPRECIATE THE WAY CUSTOMERS NOW LIVE THEIR LIVES IN THE DIGITAL ECOSYSTEM.

OUR RESPONSE

- UNLOCK AND CREATE VALUE IN AUSTRALIA AND NEW ZEALAND
- FASHION TURNAROUND AND GROWTH IN BEAUTY AND HOME
- LEADING AND ICONIC FOOD BUSINESS
- COST EFFICIENCY AND OPERATIONAL EXCELLENCE

4. DIGITAL AND CYBER WORLD

The seismic shift towards digital engagement continues, as customers increasingly embrace technology – particularly mobile and social media – impacting how retailers communicate and transact with them across all channels.

There is also an increased threat of cyber-attacks and compromised infrastructure and data security.

Effective, future-fit systems and processes and common IT platforms are critical to mitigating risks, reducing costs, increasing flexibility, and driving efficiency and productivity. It is also imperative that retailers effectively and efficiently leverage the vast quantities of customer information into actionable insights with speed and agility, to inform all aspects of their business decisions.

OUR RESPONSE

- DATA-DRIVEN DECISION-MAKING
- ELEVATED OMNI CUSTOMER EXPERIENCE
- COST EFFICIENCY AND OPERATIONAL EXCELLENCE

5. PEOPLE, TALENT MANAGEMENT, AND CHANGE

Attracting and retaining talent is critical to delivering upon strategic objectives and remains a challenge as competition for skilled human resources continues to intensify, particularly in the digital and data space.

Significant focus is being placed on the extent of change in ways of working and working conditions, given its potential impact on staff productivity, capacity, and the effective sharing of knowledge, skills, and expertise.

The pandemic has highlighted the need to protect and promote the health and safety and overall wellness of employees, given the multitude of both professional and personal challenges emanating under a Covid-19 environment. Furthermore, as discussed under ‘Responsible Retailing’, it is vital for employers to address diversity and ensure meaningful inclusivity in their businesses.

THE PANDEMIC HAS HIGHLIGHTED THE NEED TO PROTECT AND PROMOTE THE HEALTH AND SAFETY AND OVERALL WELLNESS OF EMPLOYEES

OUR RESPONSE

- UNLOCK AND CREATE VALUE IN AUSTRALIA AND NEW ZEALAND
- FASHION TURNAROUND AND GROWTH IN BEAUTY AND HOME
- LEADING AND ICONIC FOOD BUSINESS
- COST EFFICIENCY AND OPERATIONAL EXCELLENCE



6. RESPONSIBLE RETAILING

While profit generation remains fundamental to the long-term success of a business, it is increasingly clear that to ensure long-term sustainability, companies must also take into account the noteworthy shift in stakeholder expectations. From customers to investors, stakeholders are increasingly concerned and basing their decision-making on whether businesses demonstrate ethical behaviour and make responsible choices to create shared value for people, communities, and the environment.

The impact of Covid-19, along with other global movements, has heightened awareness around humanitarian issues, including widespread socio-economic disparities and other inequalities within communities. Stakeholders are increasingly expecting retailers to contribute towards real and meaningful societal change, including, but not limited to, assisting in building communities and promoting diversity.

Sustainability is a business-critical issue. Business continuity risks arising from the impacts of climate change require active and urgent attention to mitigate these risks across the supply chain.

Profound, sustainable impact and advancement require deliberate collaboration among all stakeholders, and the business community must play a leading role in driving progress in this regard. Companies need to do more to implement meaningful and impactful initiatives that positively contribute towards their communities and the environment.

OUR RESPONSE

- GOOD BUSINESS JOURNEY



OUR RESULTS



CLICK ON BOX TO GO TO THAT SECTION

OUR CHAIRMAN'S REPORT

Approximately eighteen months into the Covid-19 pandemic, and one is filled with mixed emotions.



**IT IS INSPIRING TO
SEE THE RESOLUTE
STRENGTH OF
ENDEAVOUR ACROSS
SOCIETY, OUR
PEOPLE, AND OUR
BUSINESS DURING
THIS TIME.**

The pandemic has wrought untold human tragedy with very few spared – loved ones have been taken from most of us, and almost everyone has suffered as livelihoods have been severely impacted in one form or the other. On the other hand, it is inspiring to see the resolute strength of endeavour across society, our people, and our business during this time.

The troubled situation our country faced as we recently awaited the rollout of vaccines, has been compounded by the wanton destruction and theft of property resulting from the civil unrest that gripped Gauteng and KwaZulu-Natal during July 2021. This was deeply disturbing for all of us, and the longer-term implications for South Africa are unclear. Fortunately, none of our staff were harmed during the unrest, and the rule of law has been restored in the two provinces.

I am hopeful that we can now positively look forward to a phase of recovery, although it will initially be somewhat unstable and unpredictable.

Our experiences of the pandemic and the recent civil unrest in South Africa have highlighted our responsibility to play an even more active role in addressing social inequality and injustice to the fullest extent possible within our Group. In this regard, we note elsewhere in this Integrated Report details of our Inclusive Justice (IJ) Initiative. IJ is a Group-wide initiative aimed at realising our bold transformation vision of ‘inspiring inclusive growth for all our people’. Its intent is to transform and redefine an ecosystem across our Group for further advancing dignity, healing, freedom, and equality for all.

In Australia, David Jones (DJ) and Country Road Group (CRG) have committed to promote reconciliation working collaboratively and ethically to increase cultural awareness and inclusion of Australia's First Nations people in the businesses as well as in the Australian fashion and lifestyle industry. Examples of some of the initiatives to further these aims are included in the Social and Ethics Committee Report.

We reported last year that it was necessary for us to safely navigate the treacherous business environment created by the Covid-19 pandemic while at the same time fixing some of our business fundamentals that had disappointed for a while. We must ensure that the WHL Group remains value-creating in the financial sense but also continues to do so in the much broader societal context for which we are so well known. I am grateful to report that we have achieved commendable outcomes across many key areas under these most testing circumstances.

Although the pandemic severely impacted both Southern Africa and Australia, the practical implications for business management were very different. Australia was affected by regular and ongoing ‘snap’ lockdowns, direct government support during 2020, international tourism dissipating and the decimation of city-centre footfalls. Southern Africa, on the other hand, has suffered directly under three vicious waves of the pandemic and was not able to stimulate the economy meaningfully to absorb the most direct impacts. Interestingly, certain universal trends emerged – for example, consumers turned more exclusively to trusted brands, rediscovered home nesting comforts and cooking, and we all mastered new online work and shopping habits very quickly. Some of these trends certainly favoured us, and we were able to pivot our business in their direction.

Going forward, it is of critical importance that vaccination campaigns both in Australia and South Africa safely and successfully lead to population immunity in the shortest possible space of time. The ability of the community and frontline staff across industries to live and work under such abnormal and relentless pressure is not limitless. It is also the only route back to economic recovery.

The fundamental building blocks for our Group's recovery over the next number of years continue to be anchored in our talent, an emphasis on judicious capital and management, and a propensity for fast,

effective decision-making and implementation. We must consistently offer tasteful, quality products in a pleasing environment at the right value-for-money price points. This applies to our digital and physical channels alike, as our customer ecosystem across all channels must be efficient, relevant, and experiential. I would like to highlight the following developments over the year in relation to some of these drivers:

- Our Group CEO, Roy, has been with us for 18 months and has settled in remarkably well, notwithstanding the significant constraint of not being able to travel to Australia and manage the business on the ground as he would have preferred to do. Scott Fyfe, who excelled in leading CRG from 2017, was appointed as the CEO of DJ during the year. Scott went to work immediately, focusing on the business fundamentals of trading a department store group whilst crafting his strategic plans. We also welcomed Raju Vuppalapati into the CEO role at CRG. Raju joined us on 1 July 2021 from RM Williams, an iconic Australian brand, where he was the CEO from 2014.
- Capital management over the year has been exceptional, and the Group's balance sheet is completely transformed. This was achieved through a combination of disciplined working capital management, better than expected trading performances, and the disposal of the Bourke Street men's store (in Melbourne) and the sale and leaseback of the refurbished Elizabeth Street store (in Sydney) on appropriate commercial terms. The Australian balance sheet optimisation will be liberating for our businesses, as DJ and CRG are now delinked from each other completely, except for the very strong commercial relationship that exists.
- The process of paring down our large lease portfolio in DJ is extremely complex and ongoing, focusing not only on the closure of unproductive stores but also the decrease and more efficient utilisation of space. At the same time, while we

focus on curtailing our physical footprint across most of the Group, we are emphasising investment into our online shopfronts in our pursuit of a seamless, omni-channel experience at Woolworths South Africa (WSA), CRG and DJ.

- We continue to emphasise the cultural shift underway throughout our businesses to facilitate a more agile working environment in which products are brought to the market with less internal friction and pain points, without compromising quality, sustainability, and safety that are our underlying non-negotiables. Organisationally, we have converted the subsidiary boards across the business to management boards, which will further facilitate agility and healthy delegation of decision-making to the respective teams under Roy's chairmanship of these boards. WHL non-executive directors will not be serving on the subsidiary boards going forward; however, appropriate compensating oversight has been established to ensure that our good governance standards are maintained. We will continue to review our management layers and processes to ensure that we have agile and cost-efficient operations.
- The strength of our brands, and the ability to pivot our products toward the fast-emerging trends of easier homely living, were instrumental in this most challenging year. The WSA Food business and CRG were outstanding performers, whilst DJ's performance was stable and satisfactory. FBH is in a turn-around phase, and we are satisfied with the progress made in reshaping this business into a crisper, edited offering where the Woolworths brand is expected to play a much more central role. In the aggregate, across all our businesses, the penetration of online sales as a component of total sales increased from approximately 8% to over 10% during the financial year. Our highest penetration, at almost 30%, is in CRG, which is world-class with further upward potential, while in South Africa it is much lower, at 2.3% of Food sales and 4.1% of FBH

sales, although well up on the prior year. Enhancing our digital and data opportunities presents significant further promise for our Group across each of the businesses, and the Board affords these areas significant attention in its deliberations.

Our stakeholder engagement programmes continued over the year, albeit through virtual means, including a virtual AGM for the very first time. In addition to regular management interaction with shareholders, Zarina Bassa, Chantel Reddiar and I conducted a comprehensive non-executive director's governance roadshow subsequent to the publication of our 2020 Integrated Report, and we continue to find these sessions highly engaging and constructive. At these meetings there is also a marked interest in our Group's sustainability strategies, goals, and commitments, facilitated by more detailed disclosures as evidenced in our Good Business Journey Report. As leaders in the area of responsible retailing wherever we trade, we are committed to staying abreast of stakeholder demands and to leading through our Good Business Journey. Initiatives such as our supplier development initiatives and MySchool MyVillage MyPlanet continue to make a meaningful contribution to communities, whilst responsible sourcing and traceability is prioritised and, in many instances, we are at world-class levels. I would like to encourage all stakeholders to read our Good Business Journey Report, where our initiatives and measures are well documented.

During the governance roadshow, shareholders indicated strong opposition to aspects of our Remuneration Policy and Implementation, leading to a very disappointing voting outcome of 82% against our Remuneration Implementation Report. We understand the concerns that were raised and are of the view that the circumstances leading to the particular voting outcome were unique and are not expected to be repeated. We will continue to work towards receiving the requisite voting outcomes on our remuneration as we go forward.

From the onset of Covid-19, we increased the frequency of engagement with stakeholders and, in particular, with the relevant government authorities and industry bodies in South Africa, the rest of Africa, and in all states across Australia. In South Africa, we participated in several government and

industry-led discussions relating to the impacts of the lockdown restrictions and assuring supply chain resilience, as well as in civil society initiatives to optimise aid to communities facing pandemic-related challenges. In Australia, our teams worked with the Australian Retail Association in helping to define lockdown procedures and government support.

Our Board has been significantly refreshed over the past two years and is functioning effectively. The variety of skills and seasoned experience amongst our Board members lead to highly productive interaction, both informally and at Board meetings. During the year, as new members of the Board settled in, we ensured orderly succession by making some changes to committee representation. Pinky Moholi joined the Nominations Committee while passing the chairmanship of the Social and Ethics Committee to Thembisa Skweyiya. Simon Susman stepped down as Chair of the Sustainability Committee, with Belinda Earl taking on the chairmanship. We look forward to the contribution of our new committee chairs and express our sincere appreciation to Pinky and Simon for their very competent leadership of the respective committees over the recent past.

Zarina Bassa, our highly experienced Lead Independent Director and Chairman of our Risk and Compliance and Remuneration and Talent Management Committees, has served with distinction on our Board from 2011. She will step down during the new financial year when her committee chair portfolios have been fully handed over. Zarina has been a most valued sounding board to me since I stepped into my current role, for which I am very grateful.

Zyda Rylands, an executive director of WHL and the CEO of Woolworths South Africa, stepped down from these roles during September 2021 due to a desire to pursue early retirement. We are delighted that Zyda agreed to defer her intended early retirement and to remain with the Group through to 2024 to focus on leading the WSA Food business. Zyda has been instrumental in growing and positioning the WSA Food business as an industry-leading, food retailer. The Board also extends its appreciation to Zyda for her significant contribution to the WHL Board in her capacity as an executive director since 2006, and as the WSA CEO over the past six years.

In closing, I would like to express on behalf of the Board our gratitude to all staff, suppliers, customers, and the communities that we live and work in for the immense commitment and mutual support displayed over the course of a most difficult year. Our frontline and supply-chain staff often placed themselves at risk to keep our doors open, and we remain deeply grateful to them for doing so. Our deepest sympathies go to every person who has lost a loved one during this period.



Country Road, Spring 2021

OUR GROUP CHIEF EXECUTIVE OFFICER'S REPORT

When I joined the Group in February of last year, I was honoured and excited to lead an organisation with such a rich and storied heritage, at such a pivotal time in its history.



WHILST THE PAST YEAR HAS TESTED OUR RESOLVE AS AN ORGANISATION, WE HAVE RISEN TO THE CHALLENGE, DRIVEN BY THE UNWAVERING PASSION AND COMMITMENT OF OUR PEOPLE.

Within a matter of weeks, however, the Covid-19 pandemic had thrown the world into crisis and turmoil, resulting in a dramatically altered consumer ecosystem and global ways of working, and the tragic loss of lives and livelihoods. More recently, at the time of writing, we have also witnessed the deeply saddening impacts of the unrest experienced in KwaZulu-Natal and Gauteng in South Africa. In addition to these devastating external events, our Group also faced internal challenges in the form of a large debt burden, somewhat siloed businesses, and areas of underperformance, particularly in our apparel operations.

Whilst the past year has tested our resolve as an organisation, we have risen to the challenge, driven by the unwavering passion and commitment of our people. The way our teams have bravely and decisively faced these obstacles has been nothing short of remarkable. We have not only strengthened our foundation during the period, but have continued to serve our purpose of 'adding quality to life' by making a real and positive impact on the lives of our employees, their families, and the communities in which we operate. I would like to express my heartfelt gratitude to all our people, particularly those on the front line, who courageously show up every day for our customers and continue to deliver the exceptional service for which we're renowned. Our suppliers and our partners are integral to our success, and I would like to thank them for their commitment to our business. I would also like to thank all our customers for their continued support and the trust they place in our brands. Lastly, I would like to acknowledge each member of the Board for their support and guidance, and the Group's management teams for their outstanding leadership through these turbulent times.

REFLECTING ON OUR PERFORMANCE

Whilst the events of the past 18 months were largely beyond our control, how we chose to respond, was not. We have taken, and continue to take, clear and decisive actions to improve the health of our businesses, initially and importantly focusing on strengthening our balance sheet. We successfully executed our capital plan, selling our Bourke Street Menswear and Elizabeth Street buildings for A\$121m and A\$510m, respectively, and used these proceeds to pay down debt. This enabled us to split the covenant group that existed between David Jones and Country Road Group, unlocking immediate value for the Group, and establishing a pathway for value creation by enabling each entity to pursue its own independent ambition going forward.

From an operational perspective, trade across the Group improved, notwithstanding continued uncertainty and business disruption arising from delays in the rollout of Covid-19 vaccines, and further outbreaks and consequential lockdowns in both South Africa and Australia. Our Food business remains a stand-out performer, growing both market share and volumes in the year, despite a demanding prior year base. Whilst certain aspects of our Woolworths Fashion, Beauty and Home (FBH) strategy are yielding results, the top-line performance remains impacted by the constrained consumer environment, the decline in demand for formalwear, and our initiatives to streamline our private label offerings and rationalise unproductive space.

In Australia, our businesses benefited from stronger economic fundamentals, improved consumer confidence, and restrictions on international travel which supported inward-focused consumption and buoyed retail spend, despite intermittent snap lockdowns across major cities. This was, however, offset to an extent by reduced footfall in airport and Central Business District locations.

We have actively re-prioritised investment towards our data and digital transformation. Our recent partnership with Amazon Web Services has ratcheted up our Advanced Analytics capabilities across the Group, enabling us to analyse customer information with far greater speed and agility. We have increased our online capability and capacity by expanding our Click and Collect offering and launching our on-demand food delivery service, Woolies Dash. We also enhanced customer personalisation through the launch of WCellar, as well as our virtual beauty try-ons and consultations – a first in South Africa.

Whilst we do not measure our success in financial metrics alone, they do provide testimony to the outcome of our decisive actions and the execution of strategic initiatives. I am proud to say that we have ended the year in a far stronger position than when we entered it. In conjunction with the property sale proceeds, our focus on trading the business and improving our working capital management has resulted in positive cash flows and a 91% reduction in borrowings. We closed the year with R1.1bn in net debt – a position we haven't held since before 2014.

OUR REFRESHED STRATEGIC PRIORITIES

The backdrop of the pandemic has provided us with an opportunity to rethink and reset our strategic ambitions to ensure we remain relevant and purposeful in the context of a rapidly evolving consumer landscape. Until now, our businesses have operated in a fairly siloed manner, and so this also provided an opportunity, under the direction of new leadership, to work towards a consolidated strategic framework that translates across the Group and aligns our divisional strategies to those of WHL. This has enabled the formulation of strategy in a more holistic, coherent and consistent manner, driving clarity in respect of prioritisation of initiatives, and harnessing collective efforts in their execution.

Our new strategic framework encompasses three central themes: protect and grow our core businesses; access new growth opportunities; and lead in customer experience. Supporting these strategic themes are our enablers of operational excellence, our people, and our well-established Good Business Journey (GBJ) – the details of which are discussed on page 45 of this report. Underpinning these strategic themes and enablers are a series of initiatives, outlined on pages 46 to 51 of this report, which support our sustainable growth and value creation ambition, and our aim to be a leading, purpose-driven, and truly connected retailer.

One of these key strategic initiatives focuses on creating value in our Australian businesses. Over the past year, our priority was to stabilise our operations, protect liquidity, and strengthen the balance sheet. Having successfully executed on our capital plan, our focus now shifts to improving the underlying operational and financial performance of these companies, particularly in the case of David Jones. We are also exploring new growth opportunities in the case of Country Road Group. During the year, Scott Fyfe took over as CEO of David Jones, and more recently, we have welcomed Raju Vuppalapati as CEO of Country Road Group. I wish them both well in their respective roles, and look forward to the impact they will make in driving strategic direction and positive momentum in these businesses.

OUR NEW STRATEGIC FRAMEWORK ENCOMPASSES THREE CENTRAL THEMES: PROTECT AND GROW OUR CORE BUSINESSES; ACCESS AND EXPLOIT NEW GROWTH OPPORTUNITIES; AND LEAD IN CUSTOMER EXPERIENCE. SUPPORTING THESE STRATEGIC THEMES ARE ENABLING INITIATIVES IN RESPECT OF OPERATIONAL EXCELLENCE, OUR PEOPLE, AND OUR WELL-ESTABLISHED GOOD BUSINESS JOURNEY.

Arguably, the single biggest opportunity to reset the value of our Group lies in turning around the South African Fashion business, whilst simultaneously growing Beauty and Home. To achieve this, we are ‘editing to amplify’ – doing more with less – by streamlining our brands, physical footprint, structures, and processes. Whilst this may come at the expense of some short-term market share, we are clear that we will no longer pursue aggregate and unprofitable share. Our overarching priority is to restore the underlying financial health of the FBH business, through increased full-priced sales, reduced markdown, healthier trading densities, and an improving return on sales percentage.

Sustaining the momentum of our Food business is pivotal to our success. The competitiveness of our business is underpinned by critical back-end capabilities, developed and refined over many years. Whilst competitive dynamics may be intensifying, we firmly believe that continued investment in our key competencies, such as innovation and new product development, our superior cold chain, and our partnerships with suppliers, will reinforce our competitive advantage and industry-leading margins. We also see scope to grow our share of customers and share of wallet by remaining aspirational but becoming more accessible whether it be in terms of price, format, or channel. We will do this whilst retaining our obsession to deliver a world-class, quality Food experience. The recent opening of our first stand-alone WCellar wine and liquor store in Nicolway in Johannesburg, next to our existing food store, is an example of just this – combining product, service, and experience to provide solutions for our customers.

Another focus area is our digital transformation, which has the potential to become a game changer and real differentiator for us. This extends well beyond the number of online transactions, or the online percentage of sales it encompasses, to the entire customer journey. Data and advanced analytics is also a key component of our digital transformation and strategy. Whilst we have a wealth of data as a result of our various loyalty programmes, there is more we can do to leverage these insights into informed actions. I’m really excited by a number of the opportunities we see to deploy and scale our learnings, whether it be to better inform our buying decisions or refine our personalised engagement and rewards programmes to drive loyalty and incremental spend. To this end, we are redirecting our operational and capital spend accordingly, and implementing a new operating model to fast-track the building of our online capability.

Improving our operational efficiency is an imperative. The shifting consumer ecosystem impacts not only customer wants and needs, but the economic fundamentals of the retail landscape more broadly. To remain competitive, we

must become more efficient in how we manage our business, and this includes our cost-to-sell percentage. In addition to rationalising and optimising our apparel store footprint to enhance the shape of our chain, we are undertaking a comprehensive review of our cost base to identify potential areas for further efficiency and flexibility.

Covid-19 has brought to the fore many societal issues and, as recent national events have shown, the plight of the vulnerable, historically excluded and marginalised, is now more dire than ever. Knowing that the WHL Group has the scale, accountability and the wherewithal to take action, we are

doubling down on our vision to be one of the world’s most responsible retailers as well as our purpose of adding quality to life. Our well-entrenched and highly regarded GBJ is the embodiment of this vision, making a difference for people, communities, and the environment. Our GBJ is a key differentiator for us and a clear and compelling imperative. To further stretch us into challenging, yet exciting sustainability territory for the next five to twenty-five years, we recently launched our new sustainability strategy and targets for 2025 and beyond.

Additionally, given the sophisticated context of our business, we have elected to intensify our focus on the social and

people facets of our Good Business Journey. The Inclusive Justice Initiative, which features throughout the report, endeavours to translate the ethos of inclusive justice into tangible business actions which inspire inclusive growth for all our people. This will meaningfully impact the communities in which we operate across the world. This initiative, which tackles issues like gender and race equity, economic inclusion, and LGBTQIA+ inclusion, will ultimately touch all parts of our business, and has already begun to do so. This goes beyond ‘ticking a box’ – we go further and do more because it builds a better business and supports the values by which we live.



Woolworths, Spring 2021

KNOWING THAT THE WHL GROUP HAS THE SCALE, ACCOUNTABILITY, AND THE WHEREWITHAL TO TAKE ACTION, WE ARE DOUBLING DOWN ON OUR VISION OF BEING ONE OF THE WORLD’S MOST RESPONSIBLE RETAILERS AS WELL AS OUR PURPOSE OF ADDING QUALITY TO LIFE.

OUR WAYS OF WORKING

Whilst we are clear in our strategic direction and the initiatives needed to effect this, our ultimate success will be impacted by our ways of thinking, working, and executing. I see significant opportunity for us as an organisation to be more externally focused, to sharpen our competitive edge, dial up our sense of urgency, and drive greater accountability across our businesses, in four broad ways:

Firstly, we recognise the fact that we must become more externally focused, by developing a better understanding of the competitive landscape and the environment in which we operate and building an even stronger obsession for our customers. We are afforded the privilege of information, and by becoming more consumer-focused and market-facing as an organisation, we can better leverage these insights to more proactively inform all our business decisions.

Secondly, we need to intensify our focus on execution. One of my earlier observations upon joining the Group, was that we could be faster to action by prioritising speed and agility over excessive perfection. With this in mind, we have begun to challenge the ways we work, and to empower our teams to make bolder decisions and take quicker actions; understand what worked and what didn't; and then continue to innovate, improve, and progress.

Thirdly, we must ensure that our people are truly connected with our purpose and strategy. We will achieve this through our values, our people practices, and our compelling Employee Value Proposition.

Lastly, we need to leverage the scale, diversity, and matrix operating model of our Group as a differentiator to our success.

LOOKING AHEAD

South Africa's recovery from the Covid-19 pandemic has been impeded by the onset of the third wave of infections and the consequential lockdown restrictions. This has further dampened already-weak consumer confidence and will constrain discretionary spend. Furthermore, the civil unrest in July and widespread destruction of property has reverberated across the country, with devastating impact on lives and livelihoods, and the effects of this are likely to endure for some time.

Whilst Australia has fared better than most economies in the face of the pandemic, the impact of closed borders on tourism and the end of government support initiatives is anticipated to place pressure on consumption expenditure. The slow vaccine rollout, combined with ongoing snap lockdowns and associated restrictions, also impedes our ability to trade our stores.

It is clear that our new financial year has begun with further headwinds – some new and some familiar. Notwithstanding, I am more confident than ever that these are not insurmountable. This past year is proof of that. We have an exceptional team of people whose collective passion, determination and commitment are the cornerstone of our resilience, and our success. I, personally, am truly inspired by them, and I'm excited by the opportunities that lie ahead of us.

We have entered the new financial year with strategic clarity and a far stronger foundation from which we will rebuild our financial credentials, drive long-term value creation, and restore our business to its rightful place in the hearts and minds of all our stakeholders.



OUR GROUP FINANCE DIRECTOR’S REPORT



THE GROUP IS PLEASED TO REPORT A STRONG OPERATIONAL AND FINANCIAL PERFORMANCE.

OVERVIEW

The Group is pleased to report a strong operational and financial performance, notwithstanding the ongoing impacts of Covid-19 over the year. Management actions to stimulate trade, manage margins, contain costs, and pay down debt have resulted in a pleasing set of results and a stronger balance sheet.

Trade across the Group continued to improve, notwithstanding uncertainty and business disruption exacerbated by the delay of the Covid-19 vaccine rollout, further outbreaks and related lockdowns across both South Africa and Australia. The improved trade performance, coupled with strong working capital management and the proceeds arising from the property sales in Australia, resulted in positive cash flows and a significant reduction in net debt across the Group.

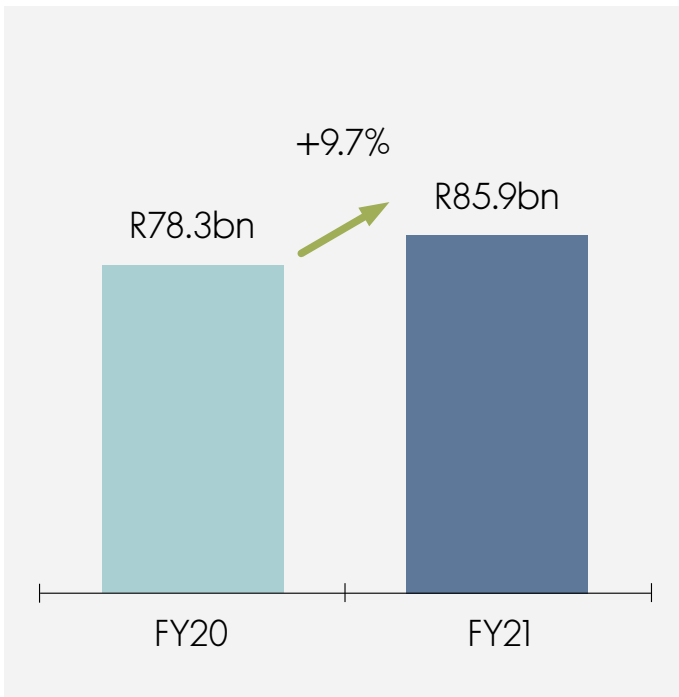
When writing this report a year ago, we were in the midst of Covid-19 and focused on generating cash and preserving liquidity. We are unfortunately still living with the pandemic and at the time of writing, we were dealing with extended, very stringent lockdowns and the closure of a large part of our store network in Australia and New Zealand, whilst in South Africa, the civil unrest in the midst of the third wave not only disrupted trade but negatively impacted growth forecasts and investor and consumer confidence. Nevertheless, we are in a much stronger position to withstand the impact of trade volatility this year, having executed on our capital plan and fundamentally restructured our balance sheet.

During the past year, notwithstanding the ongoing challenges, we achieved many of the objectives that we had set out ourselves, which include:

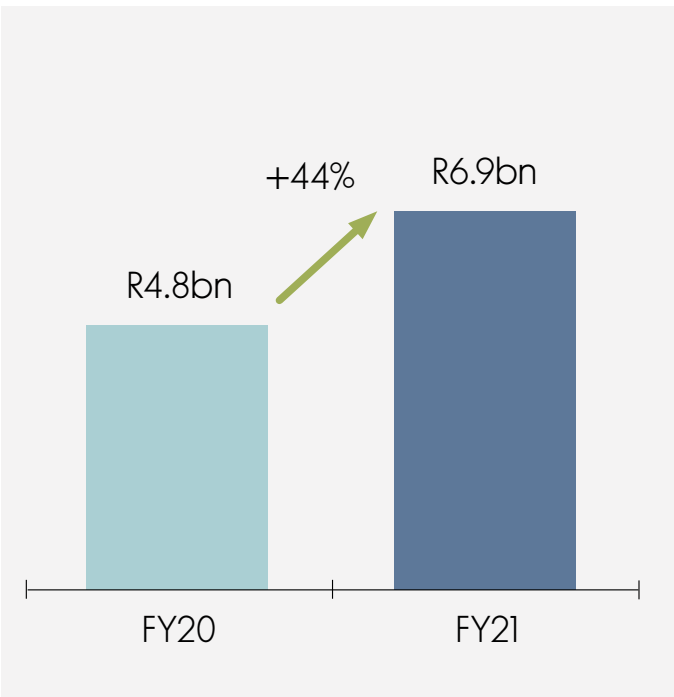
- Stronger trade across the Group, with turnover and concessions sales increasing by 9.7% to R85.9 billion
- Operating profit growth achieved across all businesses, with Group adjusted EBIT growing by 44% to R6.9 billion
- Successful execution of our capital plan, with net borrowings reduced by R10.5 billion to R1.1 billion and Australia in a net cash position of A\$357 million at year end
- An improvement in net equity, which increased by 48% to R9.6 billion
- Improved capital returns, with ROCE (post IFRS 16) increasing from 9.2% to 14.9%, which is also ahead of FY2019
- The resumption of dividends

CLEAR AND DECISIVE ACTIONS TO IMPROVE THE FINANCIAL HEALTH OF OUR GROUP DROVE A 90% REDUCTION IN NET BORROWINGS AND AN IMPROVED OPERATING PERFORMANCE ACROSS ALL BUSINESSES, WITH GROUP *a*EBIT UP 44% ON LAST YEAR.

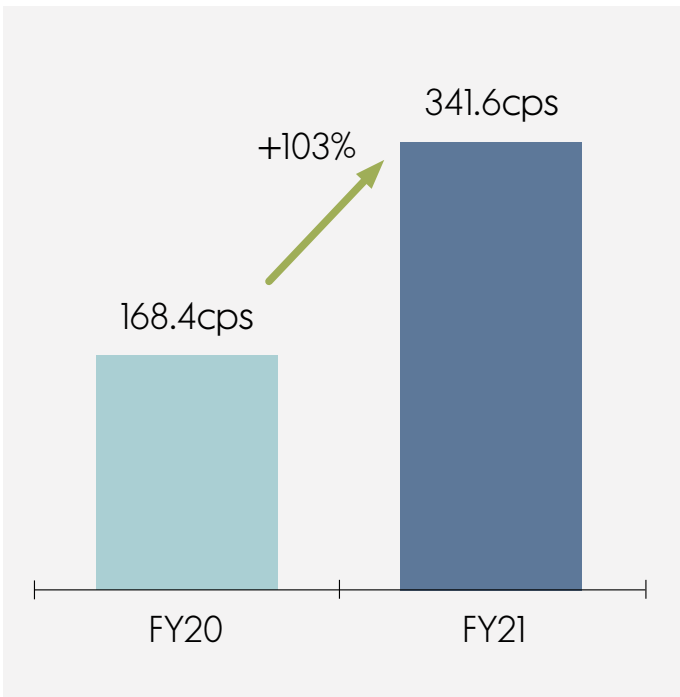
TURNOVER AND CONCESSION SALES



ADJUSTED EBIT



ADJUSTED DILUTED HEPS

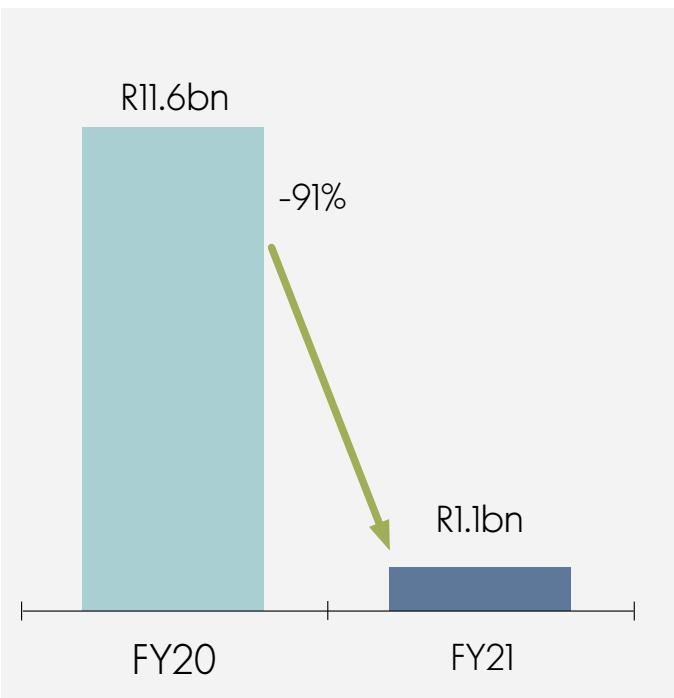


FREE CASH FLOW*

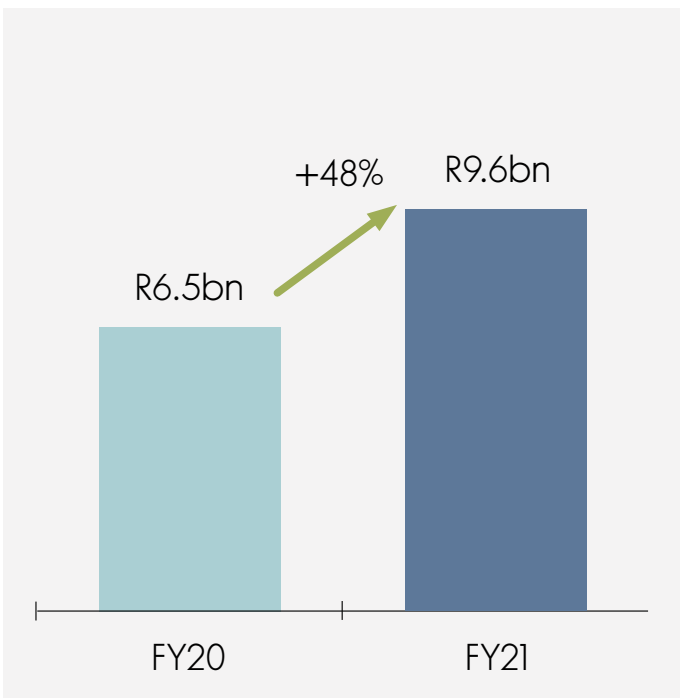


* Operating cash flows before expansion capex and property sales

NET BORROWINGS (EXCLUDING LEASE LIABILITIES)



NET EQUITY (INCLUDING LEASE LIABILITIES)



Debt/Equity
4.9x 2.1x

Our results are not comparable to 2020, particularly when comparing the halves, due to the disrupted base. In South Africa, our Food business delivered another outstanding result, with consistent market share and volume gains, notwithstanding the high Covid-19 impacted base. In FBH, the top-line was impacted by reduced demand for formalwear and initiatives to streamline our private label offering and rationalise unproductive space. Despite a positive start to the winter season, trade was hampered by the second and third waves at the beginning and end of the second half. Our initiatives to improve the financial health of FBH are expected to gain further traction in the coming year.

David Jones results for the year showed encouraging improvement across key metrics, despite the continued disruption from intermittent lockdowns, store closures, and reduced footfall in CBD locations. Country Road Group had an exceptional year which was underpinned by the strong performance of the Country Road brand and refreshed product offerings across the other brands. Online grew significantly and this channel now represents 17% and 30% of total sales in David Jones and Country Road Group respectively.

The Group delivered profit before tax of R5.2 billion, with earnings per share (‘EPS’) of 435.1 cps, headline EPS of 374.4 cps and adjusted diluted HEPS of 341.6 cps which was 103% up on the prior year. The result was also underpinned by gross profit margin improvements and tight cost control. Cost optimisation continues to be a key focus and we achieved substantial cost savings across

OUR GROUP FINANCE DIRECTOR'S REPORT (CONTINUED)

the Group. In Australia, we had JobKeeper support and rent relief of c.A\$91 million, mainly in the first half, compared to c.A\$61.5 million received in the second half of last year.

Capital expenditure was R1.4 billion, which is lower than in prior years due to a pullback in non-critical spend. Going forward, we are shifting our spend from bricks and mortar and prioritising investments in online, digital, data, and customer to support our strategic priorities.

Strengthening the balance sheet was a key objective and we successfully executed on our capital plan and delivered a 91% reduction in net gearing. As a result, we achieved covenant separation between David Jones and Country Road, and ended the year in a net cash position in Australia. The stronger Group financial position was also achieved through strong cash flows from trading and working capital management, and the suspension of dividends. Our working capital movements were a positive R256 million for the year despite the build-back of inventory from a low base and higher payable balances as we sought to preserve cash last year.

There were a number of material adjustments to earnings in the year, in order to arrive at headline earnings and adjusted headline earnings, which are as follows:

- The sale of the Bourke Street Menswear and Elizabeth Street properties resulted in the recognition of a profit of A\$23.5 million and A\$19.0 million respectively, accounted for in terms of IFRS 16 and the leaseback arrangements entered into for both stores. We utilised prior year tax losses which were offset against these capital gains
- Also excluded from headline earnings were impairments of R364 million pre-tax mainly due to impairment of Right-of-use (ROU) assets from underperforming stores, as a result of the ongoing impact of Covid-19
- In line with our strategic objective to rationalise our store network, optimise space and reduce lease terms, there were a number of lease exits and modifications, primarily in David Jones, which resulted in gains of R591 million (pre-tax). This is excluded from adjusted headline earnings
- Also excluded from adjusted headline earnings were store exit costs of R62 million and the write-off of unamortised upfront debt costs of R61 million resulting from the early settlement and cancellation of Australian debt facilities

We ended the year in a stronger position and the Board has resolved to resume dividends and approved a payment of 66.0 cps, in respect of Woolworths South Africa second-half headline earnings. Given the prevailing market uncertainty and lingering impact of Covid-19, the dividend will be resumed at a payout ratio of 60% (relative to a normalised payout ratio of 70%). A recommencement of the CRG dividend will be considered in February 2022 and an appropriate longer-term Group payout ratio will be revisited once conditions have stabilised.



Country Road, Winter 2021

OUR GROUP FINANCE DIRECTOR’S REPORT (CONTINUED)

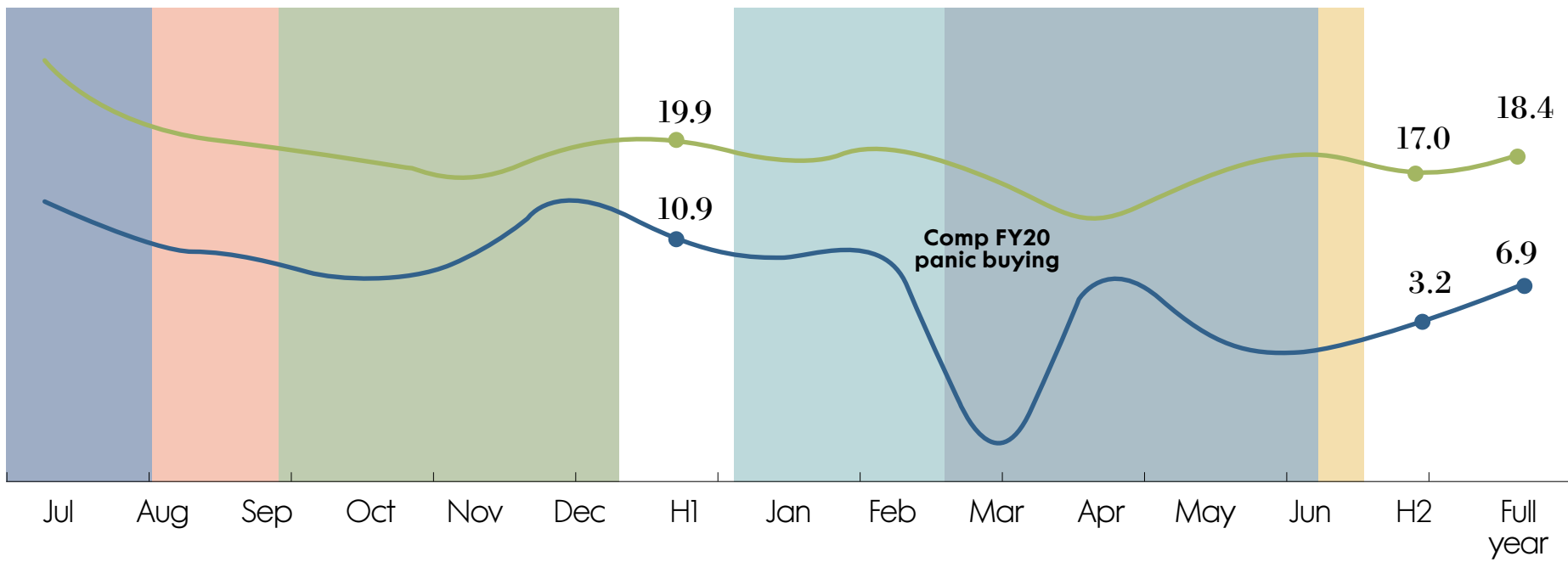
GROUP INCOME STATEMENT

	2021 Rm	2020 Rm	% change
Turnover and concession sales	85 857	78 262	9.7
Turnover	78 763	72 208	9.1
Cost of sales	49 816	46 859	6.3
Gross profit	28 947	25 349	14.2
Other revenue	2 096	1 788	17.2
Expenses	24 174	22 444	7.7
Adjusted operating profit	6 869	4 693	46.4
Net finance costs	2 419	2 626	(7.9)
Earnings from joint ventures	118	101	16.8
Adjusted profit before tax	4 568	2 168	110.7
Adjustments	582	(766)	
Profit before tax	5 150	1 402	267.3
Tax expense	987	843	17.1
Profit for the year	4 163	559	644.7

TURNOVER AND CONCESSION SALES

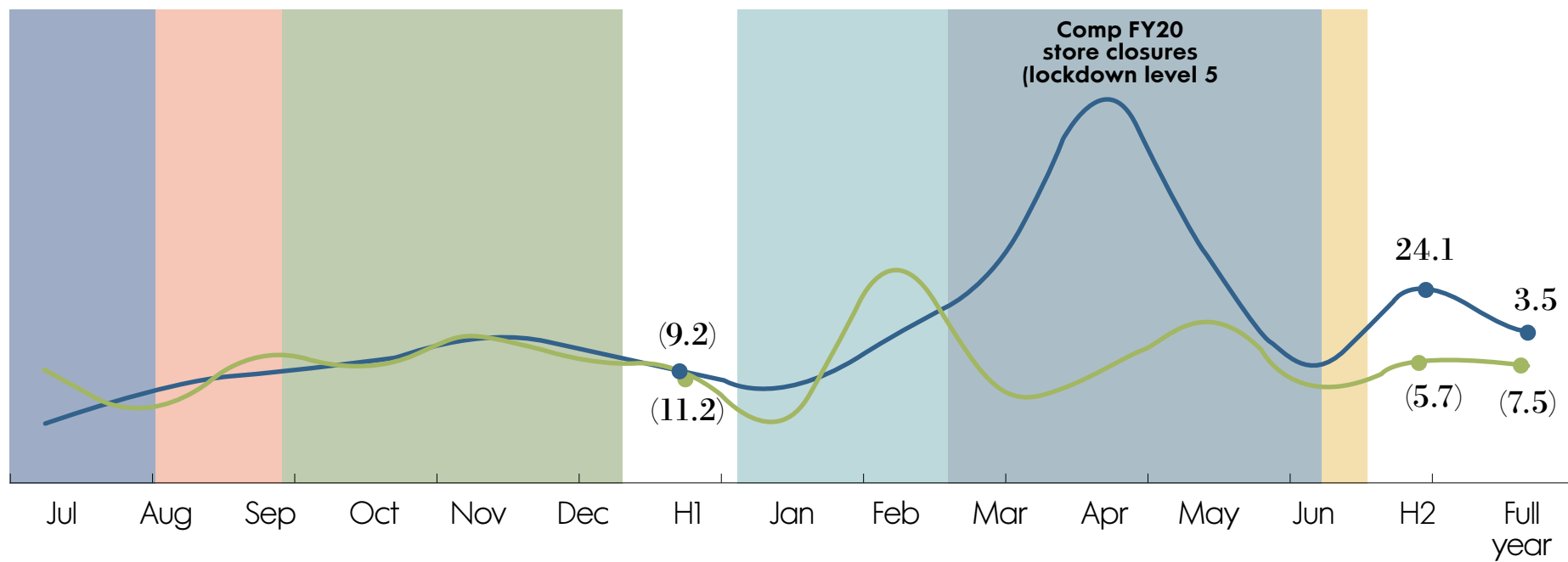
Group turnover and concession sales were 9.7% up on the prior year; and illustrated on the right is growth on FY20 and on FY19. Trade across the Group improved, notwithstanding the continued uncertainty exacerbated by the delay of vaccine rollouts and further Covid outbreaks and related lockdowns across both South Africa and Australia.

WOOLWORTHS FOOD



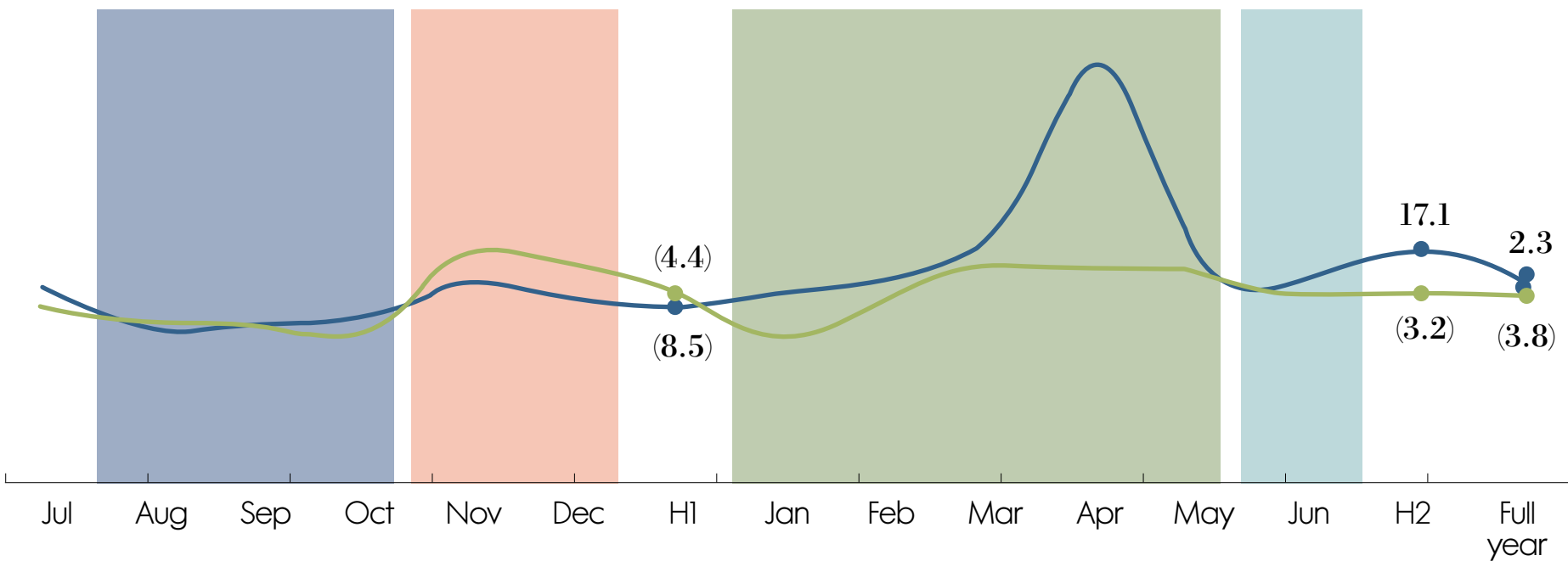
Woolworths Food grew both market share and volumes during the period despite the high base driven by stockpiling ahead of the first lockdown in 2020. Trade continued to benefit from shifts in customer spending patterns and the focus on value, innovation, quality and convenience. Sales for the current year grew by 6.9% and by 5.7% in comparable stores, while online sales grew 117.9%, contributing 2.3% to sales, which was supported by Click and Collect and the rollout of our on-demand delivery service, Woolies Dash.

WOOLWORTHS FASHION, BEAUTY AND HOME



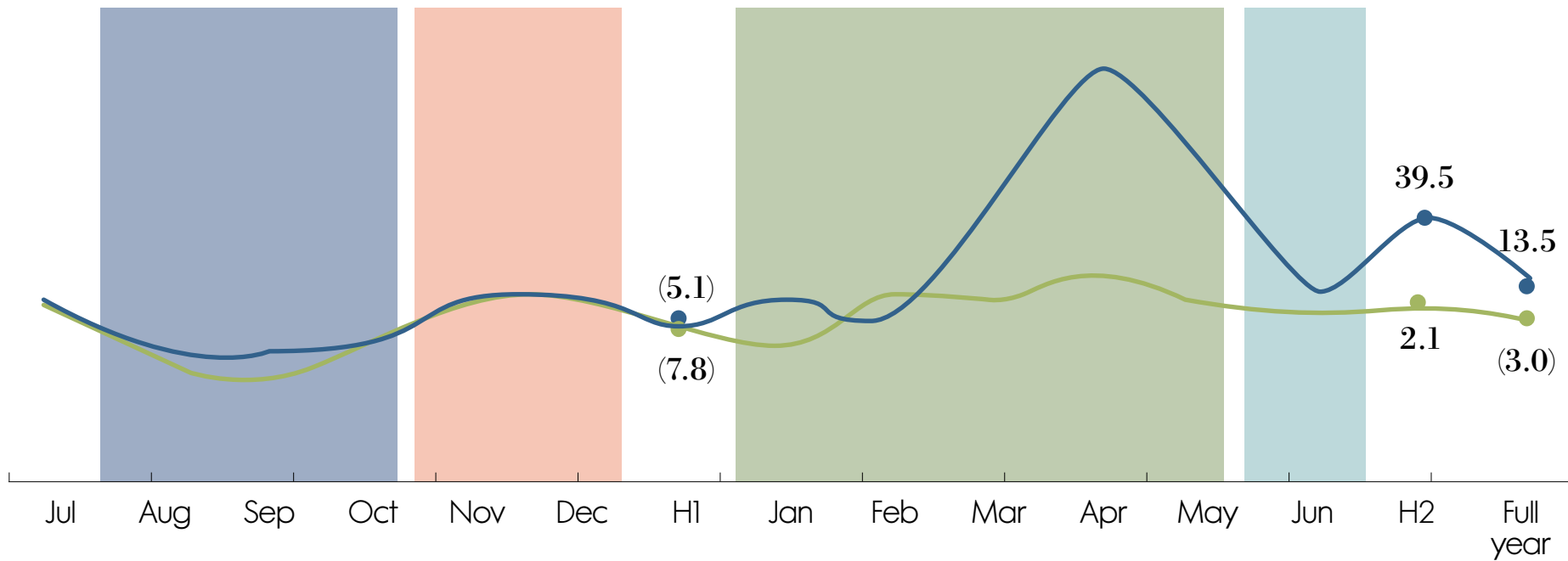
FBH sales for the current year increased by 3.5% and by 4.2% in comparable stores, while sales in the second half of the year grew by 24.1% on a non-comparable base. Sales continued to be impacted by the second and third Covid-19 waves and the constrained environment. As mentioned previously, sales were also affected by our initiatives to streamline our private label offerings and rationalise unproductive space, which reduced by a net 6.4% for the year. Online sales contributed 4.1% to South African sales and grew by 114.4%.

DAVID JONES



David Jones (DJ) turnover and concession sales grew by 2.3%, with second half sales up 17.1%. Trade continued to be impacted by intermittent lockdowns and related store closures, together with lower footfall in CBD stores. Online sales grew by 24.4%, offsetting some of the lost store sales and contributing 17.3% to total sales.

COUNTRY ROAD GROUP



Country Road (CRG) delivered strong sales growth of 13.5% and by 15.3% in comparable stores, with second half sales up 39.5%. This was underpinned by the strong performance of the Country Road brand and also through refreshed product offerings across all brands and increased loyalty engagement. Online grew by 30.7% and contributed 29.7% to sales.

● FY2021 growth % on FY2020

● FY2021 growth % on FY2019

OUR GROUP FINANCE DIRECTOR’S REPORT (CONTINUED)

GROSS PROFIT

Gross profit grew by 14.2% (9.8% in constant currency) and gross profit margin, excluding concessions, increased by 1.65%. Gross profit margins in FBH improved by 150 bps, and by 220 bps in both DJ and CRG. The primary drivers of this increase were a shift to full-price regular sales and less promotional and clearance activity in the current year compared to 2020. In Food, gross profit margins were 40 bps lower than the prior year due to further price investments and the growth in online.

EXPENSES

Expenses, including store and other support costs, increased by 3.1% in constant currency, which includes government support and rent relief in the current and prior year. Woolworths South Africa costs have increased by 5.8%, while costs in DJ and CRG remained flat on last year. Strong cost management and the implementation of cost optimisation initiatives across the Group resulted in substantial savings.

EARNINGS FROM JOINT VENTURE

Our share of profit after tax from Woolworths Financial Services (WFS), our joint venture with ABSA Group Limited, was 16.8% up on last year, at R118 million.

NET FINANCE COSTS

Net finance costs of R2 419 million were 7.9% lower than last year and include the IFRS 16 finance costs on leases, while bank borrowing costs reduced by 21%. The Australian debt was settled following the Elizabeth Street sale in March 2021. Lower debt levels in Australia and base rates in South Africa and Australia resulted in lower borrowing costs, while we continue to manage our interest rate risk through effective hedging. Net interest cover, excluding lease liabilities, increased to 8.9 times from last year’s 5.4 times.

ADJUSTMENTS

Adjustments to profit before tax include:

- R492 million profit on sale of the DJ properties
- R591 million lease exit and modification gains
- R364 million impairment of assets
- R123 million restructure and store exit costs
- R14 million unrealised foreign exchange losses recognised

R33 million deferred tax on assessed losses were also not recognised in the current year.

TAX

The Group’s adjusted effective tax rate is 27.6%, which is 2.0% higher than last year, mainly due to the higher contribution of the Australian entities to Group profits. The reported effective tax rate for the current year is 19.2% vs 60.2% last year due to the utilisation of tax losses in the current year and the non-recognition of deferred tax assets in the prior year.

EARNINGS PER SHARE (EPS) AND HEADLINE EPS (HEPS)

The various earnings per share, HEPS and adjusted HEPS on a diluted and adjusted diluted basis are presented in the table below:

	2021 Rm	2020 Rm	% change
EPS	435.1	58.2	647.6
Diluted EPS	428.7	57.6	644.3
HEPS	374.4	119.8	212.5
Diluted HEPS	368.9	118.4	211.6
Adjusted HEPS	346.6	170.3	103.5
Adjusted diluted HEPS	341.6	168.4	102.9
DPS	66.0	89.0	(25.8)
WANOS (millions)	956.3	956.9	(0.1)

HEPS, which excludes the profit on the sale of the David Jones properties, impairment, as well as other capital adjustments, increased by 212.5% to 374.4 cps. Adjusted diluted HEPS, which excludes all the adjustments referred to above, increased by 102.9% to 341.6 cps.

DIVIDEND PER SHARE (DPS)

A final and total dividend of 66.0 cps was declared in respect of Woolworths South Africa second-half earnings. As mentioned earlier, the Board believes that it is appropriate to resume distributions to WHL shareholders, considering the improvement in the Group capital position. However, given the continued market uncertainty and lingering impact of Covid-19, a longer-term policy will be communicated once conditions stabilise.



Woolworths, Autumn 2021

OUR GROUP FINANCE DIRECTOR’S REPORT (CONTINUED)

SUMMARISED STATEMENT OF FINANCIAL POSITION

	2021 Rm	2020 Rm	Constant currency % change
Assets			
Property, plant and equipment	9 315	16 246	(39.2)
Intangible assets	7 546	8 228	(2.7)
Right-of-use assets	19 116	20 519	0.4
Investment in joint ventures	893	742	20.4
Inventories	8 501	8 054	10.7
Trade and other receivables	1 348	2 244	(38.1)
Derivative financial instruments	46	283	(82.7)
Deferred tax and tax assets	3 465	3 216	16.7
Cash and cash equivalents	5 624	5 534	8.7
Total assets	55 854	65 066	(8.6)
Equity and liabilities			
Shareholders’ funds	9 594	6 510	61.5
Borrowings and overdrafts	6 640	17 120	(61.2)
Lease liabilities	27 194	28 599	2.6
Other non-current liabilities	724	735	1.2
Derivative financial instruments	379	341	15.2
Deferred tax and tax liabilities	390	151	>100
Trade and other payables and provisions	10 933	11 610	(1.6)
Total equity and liabilities	55 854	65 066	(8.6)
Net gearing	1 056	11 586	
Net gearing including lease liabilities	19 990	32 177	

The constant currency information has been extracted, without adjustment, from the document titled ‘Woolworths Holdings Limited Pro Forma Financial Information Constant Currency Group Statement Of Financial Position at 27 June 2021, Gross Profit and Expenses for the 52 weeks ended 27 June 2021’ on which Ernst & Young Inc. have issued a reporting accountant’s report. The document and the report are available for inspection at the Group’s registered offices.

The assets and liabilities of the Australian subsidiaries contained within the Group Statement of Financial Position are impacted by the lower exchange rate at year-end, which was R10.7/A\$ compared to R11.8/A\$ last year.

Shareholders’ funds are at R9.6 billion at the end of the period, with a net debt to equity ratio of 0.1. Net gearing (excluding lease liabilities) reduced by R10.5 billion to R1.1 billion. Significant movements, in constant currency, since June 2020 are expanded on below:

Property, plant and equipment and intangible assets movements include the sale of the two DJ properties, a pre-tax R11 million impairment at year-end, and the capex spend in the period.

Right-of-use assets decreased due to continued rationalisation of space, lease modification adjustments in respect of renegotiated leases, offset by the sale and leaseback arrangements for the two David Jones properties.

Investment in joint ventures includes the 50% less one share of the net assets of WFS of R882 million. The investment increased from last year due improved performance, including a lower impairment charge.

Inventory increased by 10.7%, due to the build-back of inventory in the current year from the low levels last year as a result of high stock clearance activity to generate cash.

Shareholders’ funds have increased substantially as a result of the operating profit after tax for the year, the profit on sale of properties and lease exit and modification gains, partially offset by after-tax asset impairments. Furthermore, no final FY20 nor interim FY21 dividend was declared. Shareholders’ funds were reduced by the impact to the foreign currency translation reserve from translating our foreign subsidiaries at a stronger rand at year-end.

Lease liabilities of R24.6 billion (non-current) and R2.6 billion (current) include new and renewed leases, such as the leaseback of the Elizabeth Street and Bourke Street Menswear properties. The year-end balance has decreased by R2.2 billion, also due to foreign exchange translation impacts and lease payments for the period.

Trade and other payables and provisions increased primarily due to the timing of creditor payments, rent and tax deferrals and extended terms negotiated with trade suppliers last year.

NET BORROWINGS, LIQUIDITY AND COVENANTS

	2021 Rm	2020 Rm
WHL Net debt (R million)	(1 056)	(11 624)
Interest-bearing debt	(6 540)	(17 061)
Net cash and cash equivalents	5 484	5 437
Unutilised committed facilities – Group	7 285	6 340
SA Net debt (R million)	(4 882)	(7 299)
Interest-bearing debt	(6 540)	(8 687)
Net cash and cash equivalents	1 658	1 388
Rate*	7.77%	7.70%
Unutilised committed facilities – SA	6 288	5 914
Aus Net cash/(debt) (A\$ million)	357	(366)
Interest-bearing debt	–	(708)
Net cash and cash equivalents	357	342
Rate	n/a	4.39%
Unutilised committed facilities – Aus	93	36

* Partially hedged all-in rate including amortisation of upfront costs

The proceeds of the property sales were used to repay debt in Australia including the bonds. The stronger operational performance, together with the suspension of dividends, allowed us to reduce the level of debt and refinance remaining debt where appropriate. We also executed the first sustainability-linked term loan in the retail sector in South Africa, a significant achievement for the Group. Further debt has subsequently been refinanced on the same basis, a process we will continue to pursue through all sources of debt funding. The businesses are well within the target gearing and covenant levels.

OUR GROUP FINANCE DIRECTOR’S REPORT (CONTINUED)

IFRS 16 LEASES

GROUP LEASE PORTFOLIO	Group	WSA	DJ	CRG
Lease liabilities	Rm	Rm	A\$m	A\$m
Jun 2020	28 599	6 727	1 379	471
Jun 2021	27 194	6 055	1 571	399
Number of leases: Jun 2020	1 034	509	64	461
Number of leases: Jun 2021	986	498	65	423
Average remaining lease term (years): Jun 2020	5.3	6.0	16.5	3.0
Average remaining lease term (years): Jun 2021	5.3	6.3	14.9	2.6
Average remaining lease term with no options (years): Jun 2021	3.5	3.3	14.6	2.1

There has been a concerted effort to reduce space and the tenure of our leases in order to improve space productivity and have greater flexibility in terms of our lease commitments. During the course of the year, we exited a number of stores across the Group and negotiated reduced lease terms. In addition, we have also focused on turnover-based rentals. These initiatives have resulted in lease modification gains referred to earlier and reduced our lease obligations, notwithstanding entering into the leaseback arrangements for Bourke Street Menswear and Elizabeth Street buildings.

CAPITAL MANAGEMENT AND SHAREHOLDER RETURNS

	2021	2020
ROCE (%)	14.9	9.2
Net debt:Equity (times)	2.1	4.8
Net debt:EBITDA (times)	1.7	3.3
Interest cover (times)	4.9	3.7

ROCE increased to 14.9%. The Net Debt to Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) ratio decreased to 1.7 times as we settled the Australian debt. The ratios shown to the left are as reported, on a post IFRS 16 basis.

We were well within our targeted gearing ratios for each of the businesses which, on a pre-IFRS 16 basis, are as follows:

- 1.5x for Woolworths South Africa
- 1.0x for Country Road Group
- No debt for David Jones

SUMMARISED STATEMENT OF CASH FLOWS

	2021 Rm	2020 Rm
Cash inflow from trading	11 393	9 437
Working capital movements	256	1 704
Cash generated by operating activities	11 649	11 141
Investment income received	83	62
Finance costs paid	(2 595)	(2 569)
Tax paid	(1 108)	(685)
Cash generated by operations	8 029	7 949
Dividends received from joint ventures	–	170
Dividends paid to ordinary shareholders	–	(1 808)
Net cash inflow from operating activities	8 029	6 311
Net investment in assets	(1 425)	(2 407)
Proceeds on disposal of property in Australia	7 356	–
Other loans advanced	(21)	(23)
Net cash inflow/(outflow) from investing activities	5 910	(2 430)
Net share issues and costs	(70)	(36)
Lease liabilities repaid	(3 048)	(2 263)
Net borrowings (repaid)/raised	(10 398)	2 298
Net cash outflow from financing activities	(13 516)	(1)
Net cash inflow for the year	423	3 880

The cash generated from operating activities was R11.6 billion, which is 4.6% up on last year, and includes a further reduction in working capital of R256 million. This was achieved notwithstanding a reinvestment in inventory, which was at abnormally low levels last year, as we cleared inventory in order to generate cash and delayed creditor payments to preserve cash. We have therefore demonstrated our ability to preserve and generate cash when required to do so.

The overall cash generated for the year was R10.8 billion, which was achieved through improved trade, reduced capex, the decision to suspend dividends and the successful sale of the Bourke Street Menswear and Elizabeth Street properties. This was utilised to repay the Australian debt and reduce the level of South African debt, as mentioned earlier.

OUR GROUP FINANCE DIRECTOR’S REPORT (CONTINUED)

SUMMARISED STATEMENT OF CHANGES IN EQUITY

	2021 Rm	2020 Rm
Shareholders’ interest at the beginning of the year	6 510	6 233
Movements for the year:		
Total comprehensive income for the year	2 748	2 018
Profit for the year	4 163	559
Other comprehensive income	(1 415)	1 459
Share-based payments	250	92
Net acquisition of Treasury shares	(70)	(25)
Transfer of Financial Instrument Revaluation Reserve to inventories	156	–
Dividends to ordinary shareholders	–	(1 808)
Shareholders’ interest at the end of the year	9 594	6 510

Shareholders’ interest increased from improved trade, the sale of the two Australian properties, and the suspension of dividends.



EVENTS SUBSEQUENT TO YEAR-END

In July 2021, the province of KwaZulu-Natal (KZN) and parts of Gauteng in South Africa experienced civil unrest, which escalated into widespread looting and destruction of property. Eleven Woolworths stores were looted and severely damaged. Although looters gained entry to the Maxmead Distribution Centre (DC) in KZN, the infrastructure remained secured, together with our other DCs.

The Group has SA Special Risk Insurance Assurance (SASRIA) cover in place in respect of material damage caused by rioting, together with the related business interruption cover. At the date of this report, our assessment of the loss of stock is estimated to be between R50 million and R60 million and damage to fixtures and fittings to be between R140 million and R150 million. In addition, loss of trade resulting in store closures is estimated to be between R150 million and R200 million. We will lodge our claims once our investigations are complete and will account for this upon confirmation of value from the insurance assessors.

In Australia and New Zealand, we experienced significant disruption to trade post year-end due to the various lockdowns, resulting in temporary store closures arising from a spike in Covid-19 infections. While this has had a significant impact on our trade, we have been monitoring the situation and actively managing our inventory levels and cash flow.

OUTLOOK

The macroeconomic environment for South Africa and Australia is expected to be negatively impacted by further Covid-19 waves and resulting restrictions in the first half of our 2022 financial year. In Australia and New Zealand, current lockdowns are significantly affecting trade in our brick-and-mortar stores, while in South Africa, the effects of recent civil unrest are expected to be felt for some time.

We will continue to respond tactically to any immediate challenges whilst remaining steadfast and focused on the execution of our strategy and longer-term objectives. We are up to the challenge and have the benefit of a stronger foundation than this time last year with a stronger balance sheet, which allows us to pursue our growth ambitions without being encumbered by debt. Our planned capex reflects the shift in investments to the new growth drivers of our business, including into data, digital, and online initiatives. We remain focused on improving the efficiency of our cost base and driving more responsive and agile ways of working in order to fund our longer-term investments.

SEGMENTAL REVIEWS

SEGMENTAL CONTRIBUTION

	2021 Rm	2020 Rm	% change	Constant currency % change
Woolworths Fashion, Beauty and Home	1 083	948	14.2	
Woolworths Food	3 009	2 896	3.9	
Woolworths Financial Services	118	101	16.8	
Woolworths	4 210	3 945	6.7	
David Jones	962	249	286.3	281.8
Country Road Group	1 766	613	188.1	158.3
Segmental contribution before interest and tax	6 938	4 807	44.3	39.4
Net finance and other costs	(2 370)	(2 639)	(10.2)	
Adjusted profit before tax	4 568	2 168	110.7	100.0

The Group’s adjusted profit before tax increased by 110.7% on last year. The results are underpinned by operating profit growth across all segments.



SEGMENTAL REVIEWS (CONTINUED)

WOOLWORTHS FASHION, BEAUTY AND HOME

INCOME STATEMENT	2021 Rm	2020 Rm	% change
Turnover and concession sales	12 860	12 421	3.5
Concession sales	(5)	–	
Turnover – own buy	12 855	12 421	3.5
Cost of sales	7 003	6 953	0.7
Gross profit – own buy	5 852	5 468	7.0
Other revenue	14	17	(17.6)
Expenses	4 783	4 537	5.4
Store costs	3 175	3 033	4.7
Other operating costs	1 608	1 504	6.9
Adjusted operating profit	1 083	948	14.2

The sales performance of the Woolworths FBH business was impacted by several factors, as mentioned earlier. Total revenue for the current year increased by 3.5% and by 4.2% in comparable stores, while sales in the second half of the current year grew by 24.1% on the prior year’s disrupted base. Price movement was 7.5%, and 5.3% in Fashion, due to the higher promotional activity in the prior year. Online sales grew by 114.4%, contributing 4.1% to South African sales. The reduction in net space of 6.4% has translated into improved trading densities.

Gross profit margin improved by 150 bps to 45.5%. Expenses grew by 5.4%, including additional Covid-19 related costs and the impact of UIF TERS and rent relief last year. Adjusted operating profit increased by 14.2% to R1 083 million, with a post IFRS 16 operating margin of 8.4% for the current year.



WOOLWORTHS FOOD

INCOME STATEMENT	2021 Rm	2020 Rm	% change
Turnover and concession sales	38 286	35 817	6.9
Concession sales	(543)	(676)	(19.7)
Turnover – own buy	37 743	35 141	7.4
Cost of sales	28 491	26 397	7.9
Gross profit – own buy	9 252	8 744	5.8
Concession and other revenue	84	117	(28.2)
Expenses	6 327	5 965	6.1
Store costs	4 521	4 315	4.8
Other operating costs	1 806	1 650	9.5
Adjusted operating profit	3 009	2 896	3.9

The Woolworths Food business grew both market share and volumes despite the high base. Sales for the current year grew by 6.9% and by 5.7% in comparable stores, on price movement of 5.2% and underlying product inflation of 4.9%. Net space increased by 0.6%. Sales in the second half of the current year grew by 3.2%, and by 16.9% over a two-year period, reflective of the investment in innovation and our robust business model.

Whilst there has been some reversion in customer shopping behaviour, frozen foods and groceries continue to deliver strong growth. Due to the continued Covid-19 related trading restrictions, trade in Cafés, and wine and beverages remains negatively impacted. We continue to invest in price in key product categories to improve our value proposition whilst remaining focused on product quality, innovation and convenience. Online sales grew by 117.9% over the current year, contributing 2.3% to our South African Food sales. This was further supported by the expanded Click and Collect offering and the rollout of our on-demand delivery service, Woolies Dash.

Gross profit margin of 24.5% was 40 bps lower than the prior year as a result of further price investment and the growing online contribution, which were partly offset by volume rebates, improved waste and distribution cost efficiencies. Expenses, including additional Covid-19 related costs, grew by 6.1%. Adjusted operating profit increased by 3.9% to R3 009 million, with a post IFRS 16 operating margin of 8.0% for the current year.

SEGMENTAL REVIEWS (CONTINUED)

WOOLWORTHS FINANCIAL SERVICES

	2021 Rm		2020 Rm		% change
Average total financial services assets	13 054		13 185		(1.0)
INCOME STATEMENT		% to book		% to book	
Interest income	1 665	12.8	2 135	16.2	(22.0)
Interest paid	399	3.1	638	4.8	(37.5)
Net interest income	1 266	9.7	1 497	11.4	(15.4)
Impairment charge	690	5.3	1 043	7.9	(33.8)
Risk-adjusted margin	576	4.4	454	3.4	26.9
Non-interest revenue	778	6.0	880	6.7	(11.6)
Operating costs	1 021	7.8	1 053	8.0	(3.0)
Profit before tax	333	2.6	281	2.1	18.5
Tax	98	0.8	80	0.6	22.5
Profit after tax	235	1.8	201	1.5	16.9
50% equity accounted	118		101		
Return on equity	13.6%		11.3%		

The closing book reflected a year-on-year increase of 0.7% at the end of June 2021 (2.0% at 30 June 2020). The impairment rate for the 12 months ended 30 June 2021 was 5.3%, compared to 7.9% in the prior year, reflecting the focus on customer relief and collection.



Woolworths, Autumn 2021

SEGMENTAL REVIEWS (CONTINUED)

DAVID JONES

INCOME STATEMENT	2021 A\$m	2020 A\$m	% change
Turnover and concession sales	2 112	2 064	2.3
Concession sales	(750)	(677)	10.8
Turnover – own buy	1 362	1 387	(1.8)
Cost of sales	814	881	(7.6)
Gross profit – own buy	548	506	8.3
Concession and other revenue	196	176	11.4
Gross profit	744	682	9.1
Expenses	686	684	0.3
Store costs	561	574	(2.3)
Other operating costs	125	110	13.6
Department store adjusted operating profit	58	(2)	>100
Financial services operating profit	26	24	8.3
Adjusted operating profit	84	22	281.8

David Jones sales increased by 2.3% and by 0.9% in comparable stores, with second-half sales up by 17.1%. Online sales increased by 24.4% and contributed 17.3% to total sales for the current year. In line with our stated intention of exiting unproductive space, trading space was further reduced by 6.3%. Sales in our Elizabeth Street flagship store grew by 16.6% during the current year, notwithstanding the lower footfall in the Sydney CBD.

Gross profit margin was 220 bps higher than the prior year, at 35.2%, due to reduced markdowns and a healthier inventory position. Expenses increased marginally by 0.3% on the prior year, despite additional lease costs incurred from the leaseback of the Elizabeth Street and Bourke Street Menswear stores. Adjusted operating profit of A\$84 million was 282% up on the prior year, with a post-IFRS 16 operating margin of 4.0%.



Polittix, Autumn 2021

COUNTRY ROAD GROUP

INCOME STATEMENT	2021 A\$m	2020 A\$m	% change
Turnover	1 052	927	13.5
Cost of sales	412	384	7.3
Gross profit	640	543	17.9
Other revenue	2	6	(66.7)
Expenses	487	489	(0.4)
Store costs	344	340	1.2
Other operating costs	143	149	(4.0)
Adjusted operating profit	155	60	158.3

Country Road Group delivered sales growth of 13.5% over the current year (15.3% in comparable stores), with second-half sales up 39.5%. Online sales increased by 30.7% and contributed 29.7% to total sales, while trading space was reduced by 2.8%.

Gross profit margin increased by 220 bps to 60.8%. Expenses for the current year reduced by 0.4%, mainly from store closures and a reduction in discretionary spend, as well as higher government support and rent relief in the current year compared to the prior year. Adjusted operating profit increased by 158% to A\$155 million, with a post IFRS 16 operating margin of 14.7%.



CLICK ON BOX TO GO TO THAT SECTION

OUR STRATEGY

OUR STRATEGIC FRAMEWORK

We aim to be a leading, purpose-driven, truly connected retailer, positioned for long-term, sustainable growth and value creation to the benefit of all stakeholders.

The Covid-19 pandemic has accelerated the rate of change emanating across the global retail landscape, impacting every aspect of our WHL Group, from how our customers shop to how our people work. A black swan event of this nature and magnitude provides the impetus to re-assess strategies. During the 2020 financial year, we also welcomed a new Chairman, a new CEO, and a refreshed Board, and it is against this backdrop that we undertook a comprehensive review of our Group’s ambition and its businesses.

The approach we have taken, as we have reviewed and refreshed our strategies, has been targeted at driving greater alignment and integration across the Group. This has resulted in a more holistic and coherent strategic framework driving clarity in respect of prioritisation of initiatives and harnessing collective efforts in their execution.

WE HAVE DEVELOPED A NEW STRATEGIC FRAMEWORK THAT TRANSLATES RIGHT THE WAY ACROSS THE GROUP, TO ENSURE OUR DIVISIONAL AND FUNCTIONAL STRATEGIES SUPPORT OUR OVERARCHING WHL GROWTH AMBITION.

OUR STRATEGIC FRAMEWORK

We have developed a new strategic framework that translates across the Group to ensure our divisional and functional strategies support our overarching WHL growth ambition.

Our new strategic framework centres around three themes. The first is to **protect and grow our core** businesses to ensure we safeguard the foundation of what truly differentiates us from our competitors. In Southern Africa, this means turning around our Woolworths Fashion business, while simultaneously maintaining the leadership position of our Food business, whereas in Australia, it’s about unlocking value for David Jones (DJ) and Country Road Group (CRG).

The second theme relates to how we leverage our platform further by pursuing both underdeveloped and new opportunities for growth, such as how we grow our Beauty and Home businesses, become accessible in Food by trialling new formats, or how we expand the reach of some of our CRG brands. While protecting and growing our existing businesses is important, we also need to **‘expand for more’** if we are to become a leading and truly connected retailer. Integral to this is enhancing the data-analytics capabilities across the organisation and accelerating the investment in our digital platforms, systems, and processes.

Our third theme is about **leading in customer experience**. We became a great business by putting our customer at the centre of everything we do, and this must remain the case as we both protect and grow our core businesses and expand for more. While our customer databases provide us with rich insights, there is more we can do to integrate and leverage these into our decision-making processes, to drive engagement and loyalty in a more proactive and effective manner.

These three themes are underpinned by specific enabling initiatives in respect of operational excellence, our people, and our Good Business Journey.

First, we aim to implement a range of **operational excellence** initiatives in respect of reducing cost, rationalising space, improving productivity metrics, and critically assessing our operating models. Our most important enabler is our **people**, and we have numerous strategies in place to protect the health and wellbeing of our employees, and to attract, develop and nurture talent.

For over a decade now, our well-established **Good Business Journey** (GBJ) has been embedded in all we do and is a key differentiator for the Group. We are deeply committed to our vision of being one of the world’s most responsible retailers, as evidenced in our new sustainability strategy and targets for 2025 and beyond.

As part of our refreshed strategic framework, we have identified several underpinning objectives which are discussed in more detail below.

AS PART OF OUR REFRESHED STRATEGIC FRAMEWORK WE HAVE IDENTIFIED SEVERAL UNDERPINNING OBJECTIVES WHICH ARE DISCUSSED IN MORE DETAIL ON THE FOLLOWING PAGES.

OUR INSPIRATION					
TO BE A LEADING, PURPOSE-DRIVEN, TRULY CONNECTED RETAILER					
STRATEGIC FRAMEWORK					
STRATEGIC THEMES			ENABLERS		
PROTECT AND GROW OUR PROFITABLE CORE	EXPAND FOR MORE	LEAD IN CUSTOMER EXPERIENCE	OPERATIONAL EXCELLENCE	PEOPLE	

OUR STRATEGIC THEMES

UNLOCK AND CREATE VALUE IN AUSTRALIA AND NEW ZEALAND

Our primary focus during the year was the restructuring of our balance sheet and the subsequent implementation of a more sustainable funding structure for each of our Australian businesses. To this end, we successfully executed on our capital plan, delivering several key initiatives across the region.

As a starting point, we sold our Bourke Street Menswear building in Melbourne and our Elizabeth Street building in Sydney for A\$121 million and A\$510 million, respectively. This enabled us to pay down debt, significantly strengthen the balance sheet, and split the covenant group that existed between DJ and CRG, thereby unlocking value for both entities and the Group as a whole. With both companies now independently set up to pursue their own respective ambitions, value creation will now focus on improving the underlying operational and financial performance of these businesses.

The growth in DJ's premium and luxury categories has been encouraging and work is underway to refresh the entire merchandise portfolio, ensuring the product proposition is unique, differentiated, and immersive. We will expand premium and emerging brands in line with global trends. Through a more relevant product offering, improving intake margins across both own-buy and concessions, and lowering markdowns due to a healthier inventory position, we expect to reverse the declining trend we have had in our gross profit margins for some time now.

We also need to create inspiring and engaging store experiences if our brands are to remain relevant. Our Elizabeth Street building remains an iconic, flagship store, and we will continue to

trade out of it on a sale-and-leaseback basis. We completed an extensive refurbishment of this store in 2020. Notwithstanding reduced footfall as a result of Covid-19, the refreshed and engaging in-store experience is resulting in increased dwell time, average spend, and Net Promoter Scores. We will take these customer learnings and selectively deploy them across the rest of the DJ portfolio, including the planned redevelopment of the integrated Bourke Street store.

Within CRG, our Country Road brand performed very well in the current year, achieving significantly higher full-priced sales. While it is imperative that we keep driving this momentum, we also need to improve the performance of the rest of the brands, especially Witchery and Politix, which were more directly impacted by the shift to casualwear categories. To expand our customer reach we have partnered with The Iconic, the leading online marketplace for fashion in Australia and New Zealand. This platform currently has a low crossover with our existing CRG customer base, enabling us to tap into a new, younger cohort in a cost-effective way.

Space rationalisation is a key focus area for us in both DJ and CRG as we optimise the shape of our real estate portfolio to improve productivity metrics. Over the past year, we have reduced DJ's and CRG's footprint by 6.3% and 2.8%, respectively. We have a clear pathway to further reduce occupancy costs in both of these businesses through a combination of rent reductions and store closures, as well as right-sizing and repurposing of existing space. We will do this by continuing to negotiate with landlords to accelerate space reduction initiatives and to improve the flexibility of our lease

WITH BOTH COMPANIES NOW INDEPENDENTLY SET UP TO PURSUE THEIR OWN RESPECTIVE AMBITIONS, AND BE SELF-FUNDING IN THAT PURSUIT, VALUE CREATION FROM HERE WILL BE DRIVEN BY IMPROVING THE UNDERLYING OPERATIONAL AND FINANCIAL PERFORMANCE OF THESE BUSINESSES.

portfolio, remaining mindful that we need to do so in a cost-optimal manner, protecting shareholder value in the process. At the same time, however, we see scope to leverage high-traffic locations with low-cost, low-risk formats. This is particularly relevant in the case of CRG. Through the use of our customer data, we have been able to curate more localised offerings, and test low-cost and low-risk pop-up stores which are exceeding expectations.

A key priority for us has been to stem the losses in the DJ Food business. Towards the end of the current financial year, we closed our smaller format loss-making food stores in Bourke Street, Capitol Grand, and Malvern, and announced the exit from our trial with BP. As a result, the business is on track to reversing its losses by the end of the 2022 financial year.

WE SUCCESSFULLY EXECUTED ON OUR CAPITAL PLAN, DELIVERING SEVERAL KEY INITIATIVES ACROSS THE REGION.



Country Road, Autumn 2021

FASHION TURNAROUND AND GROWTH IN BEAUTY AND HOME

We are clear that turning around our Fashion business represents the single biggest opportunity to reset the value of the Group.

While aspects of our repositioning have begun to bear fruit, this isn't yet sufficient to offset the broader underperformance in the rest of the business, particularly in womenswear. The challenges besetting our Fashion business have resided both in strategy and implementation. Having concluded a comprehensive review of the business, we are clear that re-instilling some of the basic principles of apparel retailing is essential to fundamentally and sustainably shifting our trajectory.

This starts with a more holistic and granular understanding of our customer. Until recently, our understanding and segmentation of the customer has been fairly rudimentary and limited to Woolworths card data. We have invested in improving our analytics capability, and developed an updated retail market segmentation model, enabling us to identify where specific opportunities lie, and more importantly, where they intersect with who we are as a brand - a quality essentials retailer, known for its trusted quality and superior sustainability attributes.

To provide our customers with a more targeted and relevant proposition, we have begun streamlining our private label brands, including exiting from our Studio W and WCollection clothing brands. By Spring/Summer 2021, the majority of our product will be proudly anchored in the Woolworths brand. We aim to establish ourselves as an authority in key categories, and to enable this, we are introducing highly selective third party brands, to complement our existing Woolworths offer and attract new customers to our business. As is the case with our Food business, more than 90% of our products, however, will remain private label.

We are also shifting towards more casual clothing, away from an over-indexed formalwear offering. In support of this, we launched a stronger and more extensive athleisure range, merchandised as a collection both in-store and online. This has been well received by our customers, and we are on track to expand this offering to the majority of our stores across the country.

Building our Beauty business as a destination category and experience is an important focus for us. We are extending our offering to more stores, while also adding new brands – some of which will be exclusive to Woolworths Beauty. There is also opportunity to capture further market share in our Home business, through category expansion and a greater online presence. In terms of our physical presence, we see an opportunity to expand our Home footprint by leveraging our Food formats in a 'Food+Home' concept.

To improve our price and value perception, we have invested more than R250 million in price, without compromising on quality, over the past year. With the base reset, we will now focus on 'right price first time' to drive increased full-priced sales and reduce markdowns.

There is further opportunity to consolidate our buy and our supplier base, shifting to longer-term contracts to improve economies of scale. We have strong and established supplier relationships, with almost half of our locally procured products sourced through exclusive partnerships. In line with the South African Government's Master Plan to grow local garment manufacturing, we intend to increase our local sourcing (currently at approximately 30%) to further enable improved flexibility and reduced lead times whilst positively impacting local economies.

Critical to repositioning our Fashion business and growing Beauty and Home is the transformation of our value chain towards a future-fit and agile model responsive to customer demand across all channels and geographies. In the short term,

we are increasing the focus on our supply chain, logistics models, and planning systems to drive better availability and to unlock differentiated and accelerated procurement lead times.

Improving the agility of the Fashion, Beauty and Home (FBH) business has also required a re-look at our structures and processes. All our FBH structures have been simplified, with fewer management layers to speed up decision-making and instil greater ownership and accountability. By reviewing our processes, we have increased our speed-to-market by upwards of 30 days in certain categories and will continue to look for opportunities to drive further efficiencies.

To improve productivity metrics we are optimising the shape of our brick-and-mortar footprint by rationalising unproductive space through a combination of closures and reductions, but also by trialling new formats and concepts, such as 'Food+Home', in order to strengthen our presence in convenience malls.

As we streamline our brand and product portfolio, rationalise our physical footprint, and simplify our structures and processes, we are editing to amplify - doing more with less. Our immediate and overarching priority is to restore the underlying financial health of the FBH business. Central to this is our approach of driving quality over quantity through increasing full-priced sales, lowering markdown, and improving trading densities to support an improving Return on Sales percentage. This will enable us to establish a solid foundation from which to then drive sustainable and profitable market share gains.

OUR IMMEDIATE AND OVERARCHING PRIORITY IS TO RESTORE THE UNDERLYING FINANCIAL HEALTH OF THE FBH BUSINESS. CENTRAL TO THIS IS OUR APPROACH OF DRIVING QUALITY OVER QUANTITY THROUGH INCREASING FULL-PRICED SALES, LOWERING MARKDOWN, AND IMPROVING TRADING DENSITIES.



Woolworths, Summer 2021

LEADING AND ICONIC FOOD BUSINESS

Our Food business continued to gain market share over the year, notwithstanding tougher comparatives (in part due to stockpiling as a result of Covid-19 in the prior year base), and an intensifying competitive environment. We attribute these continued share gains to our deep understanding of our Food customer and our ability to effectively respond to their evolving wants and needs by delivering a world-class food proposition and experience.

Central to this is the quality of our products, for which we are renowned. We remain focused on driving a ‘quality-first’ mindset which includes how we work with our suppliers to deliver best-in-class product. The trust in the Woolworths brand has remained steadfast and, in fact, strengthened over the period. While we are known for our quality, our strength also lies in innovation and new product development. Over the past year, we have responded to our customers’ evolving wants and needs by introducing over 2 000 new or upgraded product lines across our stores and online. Our successful plant-based offerings and own breed of Angus beef, for example, continue to resonate well with our customers as they embrace products that are more sustainable and ethically produced. This capability is strongly enabled by our partnerships with our suppliers – many of which are exclusive to us and represent a core competitive advantage.

Our price position and perception has been a source of resistance in attracting new Food customers into our brand. To this end, we are implementing a series of initiatives to make our products more accessible to our target market, while still, and importantly, remaining aspirational. During the current year, we invested R250 million into poultry prices. This enabled us to grow our market share in the category, not only through existing customers, but also by attracting new customers who may have come in to shop poultry, but shopped beyond this category too – leveraging the halo effect. We also saw strong results from our ‘Promo Price for Longer’ campaign, which aims to deliver consistent value to customers on their essential food requirements. There is still further scope to improve price perception, and we intend to follow through with our investment of R750m into price over the next two to three years. We will continue to work closely with our suppliers in this regard, driving mutually beneficial efficiencies

throughout the value chain to the benefit of our customers. While we invest in price, we will never compromise on quality, as the value we provide to our customers is dependent on both the price they pay and the quality they receive.

As we continue to deliver innovative products and ranges to our customers, we will also continue to focus on how we deliver these inspiring solutions to them through easy and accessible convenience, both in-store and online. This demand for convenience is reflected in the growth of both our online sales (up 118% on last year and now accounting for 2.3% of Food revenue) and the continued growth of our Click and Collect offer, which is now available in 76 stores and accounts for almost a quarter of Food online revenue. During the year we also launched the trial of our on-demand delivery service, Woolies Dash, which is currently available out of 18 stores. A key focus of this service is the maintenance of cold chain standards which ensures the quality of product on delivery. We will continue to grow this service by more than doubling our coverage area over the next year while remaining focused on high on-time fulfilment levels.

In contrast to our apparel businesses, we still see scope to expand our physical footprint in Food, albeit at a far slower pace than has been the case over recent years. We plan to grow space on average by approximately 2% per annum over the next three years by expanding our convenience offering, making smaller stores bigger, trialling new formats, and exploring opportunities to adapt existing real estate to accommodate new propositions where appropriate. For example, in May 2021, we opened our first stand-alone WCellar wine and liquor store in Johannesburg. The store offers an extended wine range as well as a curated beer and spirits offering (including a non-alcoholic range). The WCellar concept combines an elevated product offering with a unique store experience and service to provide a compelling solution for our customers. With performance exceeding expectations, coupled with strong customer endorsement, we are looking to expand this concept to select areas across the country.

From an operational perspective and in support of our growth strategy, we continue to invest in our supply chain capacity and are currently upgrading our demand forecasting system.

WE REMAIN FOCUSED ON DRIVING A ‘QUALITY-FIRST’ MINDSET THROUGH AN INTEGRATED APPROACH, INCLUDING HOW WE WORK WITH OUR SUPPLIERS TO DELIVER BEST-IN-CLASS PRODUCT.



WCellar, Nicolway, Johannesburg

DATA-DRIVEN DECISION-MAKING

Our customers are at the heart of all that we do. We have an extensive database of customer information across all our businesses in the Group. We have invested in our data analytics capabilities, partnering with Amazon Web Services to ratchet up our Advanced Analytics capabilities and developing a deep understanding of who our existing and target customers are. This, in turn, enables us to develop relevant insights that inform our decision-making processes, from the products we offer to how and where we sell them.

Data analytics are also enabling us to distinguish ourselves from competitors, in that we can provide our customers with truly differentiated loyalty programmes that are easy and convenient to use seamlessly across all channels. Within our Australian businesses there is opportunity to significantly increase our active loyalty base in DJ, currently at 39% of sales. While our loyalty penetration in CRG is higher than that of DJ, at 86% of sales, we have further opportunity to do more to leverage cross-brand insights to drive greater customer lifetime value. In South Africa, our active loyalty penetration is also high, with WReward card sales accounting for 90% of our trackable revenue, but here, too, there is scope to drive greater cross-shop across our Woolworths categories. With improved data analytics and a new point-of-sale system in place, we are refreshing our loyalty offerings – WRewards and My School MyVillage MyPlanet – to enable greater differentiation and personalisation as a driver of incremental spend and engagement.



Woolworths, Autumn 2021

ELEVATED OMNI CUSTOMER EXPERIENCE

There has been a seismic shift to digital engagement across all generations, accelerated by the impact of Covid-19. This is not only in mobile and e-commerce, but in the way in which consumers are engaging with brands and experiences. For us to remain relevant and successful and fully acknowledge the way in which our customers now live their lives in the digital ecosystem, we are accelerating the building of relevant online capabilities.

All our businesses experienced strong online sales growth in the current year. While CRG is already providing a market-leading online experience, at almost 30% of total sales, and DJ has increased its penetration from 14.3% to 17.3% over the period, Woolworths SA is still in its infancy with 2.3% and 4.1% online sales penetration for Food and FBH, respectively. We are implementing a bold ambition to grow the online contribution of our Food and FBH businesses to the upper single-digits and into the double digits, respectively.

We will drive online sales, leading with mobile first, by increasing speed and functionality as well as through the introduction of various tactical initiatives. These initiatives include increased personalisation, expanding delivery options, launching exciting product pages, and enhancing digital marketing and social media strategies.

We will continually explore new digital channels, for example merchandising Country Road on The Iconic and rolling out our on-demand food delivery service, Woolies Dash. We will invest in innovative digital technologies, such as the Woolworths virtual beauty service (including virtual make-up try-on and virtual consultations), which we launched this year, a first for a South African retailer. In short, we are continuing to fast-track the building of our online capability to provide our customers with a seamless, quality shopping experience regardless of the channels they choose to use.

In support of the continued growth of our online business, we are increasing our distribution centre capacity and investing in supply chain processes targeted at improving availability and speeding up our online deliveries. The significant shift towards digital channels has also amplified our need to invest further in future-proofing the online customer journey in so far as cyber risk, fraud and securing of personal data are concerned.

Given the online imperative, we are re-prioritising our operating and capital spend. While the online channel in DJ, CRG and FBH is margin accretive for us, this is not the case in Food. Improving the profitability of the online Food business through scale, channel mix, and channel efficiency is, therefore, a key focus area for us.

WE WILL DRIVE ONLINE SALES, LEADING WITH MOBILE FIRST, BY INCREASING SPEED AND FUNCTIONALITY AS WELL AS THROUGH THE INTRODUCTION OF VARIOUS TACTICAL INITIATIVES.

We are investing in a new online operating model that will enable us to innovate with speed and agility. We are increasing our people capacity and capability, and fundamentally changing our processes and ways of working to become more responsive, with a culture of ‘test, learn, and scale’ becoming central to how we operate. Given our diversified portfolio of businesses, we are able to leverage our investments and accelerate our learnings in support of our online and omni-channel ambition.

TRACKED
ON LOYALTY
CARDS



WSA

90%

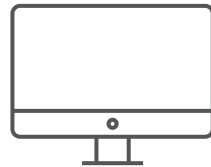
DJ

39%

CRG

86%

% ONLINE
SALES
PENETRATION



WSA FBH

4.1%

WSA FOOD

2.3%

DJ

17.3%

CRG

29.7%

COST EFFICIENCY AND OPERATIONAL EXCELLENCE

Cost leadership and productivity remains a key focus area for us, and in the current year, we met all our internal cost-out targets across our businesses. The impact of Covid-19 has also shown the importance of being adaptable, particularly in times of sales volatility, and so, in addition to reducing operating costs in a sustainable manner, we are also looking to achieve greater flexibility in our cost base.

THE IMPACT OF COVID-19 HAS ALSO SHOWN THE IMPORTANCE OF BEING ADAPTABLE, PARTICULARLY IN TIMES OF SALES VOLATILITY, AND SO, IN ADDITION TO REDUCING OPERATING COSTS IN A SUSTAINABLE MANNER, WE ARE ALSO LOOKING TO ACHIEVE GREATER FLEXIBILITY IN OUR COST BASE.

Space rationalisation is an important focus area, as the productivity of our physical footprint is critical to our operational efficiency. While our Food business delivers very healthy trading densities, this has not been the case consistently across our apparel businesses. We are actively rationalising our store base through a combination of closures and reductions as we look to optimise the shape of our fleet. We are well-positioned in this regard in the case of both CRG and FBH as a result of our shorter lease arrangements. In the case of David Jones, our longer lease terms represent a more significant challenge, and we continue engaging with landlords in this regard. We remain steadfast in our intention to reduce our occupancy-to-sales ratio without incurring value-decretive surrender costs.



Woolworths, Autumn 2021

LEADERSHIP AND PEOPLE

Our people are critical to the successful execution of our strategies; this was highlighted more than ever through the pandemic. During this time, protecting the health and wellness of our people has been our primary objective and we have rolled out several wellbeing initiatives to support our teams and further entrench our Employee Value Proposition.

We remain focused on attracting, developing, and retaining the best talent for our Group. During the year, we significantly upgraded our approach to talent management, introducing new tools and processes to leverage our talent development plans. We have also improved performance management, with a structured goal-setting process and format tightly linked to strategic objectives.

Whilst we have several strategies focused on talent, we are also implementing initiatives to dial-up how we engage the hearts and minds of our teams. Central to this is our leadership. We continue to work with our leaders to develop the requisite capabilities and behaviours to not only navigate the challenges of the current context, but to ensure we emerge even stronger.

PROTECTING THE HEALTH AND WELLNESS OF OUR PEOPLE HAS BEEN OUR PRIMARY OBJECTIVE AND WE HAVE ROLLED OUT SEVERAL WELLBEING INITIATIVES TO SUPPORT OUR TEAMS AND FURTHER ENTRENCH OUR EMPLOYEE VALUE PROPOSITION.

As we begin to contemplate the new world of work and evolve our ways of working to enable more agile and responsive decision-making, we are also evolving our expectations of our people by driving a more agile, performance-focused workforce with an up-weighted emphasis on execution and individual accountability.

In electing to elevate our focus on the social and people facets of our Good Business Journey, a key initiative we have embarked upon in the current year, is our Inclusive Justice Initiative (IJI). Our IJI embraces the ethos of diversity, inclusivity, and social justice and inspires inclusive growth for all our people to meaningfully impact transformation across the communities in which we operate. A key element of this programme is our Just Wage initiative, through which we have made significant strides towards paying all our employees a ‘just wage’ over the last three years.

The Group's vision is to be one of the world's most responsible retailers. Sustainability is core to our business – it influences every aspect of what we do, and it is entrenched into the culture of our organisation. Our pioneering Good Business Journey (GBJ) is the programme through which our sustainability strategies and goals are achieved.

Since its inception in 2007, our industry-leading GBJ has included programmes and commitments that cover our material sustainability issues – from responsible sourcing and packaging to climate change and water management, as well as social development. We set ourselves bold targets in these areas and tracked our performance against them using over 200 GBJ-related key performance indicators across the business.

Over the past 14 years, we have achieved cumulative savings of over R2.1 billion through our GBJ and have received global and national recognition for its ongoing meaningful impact. We delivered substantial achievements across our 2020 Group GBJ goals.

In the current year, we introduced our new GBJ strategy and goals and commitments to 2025 and beyond. These goals are future-focused and measurable and aim to make a meaningful difference for our people, our communities, and the planet. Our new ambitions have three pillars: a commitment to a thriving and resilient environment; a commitment to a fully transparent, traceable and ethical supply chain; and a commitment to creating a diverse and inclusive environment for people, employees, customers, and communities. Underlying these pillars, we have set a number of new goals, as illustrated by the accompanying diagram.

The profound impact of the Covid-19 pandemic on humanitarian issues emphasised the widespread socio-economic disparities in our communities and the need to continue to work towards real and meaningful societal change. To this end, we have deliberately reconsidered and elevated the People aspects of our sustainability strategy for our own employees and the communities around us. These initiatives are discussed in more detail under our Leadership and People focus area.

Further, in response to the growing importance of sustainability for all our stakeholders, we are aligning our financing decisions with our sustainability strategy. For example, in an industry-first, we recently partnered with Standard Bank to introduce a sustainability-linked loan facility that ties the terms of funding to sustainability outcomes, supporting and incentivising responsible corporate behaviour and the creation of shared value. Subsequent to this deal, we also executed a sustainability-linked unlisted bond which further demonstrates our commitment to embedding sustainability into everything that we do. We are also reporting against the Task Force on Climate-related Financial Disclosures (TCFD) for the first time this year in our GBJ Report.

For our Group, the sustainability imperative is clear and compelling. Alongside the positive environmental and social impact, it ensures that we are more resilient and adaptable to change and will be sustainable into the future. Setting ambitious sustainability targets for the next five to twenty-five years stretches us into challenging, yet exciting, sustainability territory which will ignite collaboration, creativity, and problem-solving within and between all our businesses.

However, profound, sustainable impact and progress requires deliberate collaboration among all our stakeholders, including other industry leaders, our suppliers, customers, employees, government, businesses and NGO partners. Our new GBJ goals provide a relevant, revitalised platform where our Group, our employees, suppliers and partners, and all our stakeholders can work together to take action for the greater good of the planet and its people.

WE INTRODUCED OUR NEW GBJ STRATEGY AND GOALS AND COMMITMENTS TO 2025 AND BEYOND, ‘VISION 2025+'. THE GOALS ARE FUTURE-FOCUSED AND MEASURABLE, AIMED AT MAKING A MEANINGFUL DIFFERENCE FOR OUR PEOPLE, OUR COMMUNITIES, AND THE PLANET.

VISION 2025+ PILLARS AND UNDERLYING GOALS

THRIVING & RESILIENT

We care for the environment and are committed to working towards net zero impact and a just transition to a low carbon future.

ETHICAL & FAIR

We care for how our products are made and are committed to a fully transparent, traceable, and ethical supply chain.

INCLUSIVE JUSTICE

We care for our people and are committed to being a diverse and inclusive business, enhancing the wellbeing of our employees, customers, and communities.

The infographic displays 10 sustainability goals for 2030, organized into three pillars: Environmental, Social, and Governance. Each goal is represented by an icon and a text box.

- Environmental Pillar (Green icons):**
 - Achieve net ZERO CARBON IMPACT** by 2040 (Icon: Cloud with CO₂ and a slash)
 - Source 100% of our energy from RENEWABLE SOURCES** by 2030 (Icon: Lightning bolt)
 - Work with our suppliers and partners to create net POSITIVE WATER IMPACT** in water-stressed basins in our value chain by 2050 (Icon: Water drop)
 - All our packaging will be REUSABLE OR RECYCLABLE** by 2022 (Icon: Open box)
 - HALVE FOOD LOSS AND WASTE** in our own operations and across our top 30 suppliers by 2030 (Icon: Circular arrow)
 - All private label products to support REGENERATIVE FARMING PRACTICES** by 2030 (Icon: Tractor)
- Social Pillar (Orange icons):**
 - Have a fully transparent, traceable, and ETHICAL SUPPLY CHAIN** by 2025 (Icon: Scales of justice)
 - Develop a roadmap by 2022 for achieving A LIVING WAGE FOR ALL WORKERS** across our supply chain (Icon: Scales of justice)
 - RESPONSIBLY SOURCE ALL KEY COMMODITIES FROM TRACEABLE SOURCES** by 2025 (Icon: Scales of justice)
 - All our private label products can be REUSED, REPAIRED, RESOLD OR RECYCLED** by 2025 (Icon: Circular arrow)
 - All our private label clothing, beauty, and home products to contain at least ONE RENEWED, REUSED, OR RECYCLED PRODUCT MATERIAL** input by 2030 (Icon: Circular arrow)
- Governance Pillar (Blue icon):**
 - Work is underway in conjunction with the INCLUSIVE JUSTICE INITIATIVE** programme to articulate specific goals, targets and baselines for this pillar (Icon: Three stylized figures)

KEY PERFORMANCE INDICATORS

WE MEASURE THE SUCCESS OF OUR STRATEGIC EXECUTION AGAINST CLEARLY DEFINED PERFORMANCE INDICATORS.

- PERFORMANCE AGAINST TARGET
- ACHIEVED
 - PARTIALLY ACHIEVED
 - MISSED

2019 2020 2021

KEY FINANCIAL METRICS

GROUP TURNOVER AND CONCESSION SALES GROWTH

WHL RATING

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?
Reflects our ability to meet our customers’ wants and needs by providing them with their desired merchandise which, in turn, creates additional opportunities for our suppliers and employees, and creates value for all stakeholders. Total turnover and concession sales growth over the past 52-week period, measuring the growth of our business.

PERFORMANCE IN THE CURRENT YEAR
Trade remained impacted by the pandemic throughout the year, with a severe second and third wave in South Africa and continued snap lockdowns in Australia. The impact of Covid in the second half of last year (LY) significantly impacted current year growth, with our food and apparel businesses trading off abnormally high and low bases, respectively.
Notwithstanding this high base, WSA Food remained resilient, supported by continued price investment across key product lines, which remains a strategic priority. WSA Fashion, Beauty and Home (FBH) continued to lose ground in womenswear and menswear but grew sales (vs the pre-Covid FY19 base) in kidswear, beauty, and home.
David Jones (DJ) traded well in the premium and luxury categories, with room for improvement across the rest of the offering.
Country Road Group (CRG) delivered pleasing growth, underpinned by well-received, new product ranges, particularly in the Country Road brand.

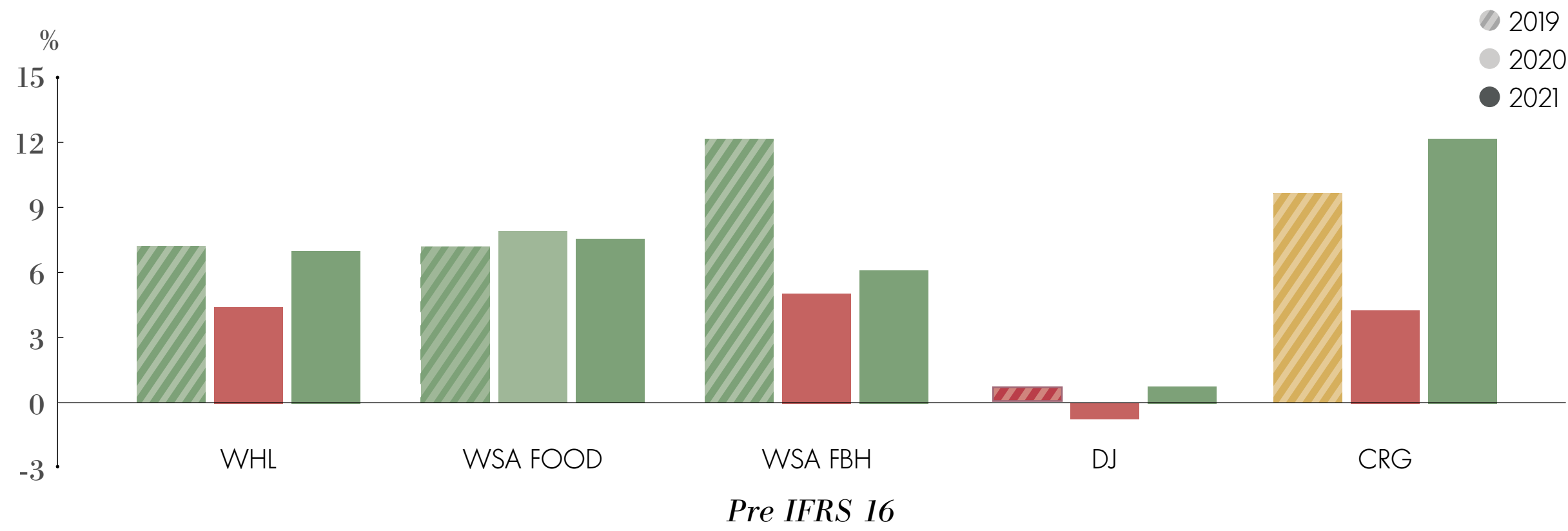


RETURN ON SALES

WHL RATING

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?
Assesses how efficiently we convert sales into profit by managing margins and costs. Adjusted earnings before interest and tax as a percentage of turnover.

PERFORMANCE IN THE CURRENT YEAR
Despite the tough trading conditions, all businesses have exceeded their respective targets due to improved GP margins in our apparel businesses as a result of higher full-priced sales, coupled with tight cost control. DJ and CRG also benefited from JobKeeper allowances and rent abatements in the first half.

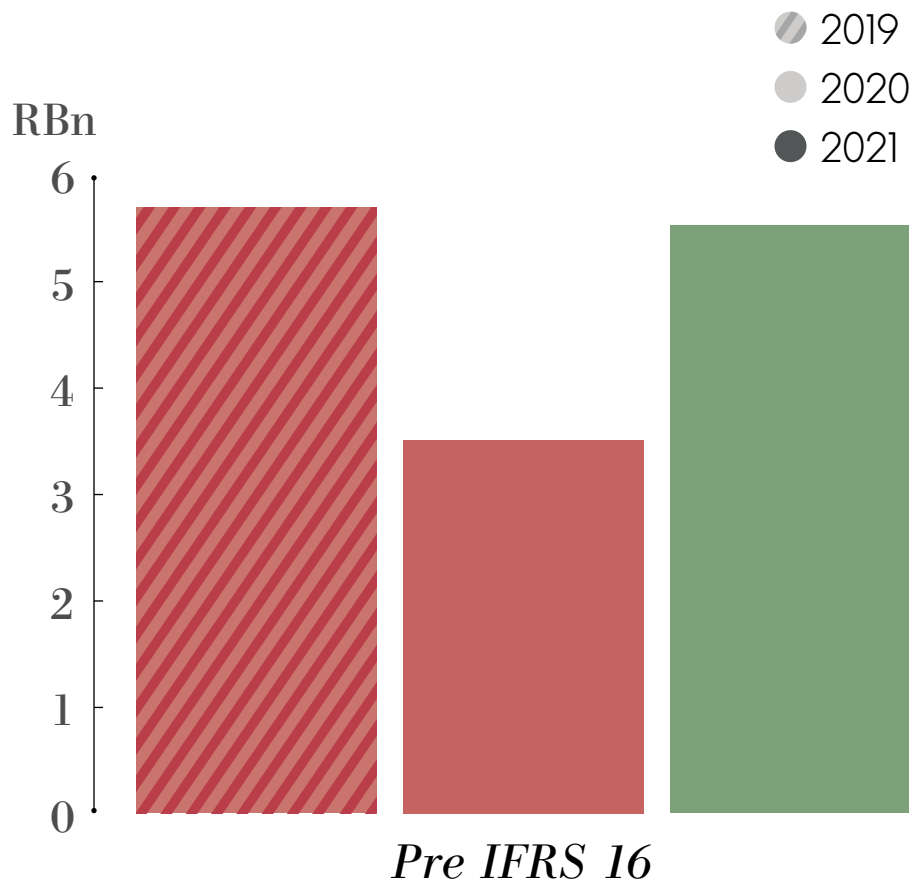


GROUP aEBIT (RBn)

WHL RATING

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?
Reflects ongoing profitability of the business – a key measure for all stakeholders to reflect potential returns and to determine business continuity. Gross profit less expenses adjusted for any abnormal or once-off transactions.

PERFORMANCE IN THE CURRENT YEAR
Group aEBIT exceeded both target and LY due to continued efforts to drive trade, particularly through online channels, manage inventory, control cost, and once-off Jobkeeper benefits in Australia.

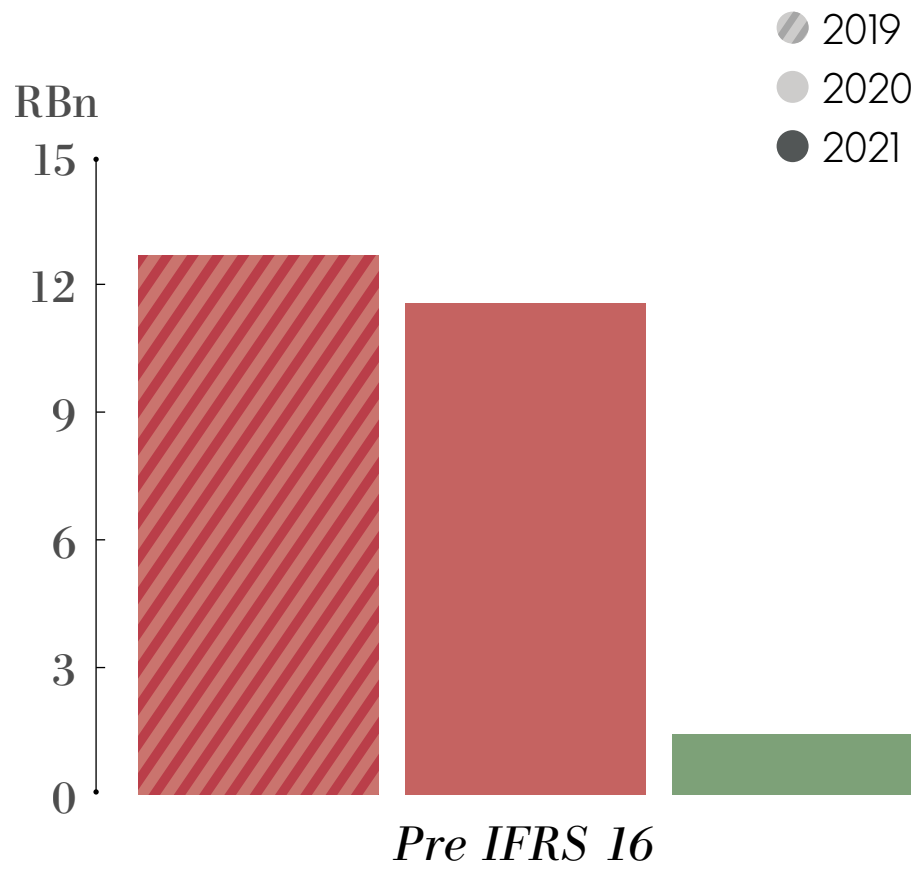


NET DEBT (RBn)

WHL RATING

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?
Reflects the net amount owing to lenders at a point in time and used in credit-specific ratios to determine levels of leverage. Gross debt less cash and cash equivalents.

PERFORMANCE IN THE CURRENT YEAR
Considered actions to generate and preserve cash, as well as the execution of property sales, resulted in positive cash flows and a significant reduction in net debt levels in both South Africa and Australia.



CONTINUED...
*KEY
PERFORMANCE
INDICATORS*

PERFORMANCE
AGAINST TARGET

- ACHIEVED
- PARTIALLY ACHIEVED
- MISSED

2019 2020 2021

KEY FINANCIAL METRICS

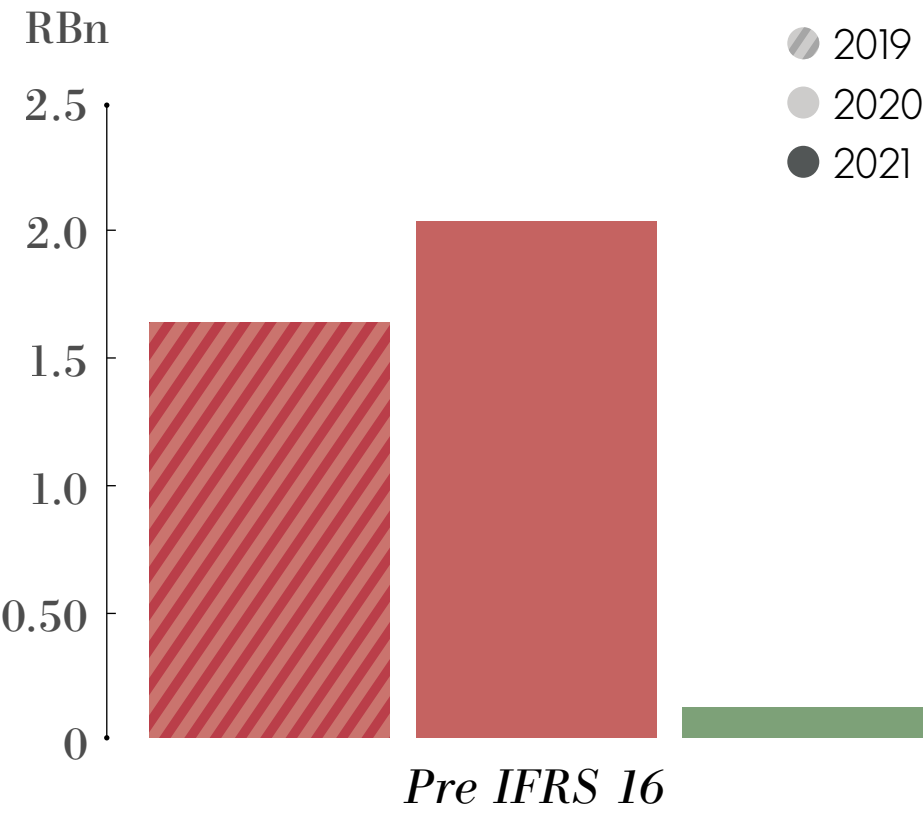
NET DEBT TO EBITDA

WHL RATING

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?
Leverage ratio used to measure our ability to repay debt using cash generated from trading operations and demonstrates how long it would take us to pay off debt at current levels. Net debt divided by EBITDA.

PERFORMANCE IN THE CURRENT YEAR

As a result of strong EBITDA performance and the reduction in gearing, Net debt to EBITDA has exceeded target and marks a significant improvement on LY.



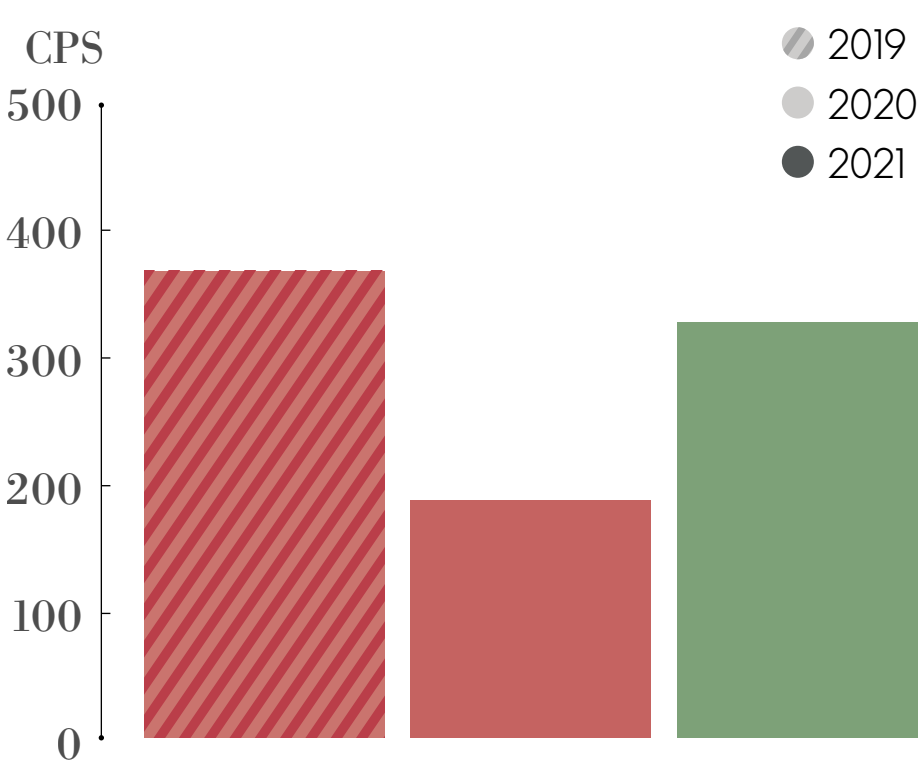
ADJUSTED DILUTED HEADLINE EARNINGS PER SHARE

WHL RATING

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?
Indicates the quality of earnings by reflecting earnings shareholders can expect in a 'worst case' scenario. Earnings per share, excluding accounting adjustments, assuming all possible shares are converted and exercised.

PERFORMANCE IN THE CURRENT YEAR

Adjusted diluted headline earnings per share increased by 102.9%.



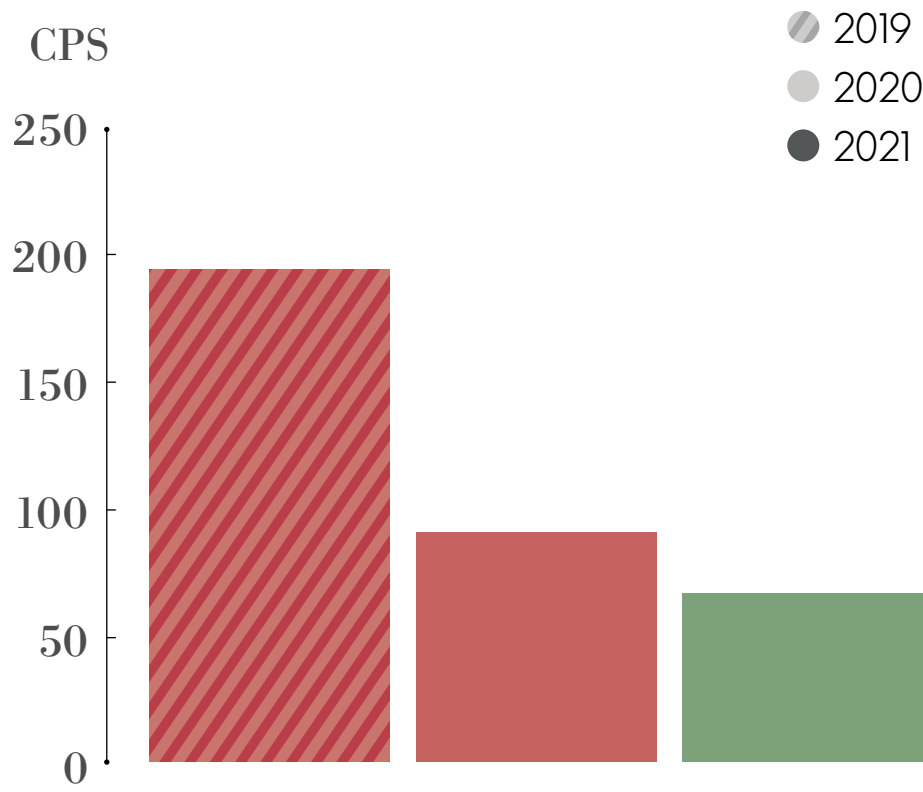
DIVIDEND PER SHARE

WHL RATING

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?
Reflects the value we create for shareholders through the direct income we pay to them. Total dividend paid in the current year divided by number of shares in issue.

PERFORMANCE IN THE CURRENT YEAR

Dividend payment was resumed with a final payout ratio of 60%.



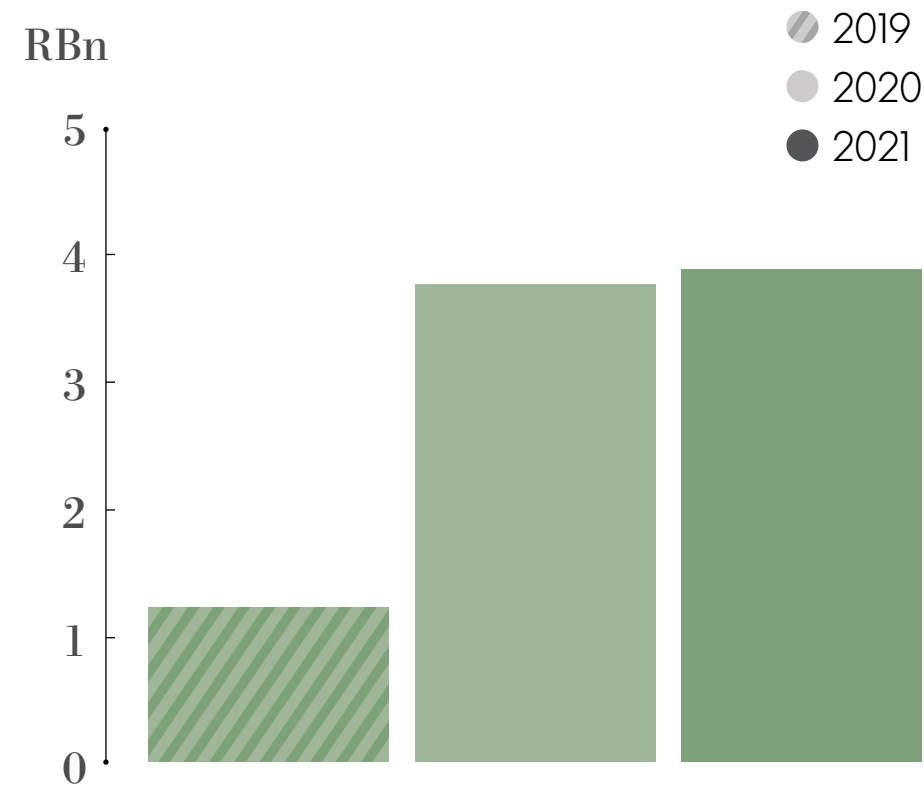
FREE CASH FLOW

WHL RATING

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?
Assesses our ability to distribute funds to our stakeholders and to further pursue opportunities that enhance their value. Cash generated from normal business operations after subtracting funds spent on capital expenditure.

PERFORMANCE IN THE CURRENT YEAR

Free Cash Flow of R3.8bn exceeded both target and LY. Cash inflow from trading activities of R11.4bn was offset by working capital movements of R256m as a result of a reversal of significant working capital LY when stock levels were low and payables were high as we extended credit terms, and deferred rent and tax payments. Cash was also utilised in the settlement of share schemes and net finance costs (R2.6bn), tax payments (R1.1bn), maintenance capex (R1.1bn), and lease liabilities R3.0bn.



RETURN ON CAPITAL EMPLOYED

WHL RATING

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?
Demonstrates how efficiently we use our capital to generate returns for our shareholders. Adjusted earnings before interest and tax as a percentage of average capital employed (total assets less current liabilities) for the 12-month period to June 2021.

PERFORMANCE IN THE CURRENT YEAR

All divisions exceeded their respective targets, resulting in a significant improvement in the Group's overall ROCE vs. LY – the result of concerted efforts to drive stronger earnings and positive cash flows, manage inventory levels, and reduce net debt levels.



UNLOCK AND CREATE VALUE IN AUSTRALIA AND NEW ZEALAND/FASHION TURNAROUND AND GROWTH IN BEAUTY AND HOME/LEADING AND ICONIC FOOD BUSINESS

MARKET SHARE

● WHL RATING

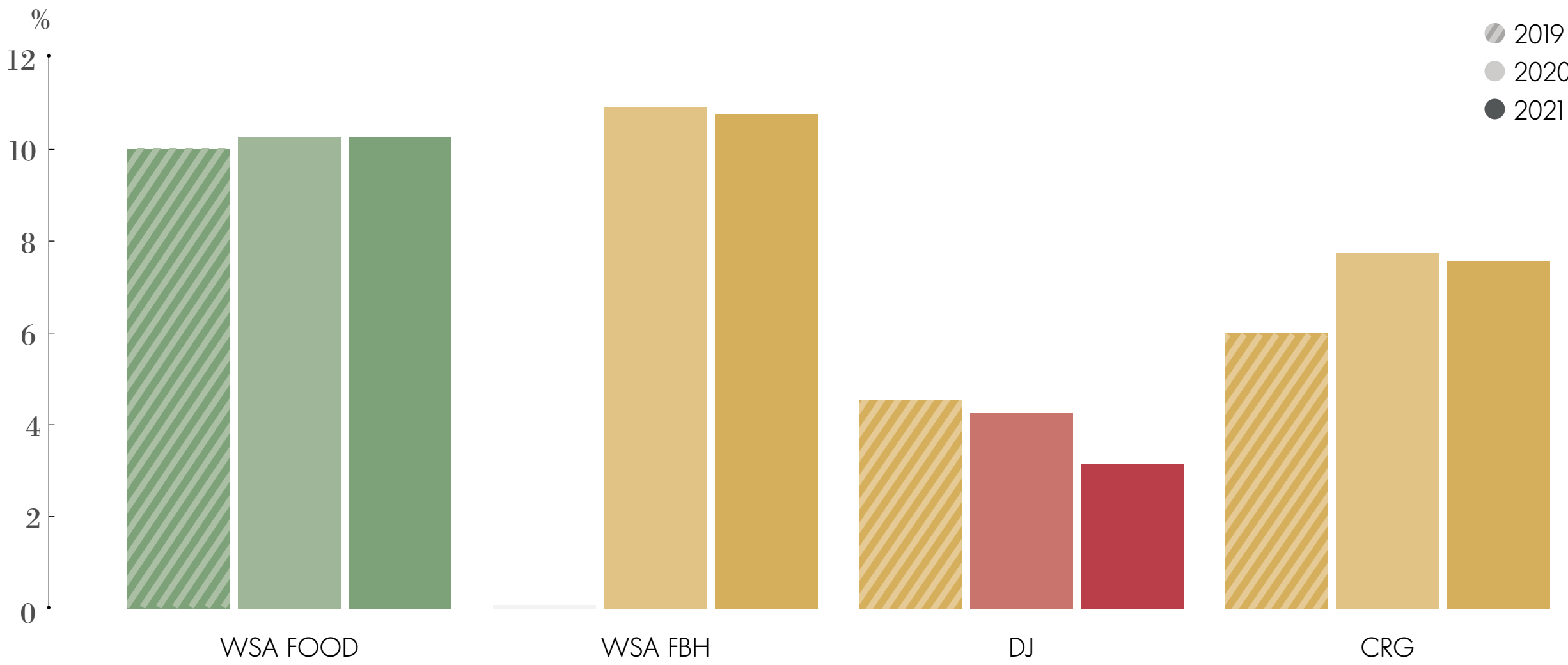
WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Reflects our relative performance against our competitors.
Share of the relative market as per Nielsen for WSA Food, RLC for WSA FBH, and Quantum for DJ and CRG, respectively.
Reliable market share information for WSA FBH was not available in 2019.
All market shares are reflected on a 12mma basis.

PERFORMANCE IN THE CURRENT YEAR

WSA Food continued to grow ahead of the market. Our South African FBH business continued to lag the market, impacted by the reduced demand for formalwear and our internal initiatives to streamline our private label offering and rationalise unproductive space. From a category perspective, womenswear and menswear underperformed, offsetting good growth in kidswear, beauty, and home.

In Australia, there is a continued shift towards pureplay marketplaces and discount department stores, resulting in DJ losing market share. While CRG traded strongly, it was still below market growth. The Country Road brand, however, gained share over the same period.



NET PROMOTER SCORE

● WHL RATING

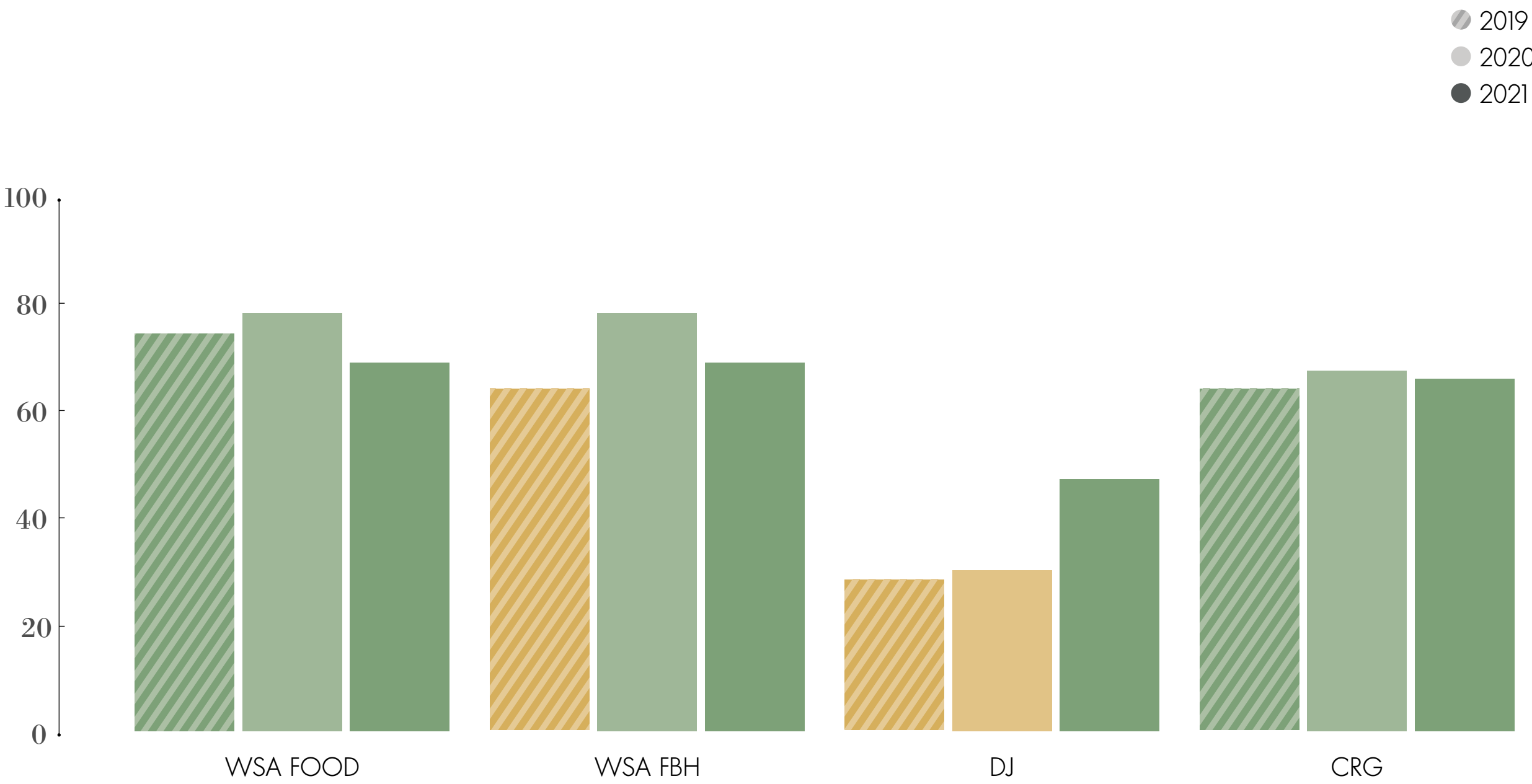
WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Indicates the overall perception of our businesses, which is a key measure of customer experience, loyalty, and future growth potential.
Calculated through a survey where customers are asked to use a scale of 0-10 to rate “How likely is it that you would recommend the business/brand to a friend or colleague?”
Respondents are grouped as Promoters (loyal enthusiasts who will keep buying and refer others, fuelling growth), Passives (satisfied but unenthusiastic customers who are vulnerable to competitive offerings) and Detractors (unhappy customers who can damage brand perception and impede growth through negative word-of-mouth). Subtracting the percentage of Detractors from the percentage of Promoters yields the Net Promoter Score, which can range from a low of -100 (if every customer is a Detractor) to a high of 100 (if every customer is a Promoter).

PERFORMANCE IN THE CURRENT YEAR

Notwithstanding the volatile and challenging trading conditions, all our businesses either met or exceeded their respective Net Promoter Score targets. While DJ’s score is consistently improving, it is still notably below that of the other divisions. We continue to focus on enhancing the customer experience, both in-store and online, across the Group.

WSA Food and FBH Net Promoter Scores are not comparable to LY as the measurement source changed for the current year. Current year targets have been restated to take this into account.



PERFORMANCE AGAINST TARGET

- ACHIEVED
- PARTIALLY ACHIEVED
- MISSED

▨ 2019 ● 2020 ● 2021

CONTINUED...
KEY PERFORMANCE INDICATORS

ALL OF OUR BUSINESSES EITHER MET OR EXCEEDED THEIR RESPECTIVE NET PROMOTER SCORE TARGETS. WE CONTINUE TO FOCUS ON ENHANCING THE CUSTOMER EXPERIENCE, BOTH IN-STORE AND ONLINE, ACROSS THE GROUP.

CONTINUED...
KEY
PERFORMANCE
INDICATORS

PERFORMANCE
AGAINST TARGET

- ACHIEVED
- PARTIALLY ACHIEVED
- MISSED

2019 2020 2021

DATA-DRIVEN DECISION-MAKING

NUMBER OF ACTIVE LOYALTY CUSTOMERS

WHL RATING

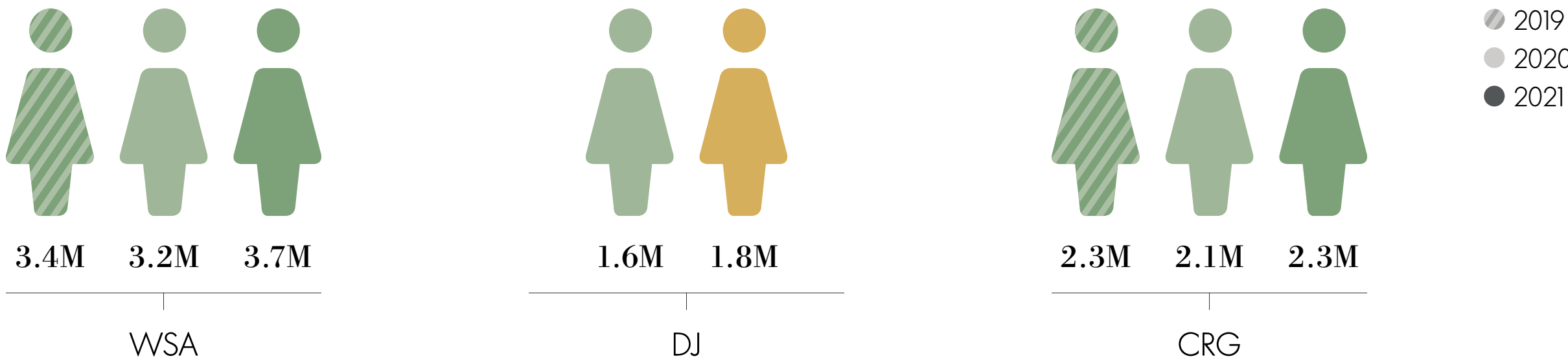
WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Demonstrates our ability to grow our customer base and create value for them through the execution of a customer-led strategy.
The number of loyalty customers who have had at least one transaction with us in the current year and for whom we have contact information.
David Jones started tracking the number of active customers through their loyalty programme in 2020.

PERFORMANCE IN THE CURRENT YEAR

The number of active customers in David Jones missed its target due to store closures during snap lockdowns, coupled with reduced footfall, particularly in CBD locations.
Across the Group, we continued to focus on retaining existing customers, converting occasional shoppers into loyalty members, and introducing new customers to our businesses. However, there is scope to further embed customer insights into all our decisions, as a driver of increased personalisation and engagement, loyalty, and spend.

WSA 2021 measure is not comparable to prior years due to change in measurement basis.
DJ only started tracking this measure in 2020.



% REVENUE TRACKED ON LOYALTY CARDS

WHL RATING

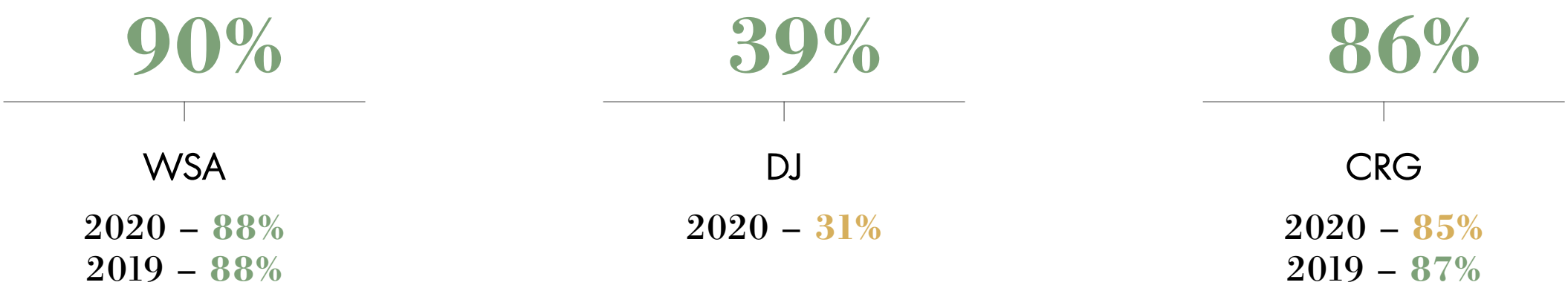
WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Reflects whether we create value for our customers by increasing their loyalty through growing and enhancing our programmes.
% sales transactions where a loyalty card is used.

PERFORMANCE IN THE CURRENT YEAR

Despite a large proportion of sales being tracked on cards, particularly in WSA and CRG, there is still opportunity across the Group to build and leverage our data analytics capacity and capability to further improve decision-making.

WSA 2021 measure is not comparable to prior years due to a change in measurement basis.
DJ only started tracking this measure in 2020.



ELEVATED OMNI CUSTOMER EXPERIENCE

ONLINE SALES GROWTH

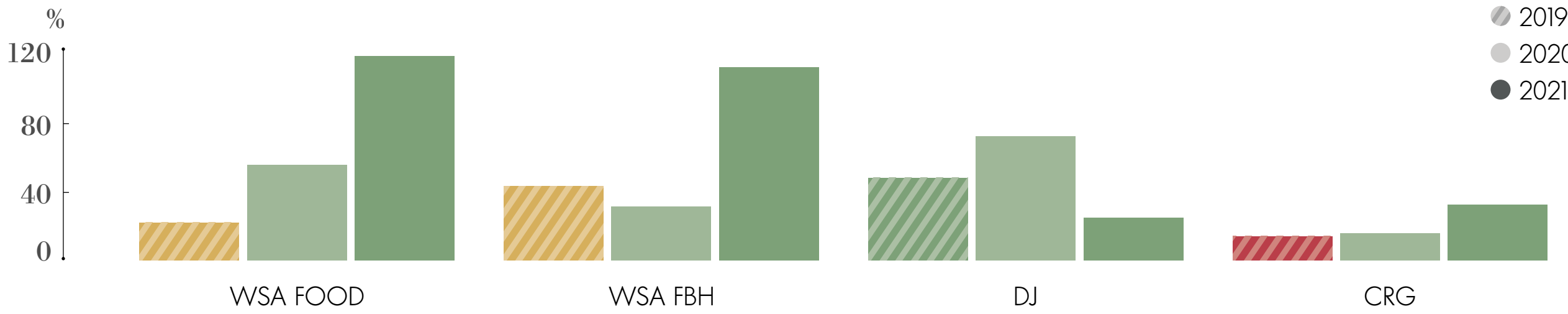
WHL RATING

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Reflects the success of various initiatives and investments to drive sales through our digital channels.
Total online growth over the past 52-week period, measuring the growth of our online platforms.

PERFORMANCE IN THE CURRENT YEAR

A key focus across the Group is the continued improvement of our online offering to drive increased sales through this channel. All businesses delivered strong sales growth and traded ahead of their respective targets.
WSA Food online growth is supported by the strength of our Click and Collect offering, now in 76 stores and accounting for almost a quarter of online Food sales. The learnings from the Woolies Dash trial are also being integrated. This offering is currently available in 18 stores, with plans to expand the reach in the new year. Other new digital services include enhanced personalisation through WCellar and the launch of a virtual Beauty try-on and consultation service in WSA Beauty - the first SA fashion retailer to do so.



ONLINE SALES %

WHL RATING

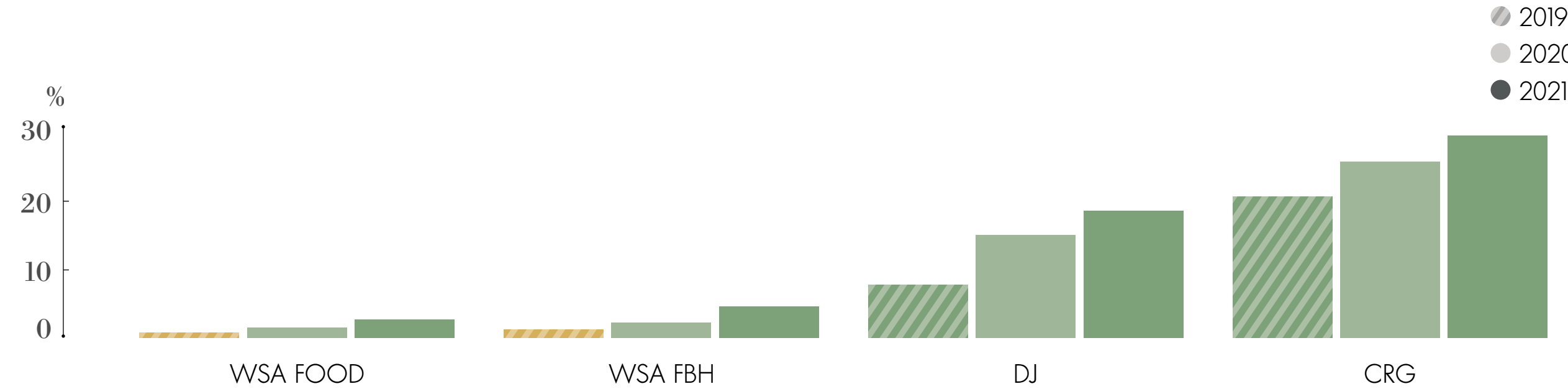
WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Indicates whether we are adapting to changing customer shopping behaviours by driving online sales relative to physical store sales by enhancing the digital experience.
% sales contribution of online sales to total sales.

PERFORMANCE IN THE CURRENT YEAR

While CRG has a market-leading online sales contribution, there is still significant headway in both WSA and DJ upon which to capitalise.

We continue to drive online penetration by leveraging digital skills, knowledge and expertise across the Group and re-prioritising our opex and capex accordingly.



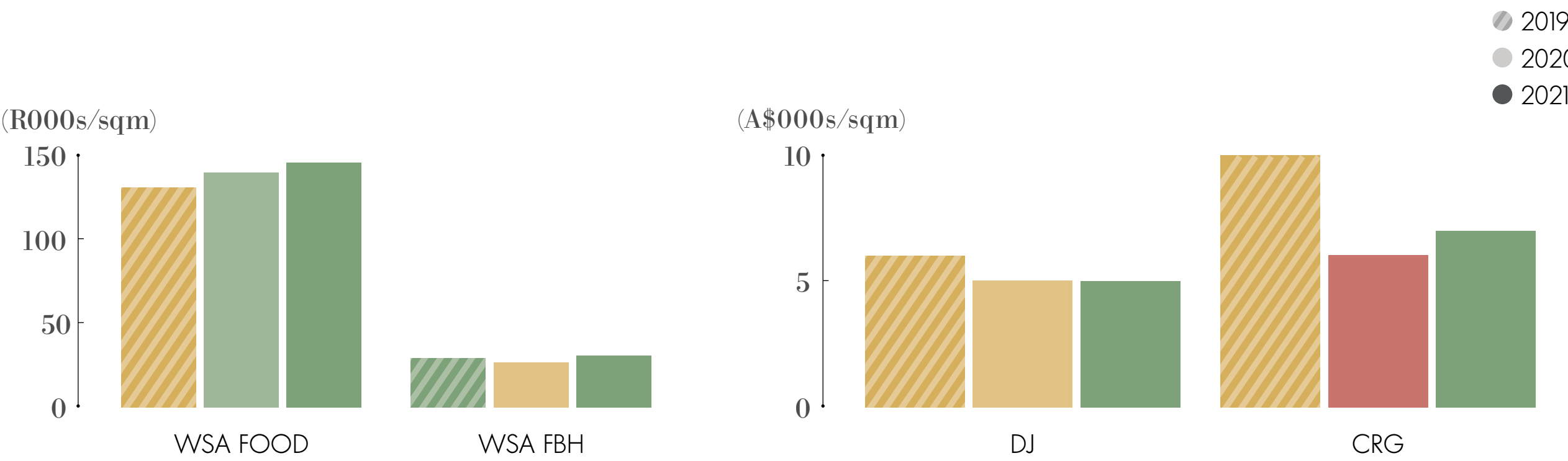
COST-EFFICIENCY AND OPERATIONAL EXCELLENCE

TRADING DENSITY

● WHL RATING

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?
Indicates how efficiently we are using our store space to drive sales.
Annualised sales per square metre.

PERFORMANCE IN THE CURRENT YEAR
Pleasingly, all divisions met or exceeded their respective trading density targets, notwithstanding store closures as a result of lockdown restrictions, which significantly impacted footfall, particularly in CBD locations.



STOCK TURN

● WHL RATING

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?
Allows us to understand the amount of inventory relative to sales over time and to efficiently manage stock and related working capital.
Sales over average stock holding on a rolling 12-month period.

PERFORMANCE IN THE CURRENT YEAR
Strong stock management disciplines have yielded positive results in our apparel businesses. In food, stock turn is below LY and target, given the timing impact of panic-buying in the prior year base.



PERFORMANCE AGAINST TARGET

- ACHIEVED
- PARTIALLY ACHIEVED
- MISSED

2019 2020 2021

GOOD BUSINESS JOURNEY

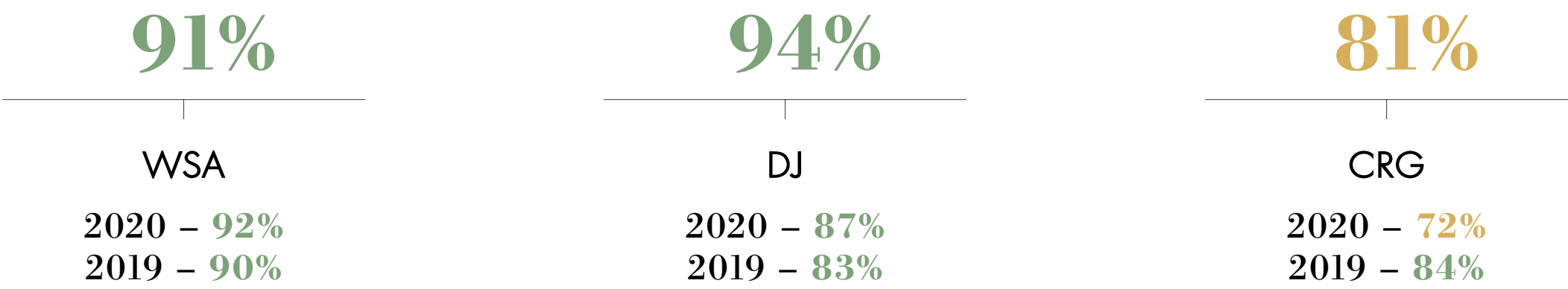
% TARGET ACHIEVED ON SUSTAINABILITY SCORECARD

● WHL RATING

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?
Demonstrates our commitment to sustainability and the effective execution of our Good Business Journey strategy.
The weighted average of all the sustainability targets tracked in each business.

PERFORMANCE IN THE CURRENT YEAR
WSA and DJ met and exceeded their sustainability targets respectively, whereas CRG narrowly missed its target due to Covid lockdowns and restrictions impacting the sale of cause-related merchandise as well as the sourcing and reporting of sustainable fibres.

Towards the end of the current year, we launched our new Group sustainability goals and commitments to 2025 and beyond, including goals which are future-focused and measurable, and which aim to make a meaningful difference for our people, our communities, and the planet.



DEMONSTRATES OUR COMMITMENT TO SUSTAINABILITY AND THE EFFECTIVE EXECUTION OF OUR GOOD BUSINESS JOURNEY STRATEGY.

LEADERSHIP AND PEOPLE

EMPLOYEE SATISFACTION

● WHL RATING

Regular employee surveys are a key tool for employees to give input and feedback and voice their concerns and expectations.
We are in the process of conducting formal employee engagement surveys.
We continue to actively engage with our people and the feedback we have received from them has been largely positive.
We are focused on establishing clear succession plans and nurturing leadership within our businesses.

DIVERSITY

● WHL RATING

We are committed to recognising all forms of diversity.
We are in the process of launching and rolling out our Inclusive Justice Initiative (IJI), targeting inclusive growth for all our people and developing a scorecard to track our progress in this regard.
WSA achieved a BBBEE rating of 7 (LY: 6) in the current year.



CLICK ON BOX TO GO TO THAT SECTION

OUR GOVERNANCE

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

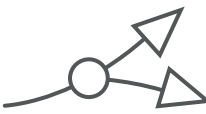
Experience in the retail industry, including experience in or exposure to digital commerce and innovation, and the operation of supply chains and distribution models in large, complex organisations.



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

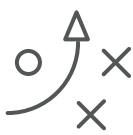
Knowledge of governance practices and trends and global codes of governance. Experience in implementing and practising high standards of governance in a large organisation.



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.

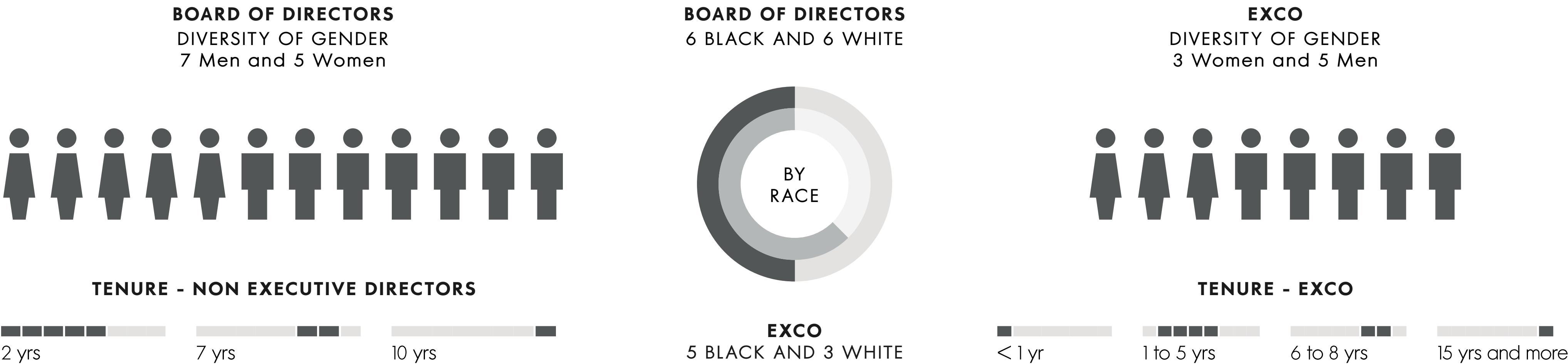
A CONSIDERED REVIEW OF THE DEPTH OF SKILLS AND EXPERTISE ON THE BOARD IS UNDERTAKEN TO ENSURE THE COLLECTIVE ATTRIBUTES REMAIN APPROPRIATE TO LEAD AN ICONIC LISTED COMPANY COMPETING IN A RETAIL MARKET EXPERIENCING RAPIDLY CHANGING CONSUMER PREFERENCES.

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.

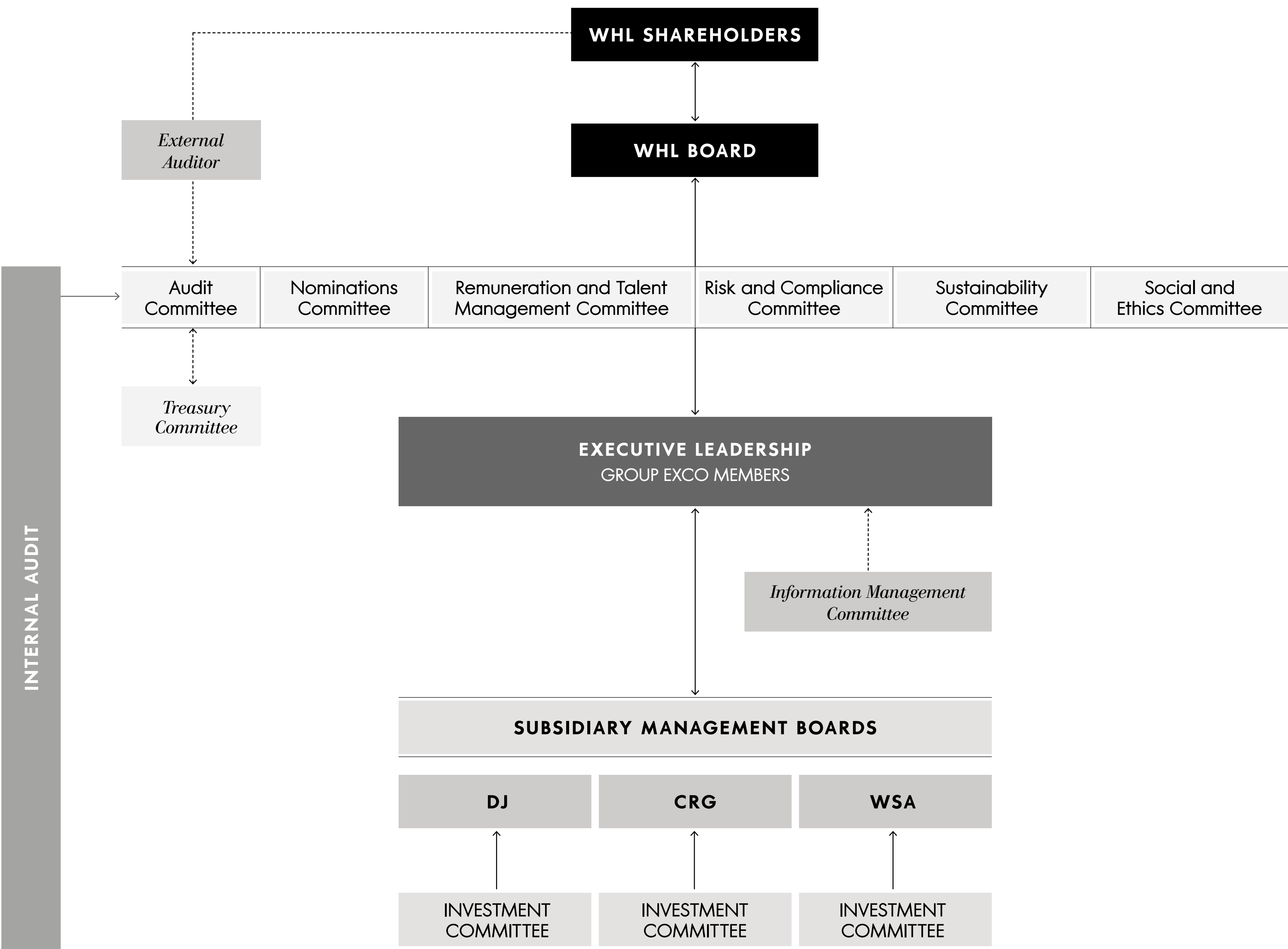
Our governance framework is illustrated in the diagram opposite.

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*		
<div><div>5</div><div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div></div> <div>Members: Zarina Bassa (Chairman), Hubert Brody, Christopher Colfer, David Kneale, and Nombulelo Moholi</div> <div>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.</div> <div>* The name of the committee was changed (post the 2021 reporting period) to include Talent Management.</div>	<div>FOCUS AREAS FOR 2021</div> <div><div><div><div>• The Chairman of the Board and the Chairman of the committee engaged with shareholders both prior to and after the Annual General Meeting</div><div>• 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</div><div>• Maintained the focus on a just wage. See the Remuneration Report on page 94 for further detail</div><div>• 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</div><div>• Reviewed and approved the strategic deliverables for Group Exco for FY2021 and the weightings allocated to the strategic deliverables and the financial health metrics</div><div>• 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</div><div>• Reviewed the succession planning for senior management and the bench strength for the top 40 roles in the Group</div></div><div><div><div>• 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</div><div>• Continued to monitor the Group’s approach to fair pay and the inclusion of disclosures in this regard in the Remuneration Report</div></div></div></div></div>	
	<div>KEY MATTERS FOR 2022</div>	
	<div><div>• Continue to refine the Remuneration Policy to ensure the outcomes support the Group’s strategic objectives and remain appropriate relative to the prevailing environment</div><div>• 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</div></div>	
<div>Further detail is provided in the Remuneration Report</div> <div>USEFUL LINKS FOR MORE DETAIL</div>		

SOCIAL AND ETHICS COMMITTEE		
<div><div>6</div><div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div></div> <div>Members: Thembisa Skweyiya (Chairman), Roy Bagattini, Hubert Brody, Zyda Rylands, Nombulelo Moholi, and Clive Thomson</div> <div>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.</div>	<div>FOCUS AREAS FOR 2021</div> <div><div><div><div>• 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</div><div>• Reviewed the 2025 Transformation vision in Woolworths South Africa for purposes of improving the contributor status in terms of the BBBEE Codes</div><div>• 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)</div><div>• 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</div><div>• Reviewed the Group’s talent succession plans, particularly with regard to diversity, inclusivity, and female representation at senior management levels</div><div>• Received regular updates on the Group’s Social Development initiatives, as well as sponsorships in terms of the Group Sponsorship Policy</div><div>• 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</div></div><div><div><div>• 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</div><div>• Reviewed the stakeholder engagement strategy in Woolworths South Africa, David Jones, and Country Road Group and the quantitative Stakeholder Survey in Woolworths South Africa</div><div>• 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</div><div>• 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</div><div>• 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</div><div>• Accepted responsibility for the role of Social and Ethics Committees of subsidiary companies</div></div></div></div></div>	
	<div>KEY MATTERS FOR 2022</div>	
	<div><div>• 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</div><div>• Continue to monitor the effectiveness of practices to promote employee mental health and wellness</div><div>• Continue to monitor the impact of the Group’s Social Development initiatives</div><div>• Oversee the continued evolution of the Group’s stakeholder engagement strategy</div></div>	
<div>Further detail is provided in the Social and Ethics Committee Report</div> <div>USEFUL LINKS FOR MORE DETAIL</div>		

■ 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.

OUR SOCIAL & ETHICS COMMITTEE REPORT

The Social and Ethics Committee (the committee) presents its 2021 report on behalf of the Group.



I am honoured to take over the chairmanship of the committee from Nombulelo (Pinky) Moholi after the 2020 Annual General Meeting, and look forward to her continued support and guidance as she remains a committee member. The committee once again extends its appreciation to Pinky for her chairmanship and for having successfully led the social and ethics agenda of the Group for the last three and a half years.

We do so against the unabating challenges of the Covid-19 pandemic, as well as the deeply disturbing consequences of the recent civil unrest that gripped certain provinces of South Africa in July 2021. These events have affected our people and leaders throughout our business in so many different ways, with our people having to constantly face scenarios centring on personal loss, grief, and fear, and yet they remain resolute and motivated to show up each day to do their best. We draw inspiration from them and remain resolute in our ambitions to set new goals in some areas and accelerate initiatives as we evolve to adapting to living with Covid-19 and rebuilding what has been lost.

Our Inclusive Justice Initiative is a Group-wide programme aimed at realising our bold transformation vision of 'inspiring inclusive growth for all our people'. It focuses on transforming and eradicating any form of discrimination and injustice that may exist in our organisation, striving to further cultivate a culture that advances dignity, healing, freedom, and equality for all. This initiative will ultimately touch all parts of our business as we continue to evolve the Good Business Journey in acknowledgement of our responsibility to be an agent for positive change. We have already begun to build on our strengths and have introduced new actions where we have fallen short. More detail is provided later in this report.

As a statutory committee, some of our work is compliance-driven; however, in our quest to be an agent for positive change, particularly in the current social context, we will continue to ensure that our policies and practices continue to add quality to life, insofar as we can, and protect the ethical and values-based culture on which our brand has been built.

MANDATE AND DUTIES

The committee is an established Board committee and has a statutory mandate to monitor the Group's ethical culture and social footprint as envisaged by the Companies Act. Our remit requires us to monitor the Group's operations to ensure alignment with global best practice in relation to respecting human rights in our workplaces and supply chains, embracing diversity in all forms, encouraging inclusivity, promoting ethical standards, and implementing measures to combat corruption.

Our mandate extends to our South African operations, David Jones and Country Road Group in Australia, and our operations in the rest of Africa. We endeavour to impact positively on our people, customers, and communities to the extent that we can.

THE COMMITTEE IS AN ESTABLISHED BOARD COMMITTEE AND HAS A STATUTORY MANDATE TO MONITOR THE GROUP'S ETHICAL CULTURE AND SOCIAL FOOTPRINT AS ENVISAGED BY THE COMPANIES ACT.

Our statutory duties entail:

- Monitoring the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
- Social and economic development
- Good corporate citizenship
- The environment, health and public safety, including the impact of the Group's activities and its products or services
- Consumer relationships, including the Group's advertising and public relations and compliance with consumer protection laws
- Labour and employment
- Ensuring that the Group's ethics are managed effectively
- Reporting, through the chairman of the committee, to the shareholders at the Company's Annual General Meeting on any part of the business of the meeting that concerns the committee's functions

With a broad remit to cover, it is beneficial that the committee's composition includes a diverse set of skills, experience, and knowledge that ensures robust debate and integrated thinking in our quarterly meetings.

COMPOSITION AND MEETINGS

The committee comprises both executive and non-executive directors and, during the year under review, held three meetings. Further details of the committee composition and attendance at meetings are included in the Governance Report on pages 64 and 69, while the committee's terms of reference are available on our website, www.woolworthsholdings.co.za.

CORPORATE CULTURE

Our corporate culture promotes diversity, inclusivity, personal development, and mutual respect. We want our people to enjoy coming to work and to thrive and perform in an environment that is free from discrimination, harassment, and victimisation. We believe that by maintaining such an environment, we will attract, retain, develop, and engage our talent, resulting in greater innovation, creativity, and sustainable business performance.

Working collaboratively with internal and external stakeholders, the WHL Group is committed to continuous listening and learning to ensure that our policies serve as the bedrock for the inclusive ethos we intend to forge. Entrenching a human rights and values-based culture across the Group is critical for business performance and organisational sustainability. This philosophy has been incorporated into our codes of conduct, policies and procedures across the Group and in all our business operations, including our Supplier Codes of Conduct that require our business partners to align with our human rights culture and values.

The Covid-19 pandemic, anti-systemic racism demonstrations, and the recent civil unrest in parts of South Africa have brought to the fore social, race, and gender-based inequality. These issues have made us determined to ensure that respect for human rights, diversity, and inclusion are deeply entrenched in our corporate culture. As a signatory to the UN Global Compact, the Group is committed to observing the ten principles advocated by the Universal Declaration of Human Rights and the International Labour Organisation. These are to:

- Support the protection of internationally proclaimed human rights (principle 1)
- Ensure we are not complicit in human rights abuses (principle 2)
- Uphold freedom of association and the effective recognition of the right to collective bargaining (principle 3)
- Contribute to the elimination of all forms of forced and compulsory labour and ensure that we and our suppliers are not party to slavery and human trafficking, and that employees work of their own free will (principle 4)
- Contribute to the abolition of child labour and commit to ensuring that the minimum entry ages for employment are adhered to, and to support efforts to stop child trafficking, child prostitution, and the deprivation of children’s rights (principle 5)
- Ensure we do not practise discrimination in respect of employment and occupation (principle 6)
- Support a precautionary approach to environmental challenges (principle 7)
- Undertake initiatives to promote greater environmental responsibility (principle 8)
- Encourage the development and diffusion of environmentally friendly technologies (principle 9)
- Work against corruption in all its forms, including extortion and bribery (principle 10)

DIVERSITY AND INCLUSION

Diversity and inclusion are key drivers central to our Inclusive Justice Initiative. They are integral to building a workforce that reflects our commitment to equal employment opportunities regardless of race, gender, age, disability, physical features, political belief or activity, pregnancy, religion, or sexual preference, and reflect the demographics of the countries in which we operate.

The tone for broader workforce diversity is set from the Board. The Board comprises a broad diversity of age, gender, race, interests, qualifications, skills, experience, and geographical backgrounds appropriate for the nature and scale of our business. Achieving our 40% target for both female and black director representation on the Board in 2020, we have now committed to a new aspirational target of 50% representation for both female and black directors by 2023.

The composition of WHL Exco is similarly diverse across age, gender, skills, and experience. Each region is encouraged to develop transformation strategies that are aligned with the context and environment in which it operates. As a Group, we continue to support these region-specific strategies, with racial and gender inclusivity remaining a key focus across the Group.

CASE STUDY

INCLUSIVE JUSTICE INITIATIVE (IJI)

As an organisation, we have a responsibility to be an agent for change for good. Inclusive justice is about transforming and redefining a system where different forms of discrimination and injustice are evolved into a culture that advances dignity, healing, freedom, and equality for all.

The Inclusive Justice Initiative is a Group-wide programme aimed at realising our bold transformation vision of ‘inspiring inclusive growth for all our people’ and a natural evolution of our Good Business Journey. While the programme is leader-led, 50 executives and senior management from Woolworths South Africa actively participate in driving the IJI priorities in South Africa. It is focused on inculcating an ethos of inclusive justice as a cornerstone of our culture.

While initially developed as a Woolworths South Africa initiative, the IJI has now been extended to be a Group-wide initiative with an appropriate narrative relevant for each country in which we trade. Going forward, we will leverage this to be an active contributor in the broad social justice call in all these countries.

IJI includes and extends beyond our transformation and BBBEE strategy to include aspects of culture, mindset shift, and leadership development. The initiative embraces the ethos of diversity, inclusion, social justice, justice, and equality. IJI aims to systematically eradicate institutional inequality and broader injustices, including acknowledging the existence of conscious and unconscious bias, prejudice and discrimination – based on the premise that the Group’s operations are a microcosm of global security. The initiative speaks to much of the committee’s underlying mandate.

Within the Woolworths South Africa IJI programme, a number of immediate priorities have been identified.

They include:

- Remunerating our people with a ‘just wage’, as discussed in the Group’s Remuneration Report
- Establishing an SMME Development Institute to ensure that small businesses are adequately empowered and equipped to become sustainable suppliers
- Reviewing and updating our people policies to ensure that they embrace diversity and inclusion
- Developing a Gender-based Violence (GBV) programme to create awareness of GBV and related issues, and also developing active commitments to address these issues in the Group
- Driving the advancement of black women into middle and senior management positions
- Guiding and moving employees at different levels through their involvement, buy-in, and ownership stages of the initiative

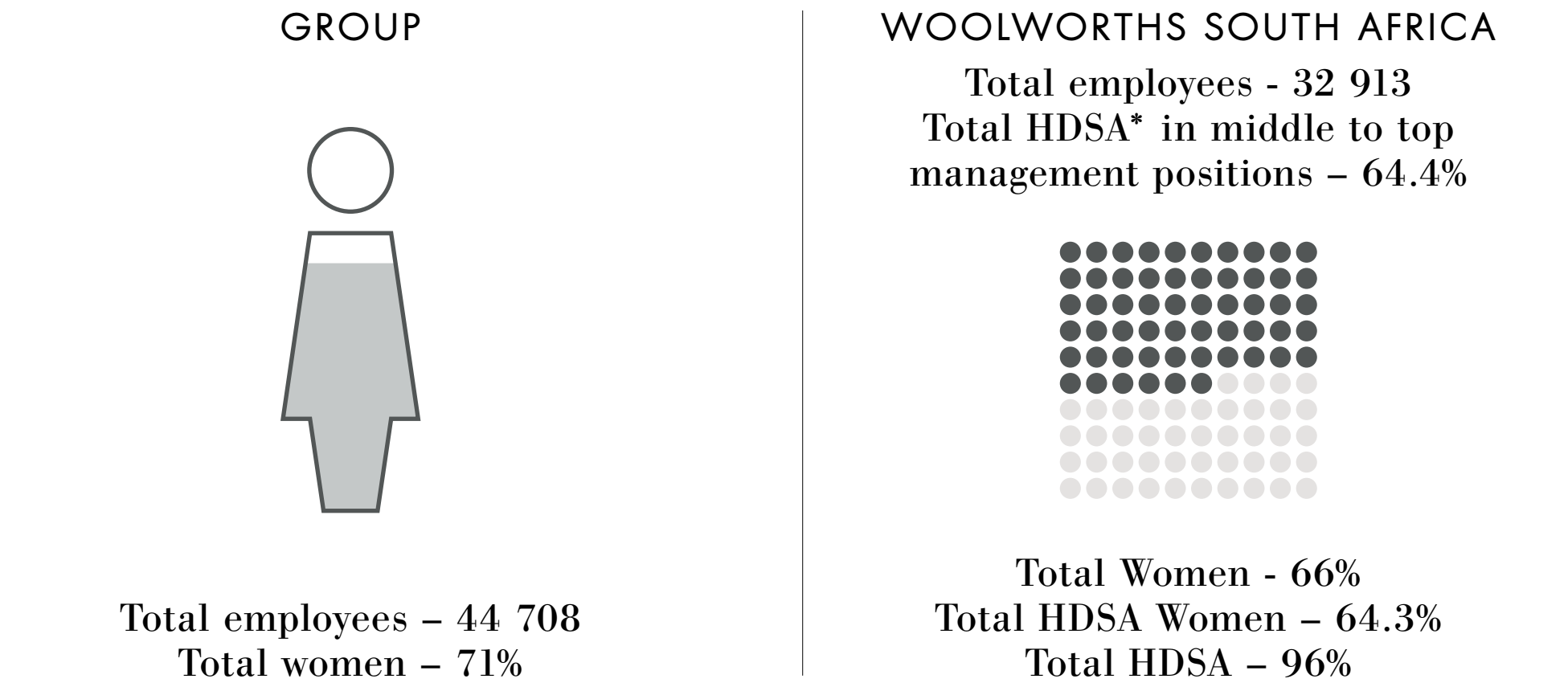
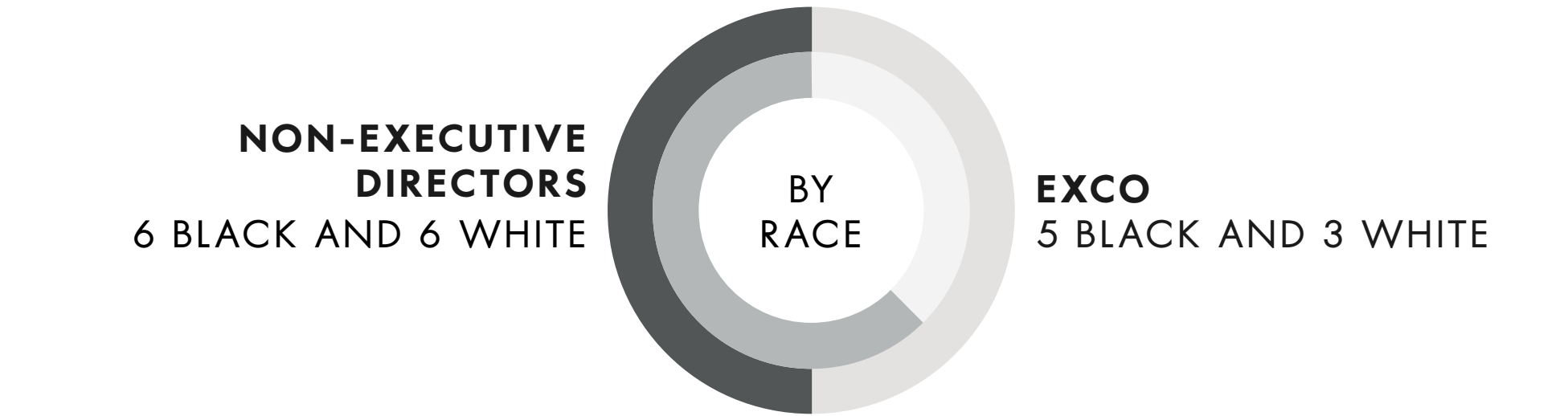
The committee is extremely excited and optimistic about the transformational nature of this programme to ensure that the Group is modern, relevant, and up-to-date with the issues of the day.



Woolworths, Autumn 2021

SOUTH AFRICA

In South Africa, we are actively engaged in improving the quality of life for our employees, customers, and other stakeholders. We do so by choice – to do the right thing – and not because we are obliged to in terms of legislation, such as the BBBEE Act and Codes of Practice and the Employment Equity Act. Woolworths South Africa continues its work to address the concept of a ‘just wage’ and to ensure that its employees are able to earn a salary that allows them a fair standard of living. Our strategic approach to people with disabilities is aligned with our People and Transformation strategies and the national skills development strategy. The implementation of this strategy is being carried out in partnership with the Wholesale and Retail SETA.



* Historically Disadvantaged South Africans



AUSTRALIA

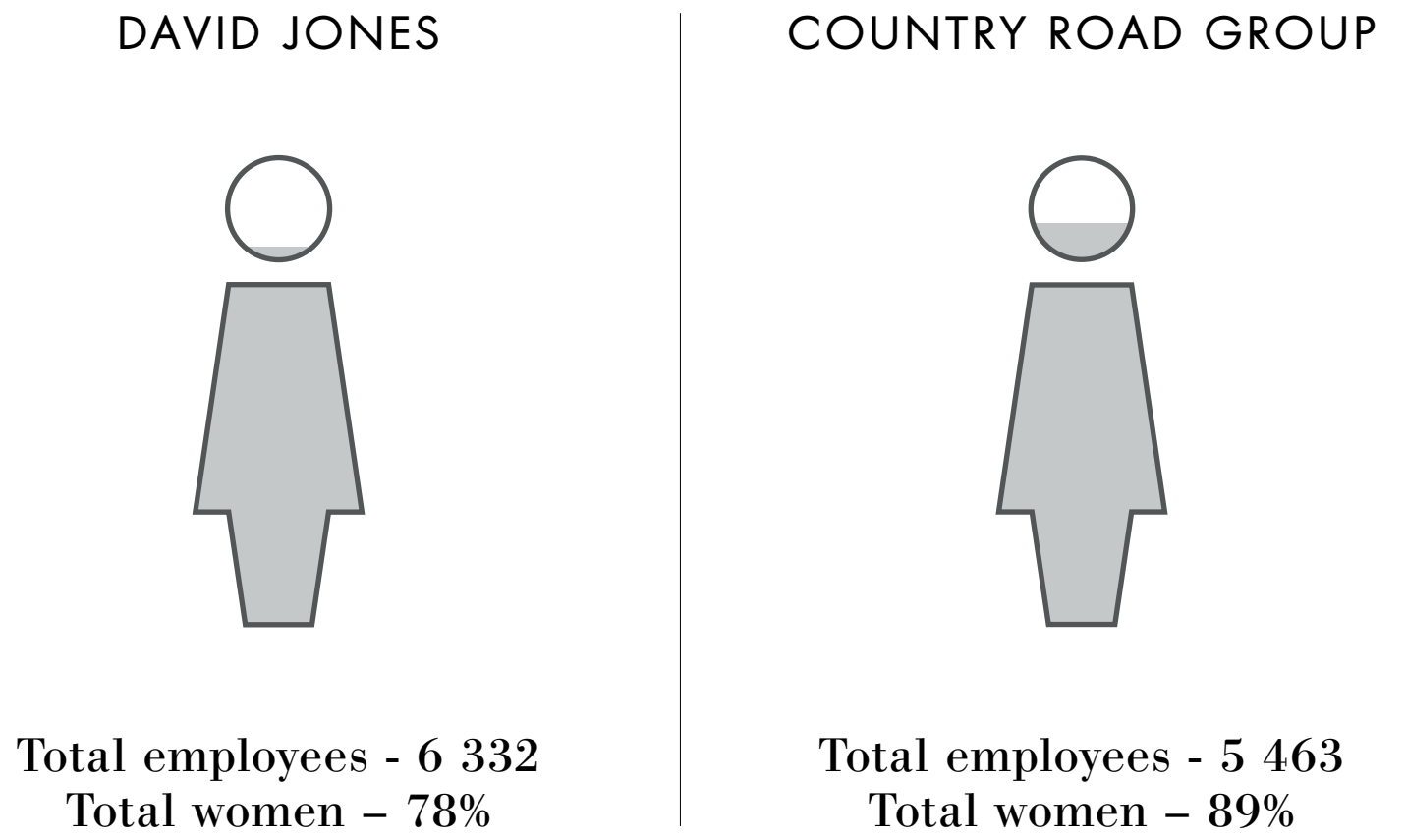
Our Australian businesses are actively building and cultivating an inclusive culture founded on dignity and respect and where differences are celebrated. Inclusivity crosses multiple dimensions of diversity including, but not limited to Aboriginal and Torres Strait Islander identification, gender, accessibility and disability, LGBTQ+, religious and cultural affiliations, and generational diversity.

In addition to their commitment to equal opportunity in the workplace, David Jones and Country Road Group adhere to the Workplace Gender Equality Act of Australia and have continued to submit annual reports to confirm female representation in the workplace.

Our vision for reconciliation is a society with equal access to education and employment opportunities for Aboriginal and Torres Strait Islander and non-indigenous peoples. Touch points in the business to further this vision range from driving more cultural awareness across the business to identifying ways in which to increase spend with Aboriginal and Torres Strait Islander businesses.

To create an aligned view of the Australian region’s commitment to diversity and inclusivity across our people, customers, and community, we are in the process of defining a diversity and inclusivity 2025 roadmap. This roadmap will guide the region’s Reconciliation Action Plan to identify appropriate strategies that will build relationships and respect with the First Nations people (Aboriginal and Torres Strait Islander people).

Several milestones have been achieved in David Jones and Country Road Group with respect to the ‘Innovate’ component of the Reconciliation Action Programme. An Indigenous Pathways Programme, a mentor programme supporting fashion design talent, has been launched in David Jones. There is increased interest in co-design with indigenous artisans and designers in Country Road Group, with Country Road Group supporting competency training of their people to support and drive this.



CASE STUDY

DAVID JONES & DARWIN ABORIGINAL ART FAIR FOUNDATION PATHWAYS PROGRAMME

Our partnership with Darwin Aboriginal Art Fair Foundation ("DAAFF") and the creation of an Australian Indigenous Pathways Programme is a continuation of the commitment to reconciliation with Aboriginal and Torres Strait Islander peoples, which is reflected in our Reconciliation Action Plan. Established in 2020, the Pathways Programme initiative is part of David Jones' ongoing commitment to supporting diverse design perspectives and working towards a future Australian fashion industry that is more inclusive and representative of indigenous design and culture.

Facilitated through workshops, seminars, mentoring, and network opportunities, David Jones has forged partnerships between the six First Nations fashion brands and their mentors, comprising six Australian fashion designers within the David Jones family, including Aje, Bassike, Bianca Spender, Bec and Bridge, PE Nation, Kitx and Esse.

David Jones' role in the programme is to listen and understand the needs of our First Nations fashion designers and provide support at all stages of the development of a fashion label. The latest phase in the programme has been the mentoring session which has provided the opportunity for indigenous fashion brands to tap into the expertise of leading Australian fashion designers, and have them provide practical experience, insights and advice.

AfterPay Australian Fashion Week will be the culmination of this inaugural year of the Pathways Programme, where up to five designers will show their collections on the runway. This key activity will be supported by an intimate media and designer breakfast to discuss the successes, challenges and the next phase of the programme.

COUNTRY ROAD X DARWIN ABORIGINAL ART FAIR FOUNDATION

In 2020, Country Road partnered with DAAFF in support of the National Indigenous Fashion Awards (NIFA) and Country to Couture. This is a consciously slow and considered partnership through which we aim to learn and be guided by community needs. We want to better understand the breadth of experience and cultures of our First Nations people in order to support reconciliation in Australia. There is so much we can learn from the world's oldest living cultures, and we are committed to doing so. Through this partnership, we provide an annual mentorship to the NIFA National Fashion Design Award winner, which was won by Julie Shaw of Maara Collective. Julie has been undertaking her mentorship during 2021. Country to Couture is an annual celebration of First Nations art and design talent, which we support by sharing and amplifying Indigenous voices and work across our platforms.

Future plans are to continue the initiative into 2022.

USEFUL LINKS
FOR MORE DETAIL



WE WANT TO BETTER UNDERSTAND THE BREADTH OF EXPERIENCE AND CULTURES OF FIRST NATIONS PEOPLES IN ORDER TO SUPPORT RECONCILIATION IN AUSTRALIA. THERE IS SO MUCH WE CAN LEARN FROM THE WORLD'S OLDEST LIVING CULTURES, AND WE ARE COMMITTED TO DOING SO.

TALENT MANAGEMENT AND DEVELOPMENT

We understand that attracting, developing, and retaining talented employees is critical to delivering our strategy and its sustained success. Our integrated and streamlined talent management and succession planning engagements and processes are designed to provide a holistic view of our talent landscape and enable us to proactively identify and respond to talent risk.

In addition, our continued focus on leadership development to build leaders now and into the future is part of creating an environment that attracts, develops, and retains the best talent.

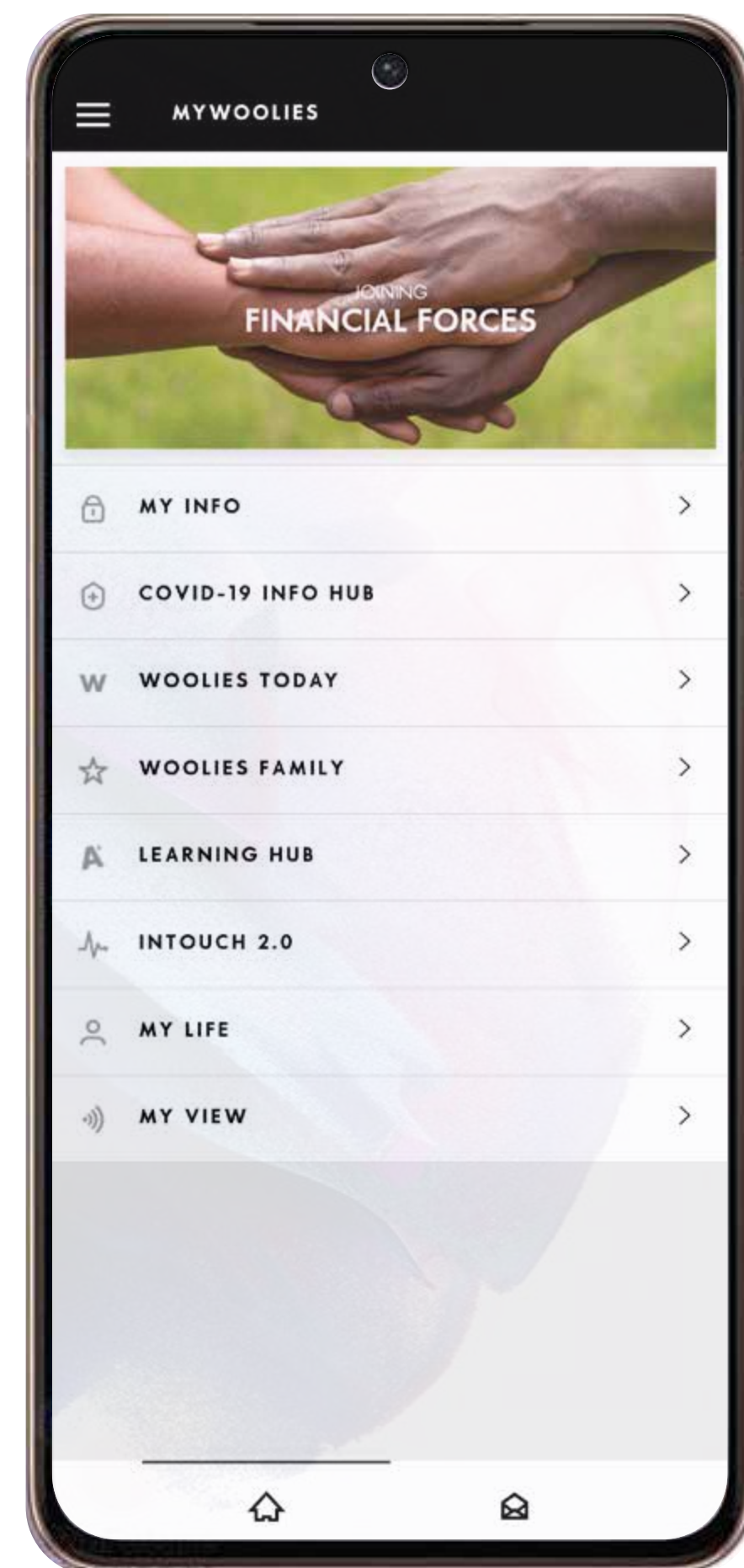
SOUTH AFRICA

In South Africa, skills development is a key component of our talent management strategy. It is fundamental to enabling transformation, as well as upskilling and advancing our people. To maximise the impact of our strategy and to ensure the quality of our future talent pipeline, we have adopted a dual approach to skills development. We have an extensive internal skills upliftment programme and supplement this with external education options to improve the employability of graduates from various institutions.

The approach and traditional methods by which we deliver our skills training and initiatives has been upended by the Covid-19 pandemic. In a pre-Covid-19 world, 90% of learning was classroom based. The pandemic has shifted both the skills development priorities and the way in which learning is delivered to cater for a world where physical distancing and remote working has become the norm.

A three-phased approach has been adopted to transition the business to remote learning, recognising that this represents a significant transformation for learners, facilitators, content creators, and line managers. We have designed an omni-channel learning approach and ecosystem that still provides the intended learning experience and outcome for our people. This ecosystem includes a digital approach for all types of learning, incorporating both performance-driven and talent-driven learning. Our MyWoolies App, initially envisaged to be a communication tool, will also become a key channel for small, bite-size or micro-learning training that is able to reach a wide audience quickly and conveniently. We have used this platform successfully in delivering all of our annual governance training during the year and have been able to reach more of our people through this medium.

OUR MYWOOLIES APP, INITIALLY ENVISAGED TO BE A COMMUNICATION TOOL, WILL ALSO BECOME A KEY CHANNEL FOR SMALL, BITE-SIZE OR MICRO-LEARNING TRAINING THAT IS ABLE TO REACH A WIDE AUDIENCE QUICKLY AND CONVENIENTLY.



Our internal Talent Pipeline programmes, which are delivered in partnership with institutions of higher learning, are offered across all levels of work to prepare our top talent for future career progression and enable them to operate at the next level of work.

As part of our transformation agenda, we offer development to unemployed graduates and students who require exposure in their chosen field as part of the graduation requirements (interns), with a focus on developing core and scarce skills. These students and graduates are offered workplace experience and internships within our business units with a view to increasing their employability and developing a recruitment pool, while the co-op programme is successfully used as a feeder to our graduate development programme. Unfortunately, these programmes have been impacted by the pandemic, and we have had to suspend our learnership and co-op programmes. In deciding how best to continue contributing to learnerships, we have redirected investment to learnership programmes that are being provided by NGOs and Woolworths South Africa suppliers, with the intention of integrating these learners into the Woolworths South Africa workforce in the future.

The delivery of many of our external talent development initiatives has been disrupted by challenges experienced by our strategic partners in the South African education sector. These challenges have meant extending the learning period for the Graduate Development programme and putting our Inside Retail programme (a collaboration to develop Technical, Vocational Education & Training (TVET) college lecturers' capacity by providing them with industry-based workplace exposure) on hold.

Woolworths Fashion, Beauty and Home (FBH) continues to partner with the Design Academy of Fashion (DAF) to provide talented, historically disadvantaged youth studying fashion design or buying with an exceptional quality education and support to enable their optimal development and integration into our industry.

We successfully concluded our Youth Employment Service (YES) initiative at the end of last year with 512 unemployed youths recruited and participating in our YES Programme. We were able to provide permanent job opportunities to 57% of the participants and achieved a 59% retention rate. We are currently looking at Phase 2 of the YES initiative within the context of current socio-economic factors and business challenges.

AUSTRALIA

Leaders in Country Road Group and David Jones have continued to prioritise regular talent discussions, which remain central to our people strategy.

We have delivered an in-house leadership programme to further develop leadership capabilities in stores. Industry-based workplace exposure is offered through a collaboration between Witchery and the RMIT University in Melbourne that offers a work placement programme for selected visual merchandising students. Country Road offers

12-month graduate positions for students to be mentored by Country Road's visual merchandising team.

Following on the rapid transition to remote working as a result of the Covid-19 pandemic, we developed a leading virtually programme with an external provider to support leaders as they were required to 'lead on the run'. This initiative was supported by group coaching sessions, webinars, team plays, and action plans.

WE HAVE DELIVERED AN IN-HOUSE LEADERSHIP PROGRAMME TO FURTHER DEVELOP LEADERSHIP CAPABILITIES IN STORES.



ENTERPRISE AND SUPPLIER DEVELOPMENT

SOUTH AFRICA

Woolworths South Africa has managed a very successful Enterprise and Supplier Development (ESD) programme over the past 11 years.

Articulated as our Supply Chain Transformation strategy, our ESD programme is an integral part of our objective to build a sustainable and capable black-owned and black women-owned supplier base that will deliver competitive advantage, enhance market share, and drive costs down in the supply chain. By developing our ESD strategy within our buying and procurement structures, opportunities are identified and matched with potential enterprises that can sustainably supply Woolworth South Africa with a product or service. Our ESD suppliers range from providing us with horticulture and fresh produce and reusable shopping bags to empowering women to earn an income from clothing donations.

As highlighted earlier, we have incorporated ESD into our Inclusive Justice Initiative (through the SMME Development Institute). The key objectives are to:

- elevate and enhance ESD with formal operational governance structures
- support the business to enable a more integrated development of suppliers and enterprises in the value chain through their inclusive participation
- develop strategic partnerships with providers of business development services and funding

IN THE FINANCIAL YEAR UNDER REVIEW



We contributed over R2.4 billion (2020: R2.2 billion) towards revenues of small and medium enterprises participating in our supplier base

We contributed R3.4 billion (2020: R3.1 billion) in revenues of black- and black-women-owned suppliers in our supplier base

The 36 (2020: 35) beneficiaries of our ESD programme accessed procurement opportunities to the value of R398.3 million as a result of tailor-made support provided by Woolworths and its partners

REST OF AFRICA

We are increasing our focus on the development of local suppliers in a number of the countries in which we trade in the rest of Africa.

We have identified opportunities in the agriculture sector, which create the opportunity to work with small, emerging suppliers in well-established environments. Identified areas of focus include fresh produce, dairy, bakery, and protein departments.

SOCIAL DEVELOPMENT

At the heart of our social development strategy is our intent to be an active, responsible corporate citizen and to improve the lives of the communities that help us deliver our business every day. Our approach to social development is based on meaningful collaboration with key strategic partners, as the complex challenges facing us require deep insights and a collaborative effort to make a difference. In addition, we leverage our operating footprint and our loyal customer base.

In South Africa, we focus on two clear imperatives – education and food security – and more broadly across the Group, we have defined community resilience and employee involvement as key to the overall social development strategy.

SOUTH AFRICA

In South Africa, social development activities are overseen by the Woolworths Trust. Operating for 18 years, the Trust is managed by a Board of Trustees and reports to the committee on its activities.

The Trust focuses on initiatives that address food security and education. During the financial year, the Trust continued its partnerships with non-governmental organisations that have helped to redistribute edible surplus food to people in need, to grow food to support the food needs of a local community, and training emerging young farmers on regenerative agriculture. The Trust has also supported the intent of improving educational outcomes at under-resourced schools and has contributed to addressing Covid-19 prevention protocols through the establishment of hand washing stations in schools.

AUSTRALIA

Social development is an integral part of the Good Business Journey strategy in Australia, where David Jones and Country Road Group support a range of charities through various brand-community partnerships. The social impact of these initiatives is focused on addressing wellbeing and empowerment challenges experienced in Australia.

THE GROUP HAS DONATED R0.6 BILLION IN 2021 IN MONETARY DONATIONS, SPONSORSHIP, AND SURPLUS FOOD AND CLOTHING DONATIONS TO OUR COMMUNITIES.

CASE STUDY

FILL A BAG CAMPAIGN

The pandemic has led to many job losses and the loss of income in numerous communities. In collaboration with our existing food security and disaster relief NGOs, we developed the ‘fill a bag campaign’. The campaign encouraged customers, employees, suppliers, and business partners to donate funds, food, and grocery items to meet the growing demand to feed the hungry in challenging Covid-19 times.

We are grateful for the generous support from our stakeholders of the campaign. They enabled us to donate 756 000 meals to Gift of the Givers in 2020, and a further 1 million meals in 2021.



EMPOWERMENT (BBBEE)

The Group was rated as a level 7 BBBEE contributor in 2021 (level 6 in 2020), based on the measurement criteria contained in the BBBEE Codes of Practice. During the year, the committee reviewed management’s proposals with regard to resetting Woolworths South Africa’s long-term transformation targets with a view to advancing the BBBEE rating over the next five years. Our Vision 2025+ transformation vision will be incorporated into the wider ambitions of the Inclusive Justice Initiative, as part of the broader approach to inclusive growth, and will be monitored by the committee going forward.

ALL OUR SUPPLIERS AND SERVICE PROVIDERS, WHATEVER THEIR LOCATION, ARE BOUND BY OUR CODES OF BUSINESS PRINCIPLES, WHICH ARE ALIGNED WITH THE INTERNATIONAL LABOUR ORGANISATION’S CONVENTIONS IN RELATION TO ETHICAL TRADE, AND THE ETHICAL TRADE INITIATIVE BASE CODE.

PROMOTING ETHICAL STANDARDS AND COMBATTING CORRUPTION

The committee assists the Board in setting the tone for an ethical organisational culture, and it executes its responsibility for ethical governance and good corporate citizenship through our various governance and ethics policies. These cover areas such as anti-bribery and corruption, whistleblowing, Codes of Business Principles, conflicts of interest, gifts, entertainment, insider trading, and price-sensitive information policies. These are reviewed annually and updated when necessary.

We are a signatory to the UN Global Compact and continue to align with the UN Sustainable Development Goals (SDGs), as well as national development priorities of all the countries in which we operate. This requires us to ensure that all parties in our value chain are aligned with our policies and practices.

To this end, all our suppliers and service providers, whatever their location, are bound by our Codes of Business Principles, which are aligned with the International Labour Organisation’s conventions in relation to ethical trade, and the Ethical Trade Initiative base code.

The Codes of Business Principles outline our requirements for labour and safety standards, environmental stewardship, animal welfare, and our zero-tolerance for bribery and corruption, and are supplemented by a number of supporting policies and position statements. Suppliers undergo regular compliance checks against the codes, conducted by independent auditors, or are required to supply audit reports from independent auditors. In rare instances where our suppliers may have been found in wilful breach of our Supplier Code of Business Principles, we do not hesitate to terminate our relationship with that supplier.

We monitor our suppliers’ performance through various programmes on which they are required to report. We are members of SEDEX, a web-based platform for sharing responsible sourcing data on supply chains, and have made progress on converting our suppliers to SEDEX Members Ethical Trade Audit (SMETA), one of the most widely used ethical audit formats in the world. Suppliers who are currently not using SMETA are audited against our own, independently verified ethical audit protocols.

ANTI-BRIBERY AND CORRUPTION POLICY

During the year, the committee reviewed the Group anti-bribery and corruption policy, which is based on the guidance provided by the Organisation for Economic Co-operation and Development’s principles on anti-corruption and the UN Global Compact. The policy articulates and directs the Group’s approach to anti-bribery, anti-corruption, and sanctions in support of our responsible corporate citizenship.

We are committed to:

- Zero-tolerance against fraud, theft, corruption or any similar illegal behaviour
- Complying with all applicable anti-bribery and corruption laws, regulations, rules, self-regulatory organisation standards, and codes of conduct in the countries in which we operate, and conducting business transparently and in an honest and ethical manner
- Embedding the business-relevant anti-bribery and corruption compliance framework and processes in our daily activities
- The continuous enhancement of the anti-bribery and corruption risk-based monitoring programme in order to provide assurance to the Board
- Continuously monitoring the regulatory environment to implement appropriate responses to changes and developments

PROTECTION FOR WHISTLEBLOWERS

The Group whistleblower policy aims to facilitate and maintain an environment in which any concerns relating to wrongdoing can be safely and confidently expressed without fear of punishment or unfair treatment, and ultimately assist in preventing wrongdoing within the Group. Awareness and refresher training on the scope and intent of the whistleblower policy is provided on an ongoing basis.

An independently monitored whistleblowing hotline, Deloitte’s Tip-Offs Anonymous, is available to employees across the Group as well as to key customers and suppliers in the South African business. The hotline enables stakeholders to report suspected fraud or other activities considered to be ethical transgressions. All information reported is treated in the strictest confidence. No material reports were received through this facility during the year.

Tip-Offs training and awareness sessions are conducted periodically to promote utilisation of the facility, and ensure that our employees and other affected parties understand the Group’s stance in terms of zero corruption.

The various policies are available on our website.

USEFUL LINKS
FOR MORE DETAIL

HEALTH AND SAFETY

The Group is committed to providing a safe and healthy environment for all our employees, customers, and contractors. This environment has been severely tested amidst the challenges presented by Covid-19. Our staff have been agile in their responses and protocols have been put into place to ensure the wellbeing of all our stakeholders. We have closed our stores and workplaces whenever we have had to, in order to ensure safety of our staff and customers.

The pandemic continues to robustly test our health and safety protocols, and we have taken every possible precaution to ensure the health and safety of our staff and customers. We have also assisted suppliers in our value chain by sharing best practices and protocols in this area.

Supporting the wellbeing of our people was prioritised as a specific focus area across South Africa, the rest of Africa, and Australia. To support this, an online Covid-19 ‘Info Hub’ was established to provide our people with important, regularly updated Covid-19 information, including expanded services and support related to mental health and wellbeing, as well as a helpline.

Effective health and safety programmes are operational at each of our locations and we empower our employees to participate in our programmes that are designed to achieve a safe, healthy, and accident-free environment in which to work and trade. Health and safety representatives are appointed in each part of the business, with fully operational health and safety committees to support them and manage compliance to our protocols.

Across the Group, we have comprehensive occupational health and safety programmes that meet the needs of our employees in the context of their country of operation and local legislation. This work is supported by our teams of occupational health practitioners employed across our operations in Southern Africa and Australia. Key safety initiatives include regular employee awareness training, quarterly health and safety inspections, and regular internal audit effectiveness reviews.

In addition, the Group’s compliance department actively monitors and reports on compliance with health and safety legislation. These reports are reviewed by the Risk and Compliance Committee, which also monitors health and safety risks. We ensure that our stores and workplaces are as safe as possible and treat anyone injured in our stores or workplace with care and dignity. There were no major health and safety injuries reported in 2021.

THE GROUP WHISTLEBLOWER POLICY AIMS TO FACILITATE AND MAINTAIN AN ENVIRONMENT IN WHICH ANY CONCERNS RELATING TO WRONGDOING CAN BE SAFELY AND CONFIDENTLY EXPRESSED WITHOUT FEAR OF PUNISHMENT OR UNFAIR TREATMENT, AND ULTIMATELY ASSIST IN PREVENTING WRONGDOING WITHIN THE GROUP.

CUSTOMER RELATIONSHIPS

As a values-led Group that aspires to be ‘customer obsessed’, our customers are a key priority. We believe the key to delivering an exceptional customer experience is to invest in our people experience, and we are accordingly focused on both aspects to improve and enhance our relationships with customers.

Issues that are material to our customers are identified through daily interaction in our physical stores as well as on our digital and social media platforms. Customer focus groups and surveys provide focused input to help identify customer requirements, interests, and concerns.

Our statutory mandate requires us to ensure that the Group observes applicable consumer laws. We are pleased to report that there have been no instances of non-compliance in this regard during the year.

STAKEHOLDER ENGAGEMENT

Sound stakeholder engagement facilitates good corporate citizenship and positions us as an active participant in society through proactive engagement and effective responsiveness. We engage openly and inclusively with our stakeholders to better understand their needs and concerns. Our approach is to seek areas of potential partnership, mitigate risks to the business, and create mutual trust and respect.

During the year, our stakeholder engagement programme continued to focus on building new relationships and enhancing existing ones with government, non-governmental organisations, and other relevant interest groups. This programme of stakeholder engagement helps the Group to better navigate the complex regulatory, legislative, and political landscape and provides ongoing macro-environmental insights, develops goodwill ambassadors, and, ultimately, ensures our continued social licence to operate.

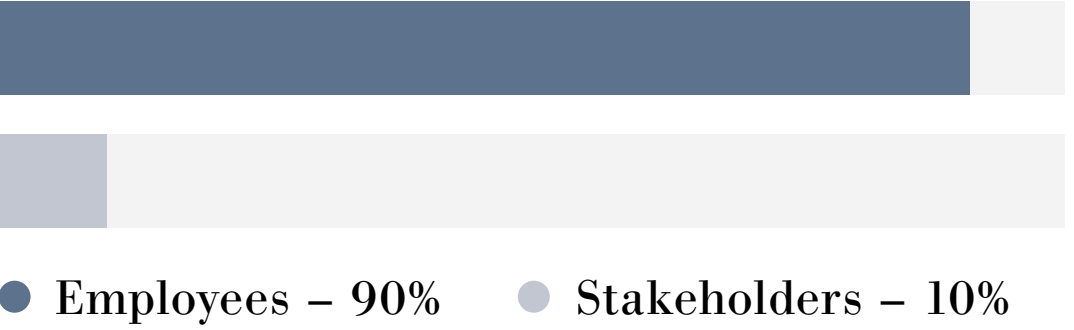
A significant part of the work is focused on industry participation, and, to this end, management has proactively engaged with key stakeholders, ensuring that subject matter experts with the appropriate depth of knowledge and ability to articulate the impacts of potential policies on the business, lead the engagements.

Our stakeholder engagements are grouped into the following focus areas:

- Public policy and advocacy to support a more enabling regulatory environment
- Developing credibility to be recognised as a source of expertise on key issues pertinent to the Group
- Creating shared value and socio-economic performance through private-public partnerships driven by the desire to do good and be involved in society
- Remaining responsive to the expectations of stakeholders
- Participation in leading business/industry associations

We are cognisant of the criticality of our corporate reputation, which helps us to maintain deep stakeholder trust. During the year under review, Woolworths South Africa conducted an external stakeholder perception survey to provide a more informed base from which to evolve our stakeholder engagement strategies. The quantitative-based survey used global best practice and leading research adapted to Woolworths South Africa’s operating environment.

The survey participants were stakeholder groupings who have an established relationship with Woolworths South Africa. These included employees, suppliers, corporate social investment and ESD beneficiaries, organised business and industry leadership, government and regulators.



Most of the specific concerns raised by stakeholders correlate to components of the Inclusive Justice Initiative programme. In essence, stakeholders have told us that they expect engagement focusing on inclusivity, responsiveness, and transparency. Going forward, we will conduct a stakeholder perception survey every two years.

The survey aimed to:

- Determine the levels of trust in the Woolworths brand
- Segment Woolworths South Africa’s reputation rating in its capacity as an employer, retailer, and corporate citizen
- Determine stakeholder perceptions of Woolworths South Africa’s performance against stakeholder expectations of what constitutes material issues
- Understand stakeholders’ experiences of how Woolworths South Africa showed up in Covid-19
- Establish stakeholders’ engagement preferences

The results have provided valuable insight that will be used to guide and direct specific stakeholder strategies. Some of the specific results are:

A TRUST SCORE SIGNIFICANTLY POSITIVE AGAINST THE INTERNATIONAL RETAIL NORM



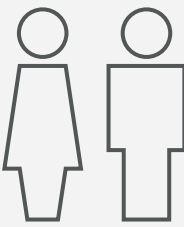
- Woolworths South Africa – 78%
- International retail norm – 69%

AGAINST A 75% BENCHMARK FOR A STRONG CORPORATE REPUTATION, WE SCORED IN EXCESS OF 78% FOR REPUTATION AS A RETAILER AND CORPORATE CITIZEN, AND 73% AS AN EMPLOYER OF CHOICE



78.57%

Reputation as a retailer and good corporate citizen



73.23%

Employer of choice

ENVIRONMENTAL MATTERS

Given the importance that the Group has always placed on sustainability matters, we have had a long-standing Sustainability Committee in place that ensures our sustainability initiatives and objectives are effectively integrated into the business and that the Group operates in an environmentally responsible manner. The Group’s progress in this regard is

reported in our annual Good Business Journey Report that forms part of our integrated annual reporting suite and can be accessed on our website, www.woolworthsholdings.co.za. A key initiative for us during the year under review was the launch of the Group’s 2025 Sustainability strategy, which is detailed below.

VISION 2025+ PILLARS AND UNDERLYING GOALS

THRIVING & RESILIENT We care for the environment and are committed to working towards net zero impact and a just transition to a low carbon future.	ETHICAL & FAIR We care for how our products are made and are committed to a fully transparent, traceable, and ethical supply chain.	INCLUSIVE JUSTICE We care for our people and are committed to being a diverse and inclusive business, enhancing the wellbeing of our employees, customers, and communities.
 Achieve net ZERO CARBON IMPACT by 2040	 Have a fully transparent, traceable, and ETHICAL SUPPLY CHAIN by 2025	 Work is underway in conjunction with the INCLUSIVE JUSTICE INITIATIVE programme to articulate specific goals, targets and baselines for this pillar
 Source 100% of our energy from RENEWABLE SOURCES by 2030	 Develop a roadmap by 2022 for achieving A LIVING WAGE FOR ALL WORKERS across our supply chain	
 Work with our suppliers and partners to create net POSITIVE WATER IMPACT in water-stressed basins in our value chain by 2050	 RESPONSIBLY SOURCE ALL KEY COMMODITIES FROM TRACEABLE SOURCES by 2025	
 All our packaging will be REUSABLE OR RECYCLABLE by 2022	 All our private label products can be REUSED, REPAIRED, RESOLD OR RECYCLED by 2025	
 HALVE FOOD LOSS AND WASTE in our own operations and across our top 30 suppliers by 2030	 All our private label clothing, beauty, and home products to contain at least ONE RENEWED, REUSED, OR RECYCLED PRODUCT MATERIAL input by 2030	
 All private label products to support REGENERATIVE FARMING PRACTICES by 2030		

The Group’s Good Business Journey Report further articulates how our vision of being one of the world’s most responsible retailers has been implemented during the year and illustrates the impact of our various initiatives. Focusing on the areas of people and transformation, social development, health and wellness, ethical sourcing, sustainable farming, waste, water, and energy and climate change, the Good Business Journey continues to evolve to meet the challenges in business, contribute to social and economic development, and reduce the impact of our business on the environment.

Embedding the Good Business Journey throughout the business is one of the Group’s strategic focus areas. To ensure consistency across our operations, each business unit has a sustainability scorecard against which it is measured twice per annum. This scorecard includes a set of relevant Good Business Journey objectives, targets, and key performance indicators aligned to the abovementioned eight focus areas and Group goals and commitments. These sustainability scorecards are rolled up to a Company level and Group level to assess the performance of the Group against the Good Business Journey goals and commitments.



200 WOOLWORTHS PLASTIC SHOPPING BAG FREE STORES



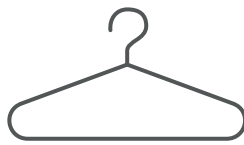
R6.8M raised by Woolworths through the sale of cause-related bags and bracelets

2020: R6.4M
2019: R8.8M



R731M worth of surplus food donated by Woolworths

2020: R643M
2019: R611M



R60.4M of clothing donated to The Clothing Bank

2020: R49.7M

CONCLUSION

The committee completed the annual self-assessment of its statutory obligations for the year under review and, together with the Board, is satisfied that it has fulfilled its statutory mandate in terms of the Companies Act. We further confirm that the Group continues to meet its environmental, social, and governance responsibilities and, for the period under review, there have been no instances of material non-compliance with relevant legislation or non-adherence to codes of best practice that fall within the committee’s mandate.

In recognition of the outcomes achieved by the Group, we have retained our inclusion in the FTSE4Good Index Series for 2021 as well as FTSE/JSE Responsible Investment Index for 2020/2021. The FTSE4Good Index Series measures the performance of companies

demonstrating strong Environmental, Social and Governance (ESG) practices. Transparent management and clearly-defined ESG criteria make FTSE4Good indexes suitable tools to be used by a wide variety of market participants when creating or assessing sustainable investment products.

We remain committed to identifying additional strategies to create value and contribute positively to the environmental, societal, and governance requirements of the countries in which we operate. Meaningful feedback from our stakeholders is vital to driving our agenda and will help us to deliver more effectively on the Group’s goals and targets in terms of transformation in an inclusive way. We accordingly invite our stakeholders to share their views on this report by emailing Governance@woolworths.co.za.

In closing, the Committee extends its appreciation to all of our employees who have continued to deliver not only the service that our customers need, but also ensuring that we do not compromise on the ethical climate of our Group – even during this most unprecedented and challenging time.

Finally, we extend our deepest condolences to the families of our staff who sadly succumbed to Covid-19.

T SKWEYIYA
Chairman of the Social and Ethics Committee

OUR REMUNERATION REPORT

On behalf of the Board, I am pleased to present the Group's Remuneration Policy and the Implementation Report.



**THE PASSION,
DEDICATION AND
COMMITMENT
OF OUR PEOPLE
HAS DELIVERED
STRONG FINANCIAL
PERFORMANCE.**

The Covid-19 pandemic and its impact on the lives and livelihoods of many of the Group's stakeholders has been at the forefront of the Remuneration and Talent Management Committee's discussions during the year. Over the past year, our businesses have shown their resilience during these testing times. Much of the resilience is due to the passion, hard work, diligence, and commitment of all our people. Our frontline staff in stores have often placed their lives at risk to ensure the stores are safe and operational for our customers. Our supply chain staff have worked tirelessly to ensure product is available in stores and delivered to customers. All our people and leaders, in the face of relentless pressure, have shown amazing resilience in these unprecedented times.

An underlying ethos of our remuneration practices is to motivate and reward our people for performance. This has been evident over the past three years, when our financial and strategic performance has been below acceptable levels resulting in minimal benefits for both the short- and long-term incentive participants. Pleasingly, our financial performance for 2021 is much improved, with aPBT up 111% on 2020 performance, and significant progress has been made in delivering to our strategic objectives. We have seen good growth in our digital and online offering with strong double- and treble-digit growth, our gearing has reduced by 91% to R1.1bn, our cost base continues to be reviewed and challenged to right-size it for future operations, and our Australian operations have a renewed vigour and drive with the appointment of two new CEOs.

This performance has guided the committee in the application of the Remuneration Policy for the executive directors and our people.

SHAREHOLDER ENGAGEMENT

I would like to acknowledge the open and frank engagement we had with shareholders on the 2020 Implementation Report and 2021 Remuneration Policy prior to the 2020 AGM. Shareholders indicated strong opposition to aspects of the policy and remuneration payments in 2020, which led to a disappointing approval of only 18% for the Implementation Report. We understand their concerns and believe that they largely related to the exit package of the outgoing CEO (circumstances which are not anticipated to be repeated), the request for further disclosure of performance measures attributable to the sign-on RSP award made to Roy Bagattini, and details of the inclusion of a strategic component in the Corporate STI bonus scheme.

Shareholders requested further disclosure of the 40% strategic objectives element of the Corporate STI scheme. The strategic objective component was introduced to acknowledge the urgency in delivering key elements of our strategy for the Group to be more competitive for the future. While it would be inappropriate to share specific details of our strategic objectives, we have taken the approach to explain the achievements of the strategic objectives for the executive directors using a more commentary-based approach. More details on the strategic objectives per director can be found on page 96.

The committee delayed the finalising of the performance conditions for the 2020 allocations for the long-term incentive schemes given the uncertainty created by Covid-19 on setting appropriate budgets for the 2021 financial year. The measures and weighting were published on SENS on 17 November 2020 and can also be found on page 84.

Additional specific items raised by shareholders during engagements prior the 2020 AGM and the outcomes of the Remuneration and Talent Management Committee's subsequent deliberations are elaborated on page 84.

Following the publication of this Remuneration Report, Hubert Brody, myself, and Chantel Reddiar will, once again, personally engage with our key shareholders. We look forward to the engagements and receiving their view on our 2021 Implementation Report and Remuneration Policy for the 2022 financial year.

***I WOULD LIKE TO ACKNOWLEDGE THE OPEN
AND FRANK ENGAGEMENT WE HAD WITH
SHAREHOLDERS ON THE 2020 IMPLEMENTATION
REPORT AND 2021 REMUNERATION POLICY PRIOR
TO THE 2020 AGM.***

THIS REPORT IS STRUCTURED AS FOLLOWS:

AT A GLANCE

High level summaries of our Remuneration Policy and the Implementation Report

REMUNERATION POLICY

More detailed information on our 2022 financial year Remuneration Policies and practices applicable to the executive directors and other staff. Will be voted on at the AGM on 24 November 2021

IMPLEMENTATION REPORT

Detailed information on how we have implemented the Remuneration Policy, based on the Group's performance in 2021. Will be voted on at the AGM on 24 November 2021

IMPLEMENTING OUR REMUNERATION POLICY IN THE 2021 FINANCIAL YEAR

It has been a challenging year to apply a Remuneration Policy, developed pre-Covid, with the differing interests of our stakeholders – employees, shareholders, community – and use circumspect discretion when considering the executive directors’ total remuneration. Balancing guaranteed pay and short- and long-term variable remuneration against a real need for our experienced leaders to deliver our strategic objectives and drive the transformation of the Group, has meant for robust deliberations.

The committee acknowledges that applying remuneration policies in uncertain, unpredictable times and for a ‘new normal’ may not fully satisfy the needs of all our stakeholders. Many stakeholders view the Covid-19 impacts as analogous to wartime impacts, given the loss of human life, loss of livelihoods, growing unemployment, increased poverty and social inequality, and challenges to public health systems. Awards of any variable remuneration components must, therefore, be fair and ethical when considering the social and economic devastation brought about by the pandemic in the last eighteen months.

GUARANTEED PAY

A zero percent increase was applied to the guaranteed pay for the executive directors and all management levels in the Group. This principle was also applied to the non-executive directors whose fees remained constant with those earned for the 2020 financial year. Frontline store staff received a 4% increase in WSA and a 1.6% increase in Australia, while supply chain staff received an increase in line with the relevant bargaining arrangements.

SHORT-TERM VARIABLE REMUNERATION

The construct of the Corporate STI scheme was amended for the 2021 financial year to include both financial and non-financial strategic measures. The strategic objective component was introduced to acknowledge the urgency in delivering key elements of our strategy for the Group to be more competitive for the future. Successful achievement of the strategic objectives should result in a Group more able to deal with the structural shift of retail, an online and more digitally focused trading environment, given changed consumer behaviour and shopping patterns arising from a more flexible and hybrid working environment. More details on the strategic objectives for the executive directors can be found on page 96.

Setting financial budgets and targets for the financial component of the Corporate STI scheme has also been challenging. The committee recognised that actual performance could result in significant under- or over-achievement against the targets. Based on the 2021 financial performance, there has been a sizeable over-achievement of the threshold, on-target, and stretch targets.

The committee thus exercised its discretion in the application of the Corporate STI to balance payments to employees with delivering returns to shareholders. The STI bonus pool was reduced by 50% for the 2020 financial year and this reduced level was maintained for the 2021 financial year. In addition, based on committee members’ collective experience of remuneration policy application, they applied their professional judgement in further reducing STI payments to generally accepted norms and concluded on a capping at 7.74% of Group aPBT. The capping of the STI payments does not derogate from the sincere acknowledgement to all our people for their tremendous effort in achieving the financial results. More details are provided on page 95.

LONG-TERM VARIABLE REMUNERATION

ALLOCATIONS FOR THE 2021 FINANCIAL YEAR

In uncertain circumstances, where target setting is very difficult as experienced last year, it is appropriate to select a relative measure as opposed to an absolute target. It was agreed, in addition to aHEPS growth of the Group, to introduce a relative aHEPS growth measure against an appropriate peer group as a target to ensure that the Group continues to perform in the Retail sector and address shareholder expectations. The selected peer group consists of JSE-listed retailers. The retailers were selected based on three of them having an offshore exposure similar to WHL’s exposure of 20%, and so can be comparable. After consideration, ASX-listed retailers were not included in the peer group as we believe that shareholders would not ordinarily invest in WHL to obtain access to Australia, when they would be able to access equity directly in Australia. In addition, it would be difficult to normalise the base of Australian retailers for comparability purposes. HEPS is not traditionally measured in Australia and would require further insights into their businesses. The peer group thus comprises: Foschini Group, Massmart, Mr Price Group, Pick n Pay, Shoprite, Spar, and Truworths. PwC, as independent consultants to the committee, will validate this performance measure at the time of testing in the future.

With the high level of debt on the balance sheet and the need to reduce the levels of gearing, it was agreed to retain the cash flow measure for the 2021 financial year PSP allocations by the means of an absolute debt reduction target. This was intended to encourage a determined effort to achieve more acceptable gearing levels and maintain a focus on cash management for future performance. This objective was achieved.

VESTING OF ALLOCATIONS MADE IN 2018 AND TESTED IN THE 2021 FINANCIAL YEAR

Vesting for our long-term share schemes is subject to the achievement of financial metrics. Metrics are measured over three years to reward delivery over a longer period. Consequently, the pandemic has negatively affected the potential achievement of the aHEPS, ROCE, and cash flow performance conditions.

Following on from a decision taken for the 2020 financial year, the committee once again agreed that it would be inappropriate to amend the share scheme targets for employees while shareholders have experienced lower financial performance.

During the year, significant work has been done to reduce the debt levels of the Group, resulting in the achievement of the net debt:EBITDA measure, which has a 20% weighting. The other two measures – aHEPS and ROCE – were not achieved, and therefore only a partial vesting of the 2018 LTI allocations took place. It is also anticipated that there may be limited vesting in 2022, after which the negative impact of the pandemic on financial performance will have worked its way through the metrics, should the pandemic be brought under control.

No long-term share schemes were amended; targets remained constant as they were when set in 2018.

WHILE THERE IS STILL MUCH UNCERTAINTY AND VOLATILITY IN THE RETAIL MARKET AND THE ECONOMIES OF SOUTH AFRICA AND AUSTRALIA, IT WAS AGREED THAT IT WOULD BE APPROPRIATE TO RETAIN THREE OF THE FOUR MEASURES USED FOR THE 2021 ALLOCATIONS.

DEVELOPING OUR REMUNERATION POLICY FOR THE 2022 FINANCIAL YEAR

GUARANTEED PAY

Recognising that executive directors and management levels did not receive a guaranteed pay increase in 2021, the committee has approved a 4.5% increase for South Africa and 2.0% for Australia for the 2022 financial year. In South Africa, we have maintained the principle that store staff are given an increase higher than management levels.

Non-executive directors’ fees are proposed to increase by 4.25% for South Africa and CPI-related increases for Australian and UK based directors.

SHORT-TERM VARIABLE REMUNERATION

As highlighted in our annual results presentation, from July onwards, more than half of the Australian population has been subject to varying forms of hard lockdown to stem the spread of the Covid-19 Delta variant. This will have a significant impact on DJ and CRG’s ability to trade from their bricks and mortar stores, and will also put pressure on consumer expenditure.

The committee deliberated this at a special committee meeting on 29 September 2021 and applied its discretion to significantly reduce the initial 2022 financial year budgeted bonus pools of CRG and DJS. The 100% budgeted bonus pool for Woolworths SA has been maintained whilst the profit sharing subsequent to the achievement of budget for Woolworths SA has been reduced to 20% employees and 80% shareholders. An additional gatekeeper for the payment of the 40% achievement of the strategic contribution component has been introduced, being a minimum achievement of 80% of the entity’s budget. The committee will continue to monitor actual performance in the context of the uncertain trading environment and consider the application of discretion where necessary.

LONG-TERM VARIABLE REMUNERATION

The committee deliberated on the performance measures, weightings, and targets for the PSP allocations to be awarded in the 2022 financial year. While there is still much uncertainty and volatility in the retail market and the economies of South Africa and Australia, it was agreed that it would be appropriate to retain three of the four measures used for the 2021 allocations.

The retention of cash flow as an additional metric was considered. The sale of the David Jones Elizabeth Street store and the actions taken to reduce the level of debt have largely brought the Group’s gearing under control. While we acknowledge the importance of targeting solvency and positive cash flow, it was concluded that driving profitability and ROCE measures inherently drives improved solvency and lower levels of debt. As a result, we have excluded cash flow as a LTI measure for the 2021 allocation.

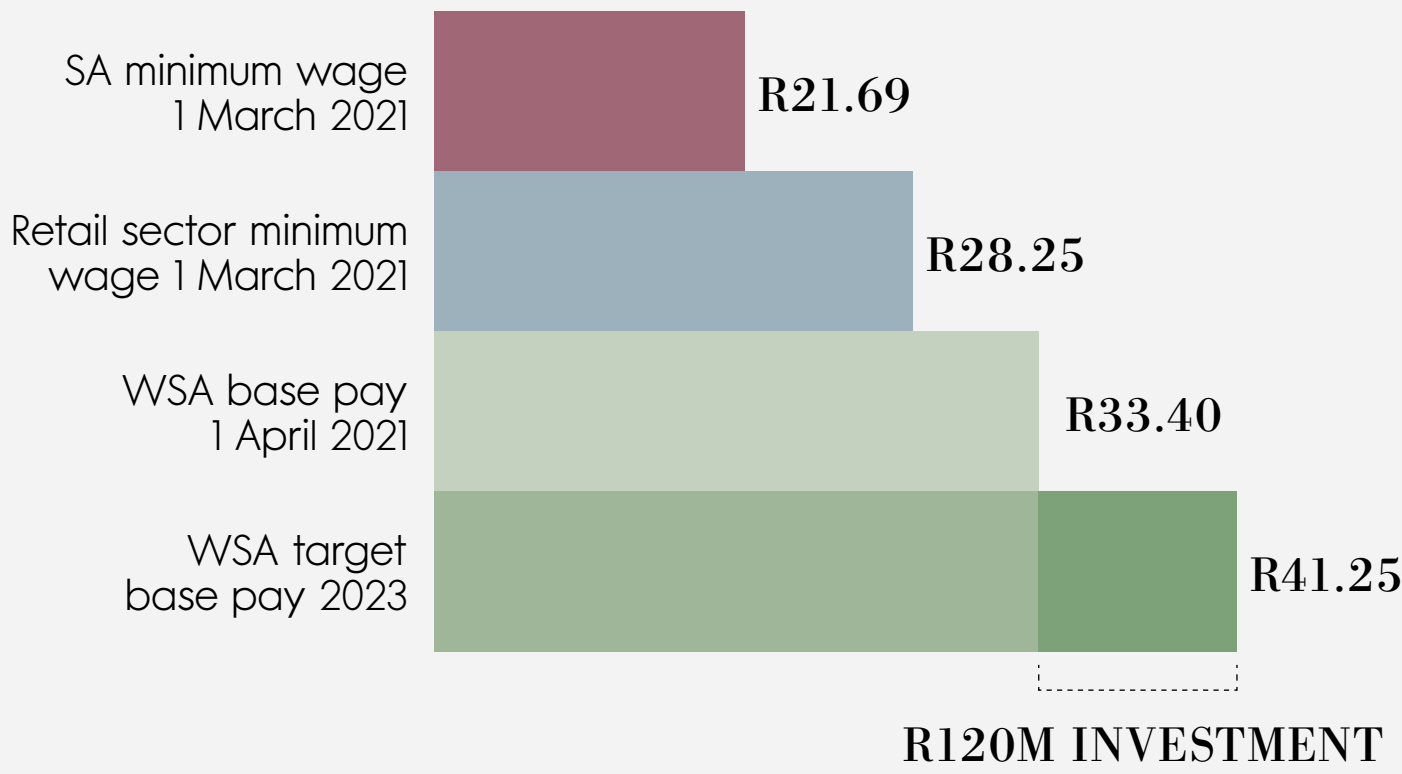
The performance measures for retained allocations in 2022 will therefore be aHEPS growth (30% weighting), relative aHEPS growth against a peer group (30% weighting), and ROCE (40% weighting) measures. More details on the performance conditions can be found on page 97.



IMPROVING THE LIVES OF WSA STORE STAFF

The pandemic has only served to highlight socio-economic disparities, particularly in South Africa. A key principle for our fair and responsible remuneration practices is to actively move away from minimum wage legislative requirements to providing a living wage.

We started with the concept of a ‘just wage’ in 2019, a wage which would recognise the critical need to close the remuneration gap in the context of the socio-economic environment in South Africa. Last year, the WSA base pay was 47% higher than the SA minimum wage rate and 13% above that of the Retail sector. To further accelerate the improvement in the lives of WSA store-based employees, we will invest an additional R120 million over a three-year period to adjust WSA’s hourly base pay from R33.40 to R41.25 in 2023 – a 23.5% increase. This investment will bring a meaningful benefit to the more than 20 000 store staff and go a long way towards our ‘just wage’ aspirations.



DELIVERY OF STRATEGIC OBJECTIVES

As mentioned earlier, a critical component of restoring the Group to be future-fit ready for the more digital and omni-retail environment is the deliberate and successful execution of its strategic objectives.

As part of Roy Bagattini’s sign-on RSP award, the Nominations Committee included the development and delivery of strategic objectives as part of the performance conditions attached to the vesting of the shares. The award has a five-year performance period with three tranches of vesting. More details on the performance conditions can be found on page 84.

This principle was also adopted for a retention allocation of RSP shares awarded to Sam Ngumeni, the Group’s Chief Operating Officer, in September 2020. The award has a three-year performance period, with vesting conditional on the delivery of achievement of specific digital, online, data analytics, and cost efficiencies and his continued employment with the Group. The performance conditions for this award are outlined on page 97.

The committee continues to make use of independent external advice on remuneration trends and market benchmarks. This information is updated every two years. During the year, PwC provided advice on local and global remuneration trends, including variable pay, as well as with specific benchmarking data on non-executive directors’ fees. Executive director remuneration advice was provided by DG Capital, and for the Australian operations, Mercer.

CONCLUSION

In conclusion, the committee remains confident that the Group’s remuneration philosophy and policies are aligned to its strategy, to market best practice, and are subject to a robust re-examination each year. The committee will consider amending relevant aspects of the Group’s remuneration framework as and when required in terms of best practice and based on the Group’s needs.

The Remuneration Policy (pages 87 to 92) and the Implementation Report (pages 93 to 100) will be tabled as non-binding advisory shareholder resolutions at the AGM on 24 November 2021. We invite any shareholder wishing to engage with the Board on either the Remuneration Policy and/or the Implementation Report to do so via email at Governance@woolworths.co.za. If 25% or more of the shareholders do not endorse either resolution at the AGM, the Board will invite dissenting shareholders to engage with the committee on their concerns.

ZARINA BASSA

Chairman of the Remuneration and Talent Management Committee

SUPPLEMENTARY INFORMATION TO REMUNERATION CHAIRMAN’S LETTER

SHAREHOLDER ENGAGEMENT AND FEEDBACK PRIOR TO AGM ON 27 NOVEMBER 2020

SHAREHOLDER FEEDBACK	COMMITTEE RESPONSE AND ACTION
IMPLEMENTATION REPORT FOR 2020	
The quantum and nature of the exit package for the outgoing CEO, Ian Moir	The committee acknowledged this, explained the circumstances, noting that it was an occurrence that was unlikely to be repeated in future
Additional disclosure of the once-off allocation awarded to the incoming CEO, Roy Bagattini	Confirmed the intent to disclose retrospectively See details below

REMUNERATION POLICY FOR 2021

Merits of using weighted CPI versus nominal GDP as base case hurdle rate for LTI HEPS performance condition	The committee continues to deliberate this request. However, considering the unpredictability and volatility of GDP forecasts as a result of the Covid-19 pandemic, it was agreed to retain weighted CPI as a base for 2021 allocations. 2022 allocations will use SA CPI as a base
The need to explain the LTI performance measures, weightings, and targets in the 2020 Remuneration Policy for the 2021 financial year	Confirmed the intent to disclose retrospectively We have provided detailed feedback on the LTI measures for the 2021 allocations alongside and in the Implementation Report, page 97
Understanding that the strategic objectives component in the corporate short-term performance scheme is new, explain how this is determined for the executive directors	Confirmed the intent to disclose retrospectively We have introduced a commentary and assessment of the performance for each executive director against the strategic component of their Corporate STI performance in the Implementation Report, page 96

SIGN-ON RSP ALLOCATION FOR INCOMING CEO IN 2020

As part of Roy Bagattini’s employment agreement, he was awarded a sign-on allocation of RSP shares, the vesting of which is subject to the achievement of specific non-financial measures. It was agreed that the measures would be consistent across the five-year performance period, would be strategic and transformative in nature, and would have a two-step measurement process. The initial measurement is the establishment of the strategic objective with future measurement dependent on maintaining the delivery trajectory to drive continued value creation for the Group in each measure.

The agreed measures are summarised as follows:

- Successfully execute and maintain the capital plan for the Australian operations together with the separation of banking covenants and thereafter maintain the Group’s capital position at a secure level, while seeking an optimal return on capital
- Protect and maintain WSA Food’s market leading position
- Development and approval of realistic strategic plans for DJ, CRG, and the WSA FBH businesses to drive consistent value
- Establish online and omni strategies for the Group, considering the different lifecycles in each company, driving a step change and take-up of online
- Implement and maintain a new divisional operating model, while enhancing talent management and leadership capacity and processes

PERFORMANCE CONDITIONS FOR THE 2021 FINANCIAL YEAR LTI ALLOCATIONS

MEASURE	WEIGHTING	THRESHOLD (30% VESTING)	ON TARGET (100% VESTING)
aHEPS	25%	aHEPS growth > weighted CPI +1% (SA + Aus)	aHEPS growth > weighted CPI +3% (SA + Aus)
aHEPS relative to peer group	25%	3-year average growth => median	3-year average growth => upper quartile
ROCE	25%	ROCE > WACC +0.5%	ROCE > WACC +3%
Cash Flow	25%	Bank net gearing <= R4.324bn	Bank net gearing <= R3.0bn

EXECUTIVE DIRECTORS’ REMUNERATION

FINANCIAL YEAR	GUARANTEED PAY % INC	CORPORATE STI VESTING*	LONG-TERM SHARE SCHEME VESTING
2021	0%	0.69%	20%
2020	4.54%	0%	0%
2019	5.75%	0%	0%
2018	4.83%	0%	0%

* Expressed as a % of Group aPBT

The table alongside shows the level of remuneration paid to the executive directors over a four-year period. We have consistently ensured that staff and management levels’ guaranteed pay increases have exceeded those of the executive directors in order to close the ‘remuneration gap’. In addition, store staff have regularly earned short-term incentives by way of the Gain-share scheme, while management and executive directors have earned limited bonuses for the preceding three years. Discretionary bonuses of R28 million were paid in 2020 to selected employees in recognition of their extraordinary effort during the height of the pandemic, ensuring that our WSA Food business and related support areas ran seamlessly during the most severe of lockdown levels.

THE FOLLOWING COLOURS ARE USED IN THE REMUNERATION REPORT TO DENOTE THE FOLLOWING:

REMUNERATION	GUARANTEED PAY (GP)	VARIABLE PAY (VP)
SHORT-TERM INCENTIVES (STI)	LONG-TERM INCENTIVES (LTI)	DIRECTORS’ FEES

AT A GLANCE

SHAREHOLDER ENGAGEMENT AND REMUNERATION POLICY

SHAREHOLDER VOTING

AT AGM HELD ON 27 NOVEMBER 2020

74.76%

Remuneration Policy

2019: 95.23%

17.76%

Implementation Report

2019: 69.25%

95.54%

Non-executive Directors’ Remuneration

2019: 94.66%

FEEDBACK FROM SHAREHOLDER ENGAGEMENTS

- Strong opposition to the exit package for outgoing CEO
- Reconsider the merits of using weighted CPI versus nominal GDP as base case hurdle rate for LTI HEPS growth performance condition
- Provide additional detail for LTI performance measures, weightings, and targets in respect of allocations made in the 2021 financial year
- Additional disclosure required regarding the strategic performance component in the Corporate Short-Term Incentive scheme for the executive directors
- Provide additional detail for 2020 performance conditions linked to the once-off joining RSP allocation to the new Group CEO

SHARES AVAILABLE FOR LTI SCHEME

85.0M

APPROVED

67.2M

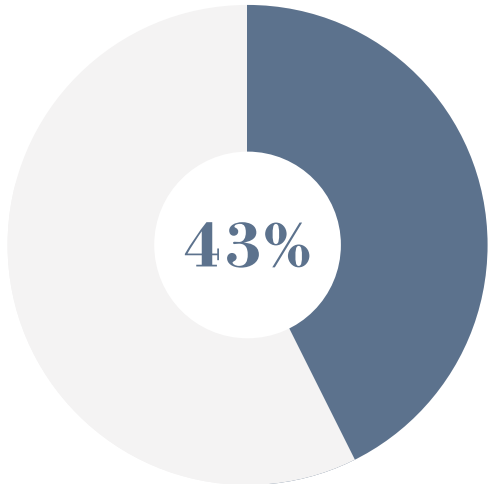
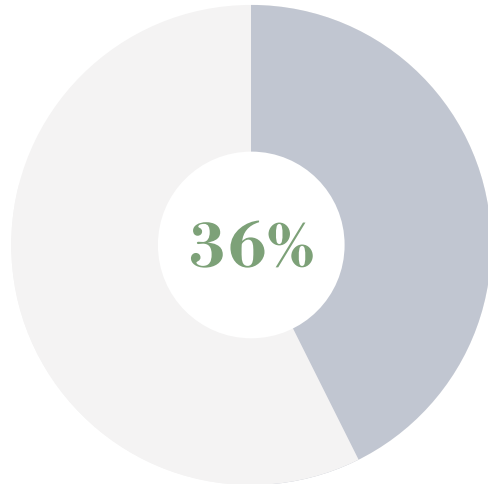
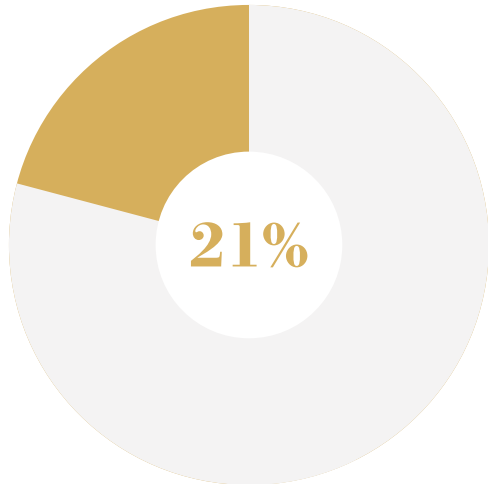
UTILISED

USEFUL LINK

FOR MORE DETAIL

REMUNERATION POLICY FOR THE 2022 FINANCIAL YEAR

Key components of the Group’s Remuneration Policy are highlighted in the table below.

	GUARANTEED PAY	CORPORATE SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES
What is incentivised?	Attraction and retention	Delivery of annual financial performance and strategic initiatives	Delivery of three-year Medium Term Plan (MTP), shareholder value and selected retention
Participation	All permanent employees	All permanent employees primarily based in head offices	Executive directors, senior executives and selected employees
Performance period	Ongoing	One year	Three years for PSP shares Up to five years for RSP shares
Performance measures	Individual performance measures (IPM)	Group aPBT Delivery of strategic objectives Company/business unit aEBIT Individual performance - IPM (as a modifier)	aHEPS growth, relative aHEPS and ROCE
Other		Malus and clawback provisions	Malus and clawback provisions
Method of delivery	Cash	Cash	WHL shares
Potential aggregated remuneration mix for executive directors			

AT A GLANCE
IMPLEMENTATION REPORT FOR THE 2021 FINANCIAL YEAR

GROUP PERFORMANCE
MEASURES

+111%
aPBT growth

399.8cps
aHEPS

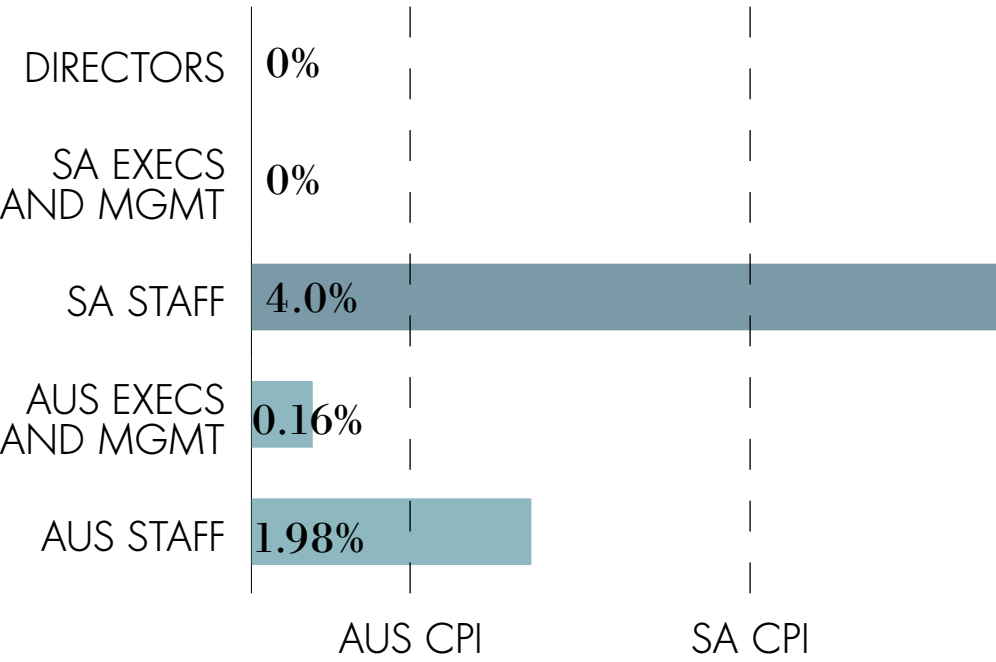
11.7%
ROCE
(three-year average)

0.87x
Net debt:EBITDA

NON-EXECUTIVE DIRECTORS’
PROPOSED FEE INCREASE FOR
CALENDAR YEARS

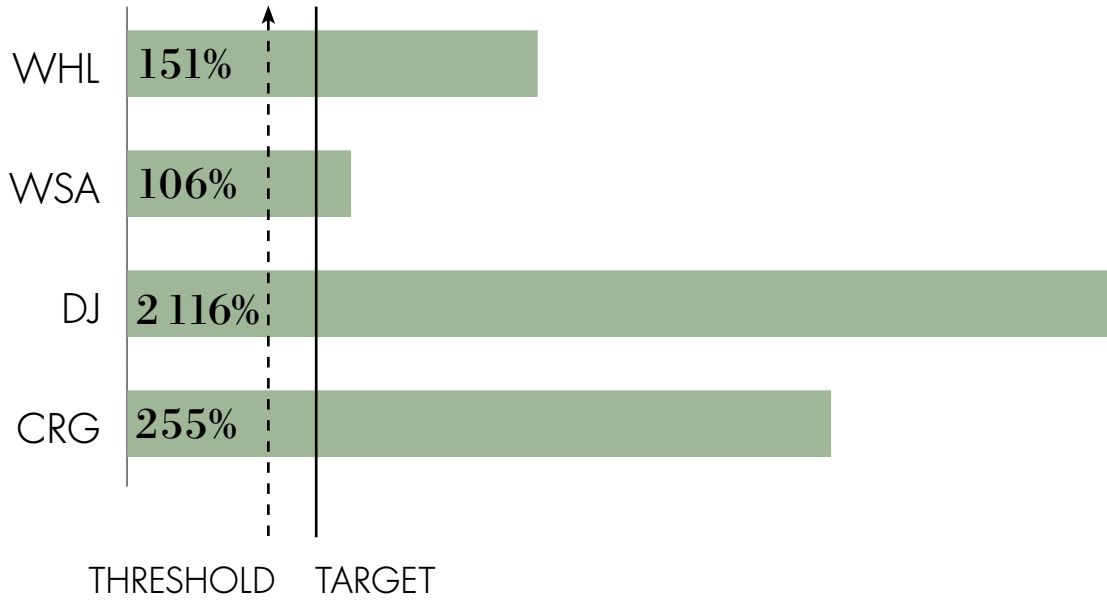
4.25%
2021: 0%

GUARANTEED PAY INCREASE
EFFECTIVE OCT 2020



OUTCOME: Executive directors GP increase 0%

CORPORATE SHORT-TERM INCENTIVE SCHEME
(2021 FINANCIAL YEAR PERFORMANCE)

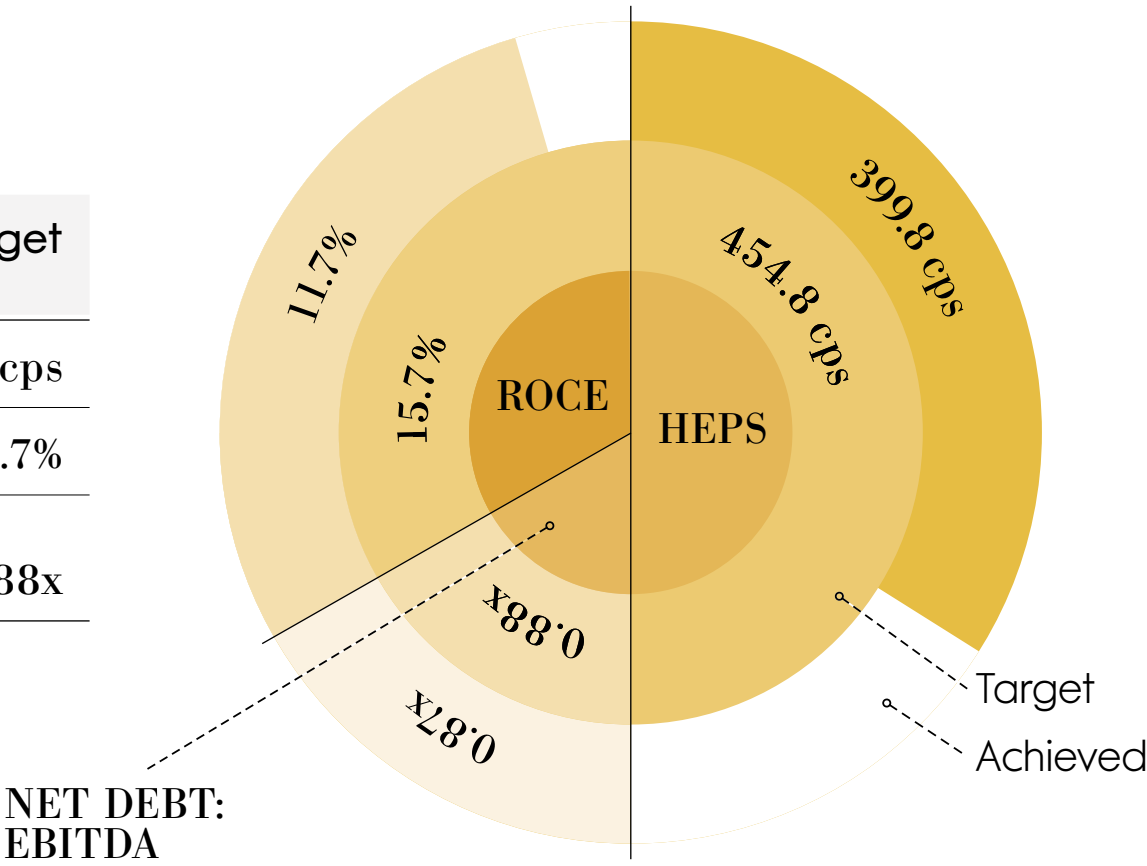


OUTCOME: Corporate STI targets achieved, payments awarded, downward discretion exercised

LONG-TERM INCENTIVE SCHEME
(ALLOCATIONS MADE IN 2018)

Performance condition	Weighting	Achieved	Target
HEPS	50%	399.8 cps	454.8 cps
ROCE	30%	11.7%	15.7%
NET DEBT: EBITDA	20%	0.87x	0.88x

OUTCOME: 20% vesting



LONG-TERM INCENTIVE
ALLOCATIONS MADE IN 2021

GROUP CEO
663 356*
RSP SHARES

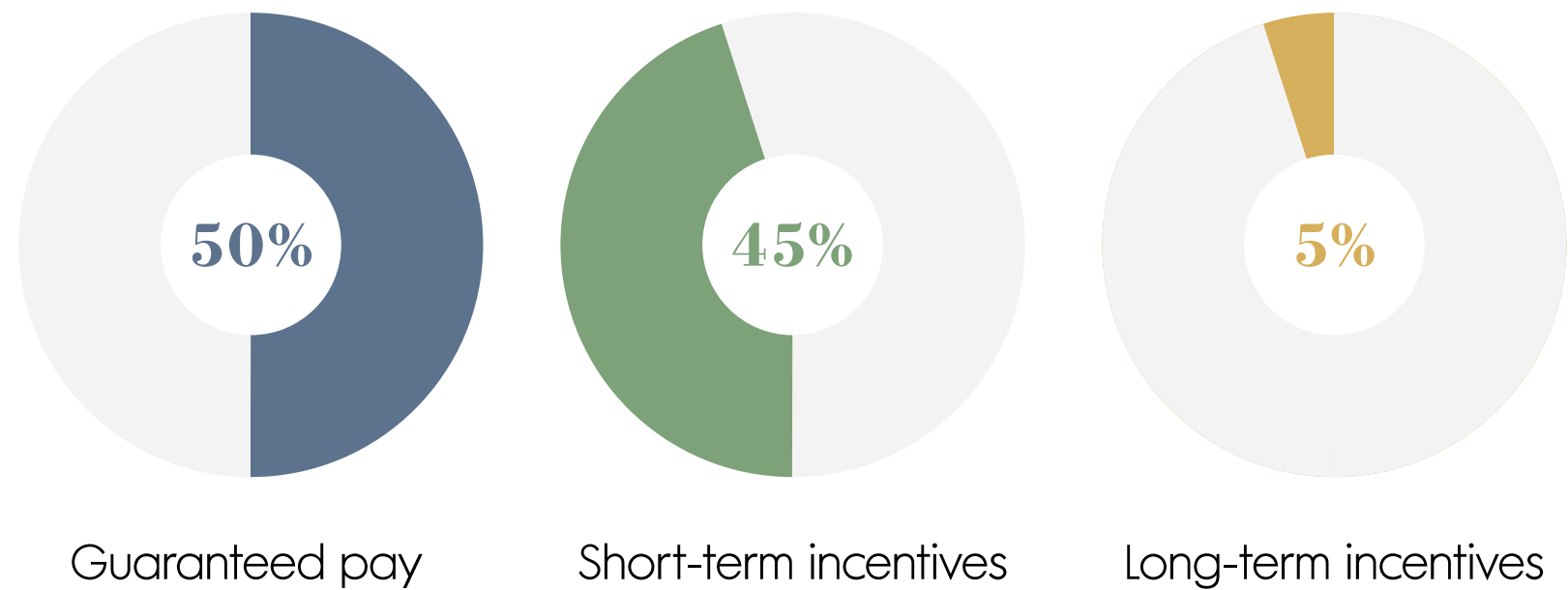
EXECUTIVE DIRECTORS
676 952*
PSP SHARES

OTHER EMPLOYEES
6.8M**
PSP SHARES

EXECUTIVE DIRECTOR
RETENTION*
671 424***
RSP SHARES

* (3-year vesting, performance conditions: aHEPS growth, relative aHEPS, ROCE, debt reduction target)
** (3-year vesting, performance conditions: aHEPS growth, relative aHEPS, ROCE, debt reduction target, and IPM for lower levels of employees)
*** (3-year vesting, performance conditions: achievement of Group's online, digital and data analytics targets, and improvement in Group's cost competitiveness)

AGGREGATED EXECUTIVE DIRECTORS’ ACTUAL REMUNERATION MIX



USEFUL LINK
FOR MORE DETAIL

SINGLE-FIGURE REMUNERATION

Single-figure remuneration is disclosed for executive directors’ remuneration for 2021. The intention of single-figure remuneration is to disclose the remuneration earned or accrued by directors based on the performance of the current year, including any income attributable to unvested long-term share schemes.

	Total guaranteed pay R'000	SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES		SINGLE-FIGURE REMUNERATION
		Performance bonus R'000	Fair value of shares R'000	Dividends received R'000	Total Remuneration R'000
2021 TOTAL*	42 004	34 925**	18 755***	-	95 686
2020 TOTAL*	37 027	-	4 836	3 494	45 357

* A component of Roy Bagattini’s remuneration is paid from Australia. See page 98 for more detail. For comparison purposes, Ian Moir’s remuneration in 2020 has been excluded from this table.

** Vesting of Corporate STI scheme for the first time in three years

*** 20% partial vesting of 2018 PSP allocations, and partial vesting of 2018 RSP allocations

REMUNERATION POLICY FOR THE 2022 FINANCIAL YEAR

(TO BE VOTED ON AT AGM ON 24 NOVEMBER 2021)

This report specifically deals with the remuneration for the Group Chief Executive Officer (Group CEO), executive directors, and executive committee members (execs). Disclosure is also provided in line with the requirements of South African legislation and King IV™. In order to provide a more comprehensive view, policies applicable either to different levels of employee and/or different geographic areas are included where appropriate.

The Group’s remuneration philosophy is to ensure that employees are incentivised and rewarded appropriately for their contribution to the execution of the strategy of the Group. As an integral component of the Employee Value Proposition (EVP), the Remuneration Policy has been designed so that it will continue to attract, engage, retain, and motivate the right, diverse talent required to deliver sustainable profit growth.

The remuneration policies are designed to achieve alignment between the Group’s business strategy and the behaviours of all employees against the values of the Group. The policies recognise and reward individual responsibility, performance, and behaviour in the achievement of business goals. These policies are applicable to all Group employees and participation in short- and long-term incentive schemes is dependent on an individual’s role and level within the Group.

The Remuneration Policy is focused on achieving a fair and sustainable balance between GP, STIs, LTIs, and retention schemes for these employees. The application of the Remuneration Policy (on a Group-wide basis) is guided by the King IV™ principles relating to fair and responsible remuneration that have been adopted by the Group.

FAIR AND RESPONSIBLE REMUNERATION

The Remuneration Policy addresses fair and responsible remuneration for executive management in the context of overall employee remuneration.

Principles that drive the Group’s policy on fair and responsible remuneration are:

- consideration given to minimum wage legislative requirements and living wage (‘just wage’ in WSA)
- equal pay for work of equal value, specifically addressing any income disparities based on gender and race (An income differential strategy has been applied by WSA for a number of years, and has proved to be a critical strategy to ensure that we do not have any unfair income disparities at a race and gender level)
- all permanent employees of the Group (excluding certain categories of employees in Australia subject to bargaining arrangements) participate in some form of short-term incentive or gain-share scheme
- all permanent employees participate in equal measure on product discounts
- specific corporate initiatives are applied to enhance work experience and improve the EVP for employees

The Group developed a ‘fair pay barometer’ in 2017 to measure fair and responsible remuneration in a manner relevant to its business model. The barometer is used as a tool to measure guaranteed pay increases across levels of employees, gender, and race, including short-term incentives by level of employee. We continue to report this barometer in our Implementation Report.

USEFUL LINK
FOR MORE DETAIL

WOOLWORTHS SOUTH AFRICA ‘JUST WAGE’

A ‘just wage’ – an equitable, ethically based wage – demonstrating the construct of a living wage in one context of the Group’s values and the socio-economic environment of South Africa.

While the Gini coefficient or index is widely considered to be the most scientific and accurate measure of income disparity and many commentators use it as a proxy for fair and responsible remuneration as envisaged by King IV™, the committee agreed to focus on strategic initiatives to drive and address fair and responsible pay.

One of the principles that guides the Group’s policy on fair and responsible remuneration is: ‘consideration given to

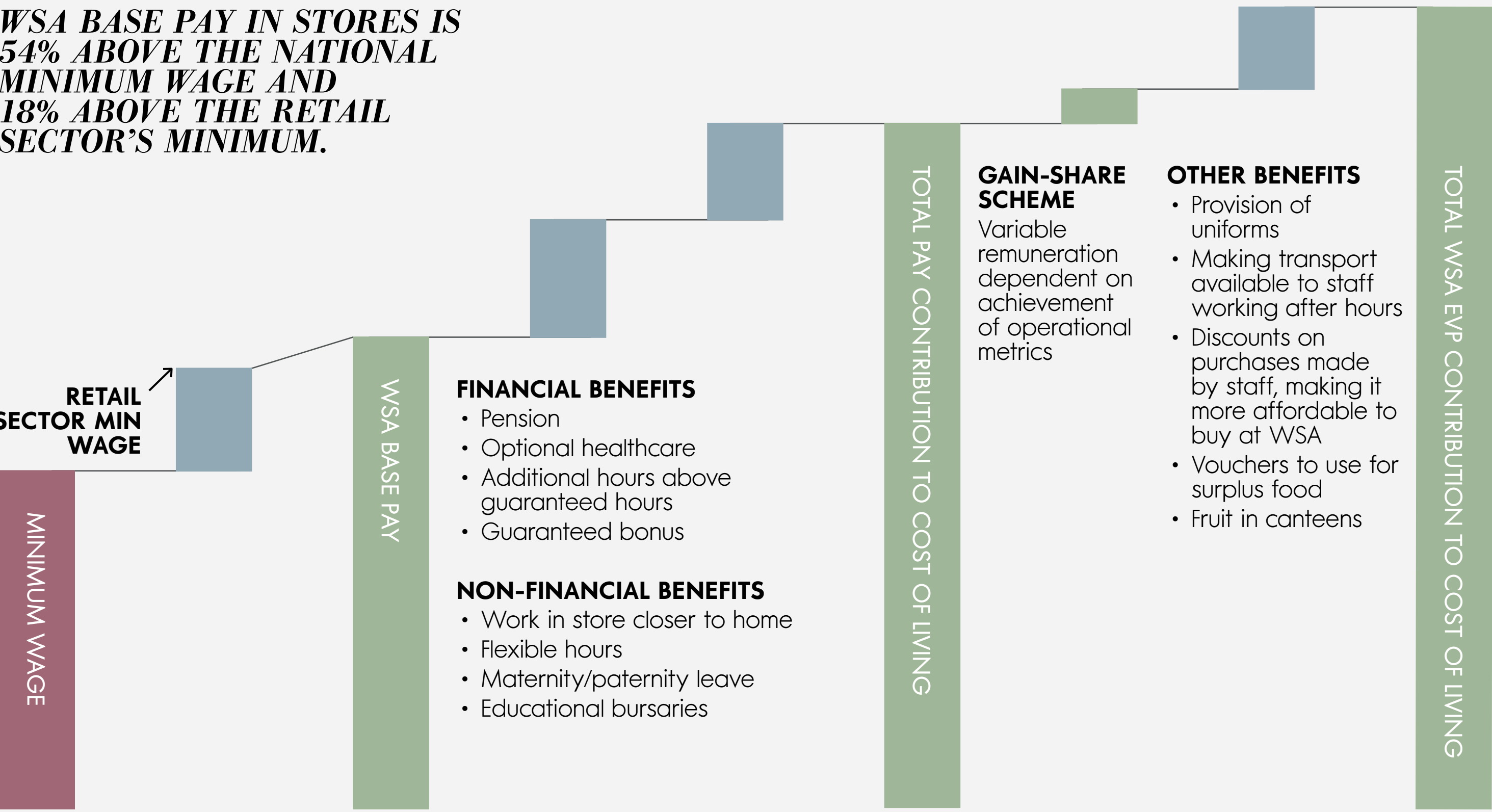
minimum wage legislative requirements and living wage’. The International Labour Organisation (ILO) defines a living wage as the amount necessary to meet the reasonable needs of a worker with a family of average size to live a decent life. Quantifying this accurately is the subject of much debate.

On the premise that the minimum wage is the legislated level of remuneration for an employee’s qualification and following the principle

of fair remuneration, Woolworths South Africa has developed strategies to remunerate our staff a ‘just wage’. In thinking through this strategic journey towards a WSA ‘just wage’, our key consideration has been the socio-economic context of the majority of staff employed in our retail stores.

Our journey to a ‘just wage’ is informed by many data points, including minimum wage rates, market rates, CPI, and our EVP strategy.

The components of WSA contribution to a ‘just wage’ calculation, including our targeted base rate, are shown below.



LEGISLATED MINIMUM WAGE AT 1 MARCH 2021 IS R21.69 PER HOUR

REMUNERATION FRAMEWORK

The Group’s EVP framework balances remuneration (financial rewards) with other non-financial rewards to drive and deliver a high-performance culture. The remuneration component of the EVP framework is made up of two elements – Guaranteed Pay (GP) and Variable Pay (VP) as illustrated below:

REMUNERATION			
GUARANTEED PAY		VARIABLE PAY	
Benchmarked against applicable retail and non-retail companies within geographic locations to ensure that GP is competitive and attracts and retains the required level of experience and expertise required for the Group		Short- and long-term incentives with the opportunity to earn additional financial rewards over performance periods of between one and five years	
BASE PAY	BENEFITS	SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES
Market-related salary tailored to roles and performance	Market-related benefits including pension/superannuation, healthcare, vehicle allowances, and discounts on purchases	Annual performance bonus paid on the achievement of one-year financial targets and strategic objectives Employees in the Group participate in a STI scheme appropriate to the level and role that they perform in the Group Gain-share and commission-based incentive schemes are in place for store and distribution centre employees	Share schemes designed to incentivise Group CEO, executive directors, and designated management levels across the Group on delivery of long-term strategic goals aligned with shareholder expectations: <ul style="list-style-type: none">• Performance Share Plan (PSP)• Restricted Share Plan (RSP)

MALUS AND CLAWBACK PROVISIONS

Malus and clawback provisions were introduced effective 1 July 2019, for awards allocated to executive directors and Exco members of operating entities, effective as follows:

- Corporate STI – 2020 performance onwards
- RSP and other LTI awards – awards post 1 July 2019

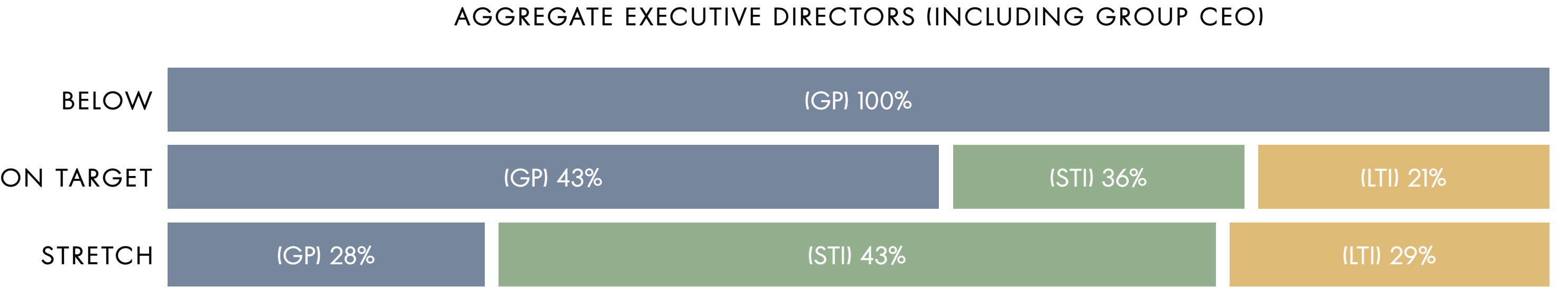
Malus provisions are applicable prior to vesting or payment, while the clawback provision is applicable for a two-year period after the payment of any Corporate STI or vesting of any LTI awards. A trigger event is defined as an event that leads to material reputational damage, material misstatement in the financial statements, or a deliberate misinterpretation of financial targets.

These provisions will enable the committee to recover variable remuneration awards made to a participant based on the occurrence of a trigger event caused by that participant leading to loss or damage incurred by the Group.

REMUNERATION MIX

To achieve a performance-driven culture and an alignment with value creation for shareholders, the remuneration mix for the Group CEO, executive directors, Exco members, and senior management is geared towards a higher percentage of variable pay. This variable pay, made up of Corporate STI and LTI, is considered ‘at risk pay’ in order to drive the achievement of stretch goals by employees.

To illustrate the contribution of variable pay, the chart below highlights the potential remuneration mix of GP, STI and LTI for the executive directors.



- Below level assumes GP only, no vesting of annual LTI allocations and no STI payments
- On-target level assumes GP, 50% vesting of annual LTI allocations and on-target STI performance
- Stretch level assumes GP, 100% vesting of annual LTI allocations and stretch STI performance

SERVICE CONTRACTS AND NOTICE PERIODS

Executive directors and execs have employment agreements with the Group which may be terminated with notice periods of between six and twelve months. Employment agreements may also include restraint of trade agreements.

The Group CEO has been employed on a five-year, fixed-term contract with the option to extend for a further three years. He has a 12-month notice period and a comprehensive restraint of trade agreement of 24 months in South Africa and 12 months in Australia. His remuneration is paid in South African rands and Australian dollars, given the time and focus on the South African and Australian businesses.

Expatriate execs employed on a fixed-term contract are subject to obtaining and maintaining applicable work permits.

DISCRETION

The remuneration framework provides a guideline for the Group’s remuneration arrangements. Although the basis for STI and LTI awards are formulaic in nature, participation in variable pay remuneration is discretionary.

The Remuneration and Talent Management Committee determines the size of the STI pools and may exercise reasonability and discretion to award ex gratia payments where extraordinary value has been created by executives, the size of the bonus pools prove inappropriate, or where STI payments are not warranted.

Discretion is not exercised in the calculation of the performance conditions for the short- and long-term incentive schemes. In the event that the committee exercises its discretion this will be disclosed in the reports. In one instance, the committee elected to forfeit a participant’s vesting.

LINKING STRATEGY, FINANCIAL MEDIUM-TERM PLAN, AND VARIABLE REMUNERATION

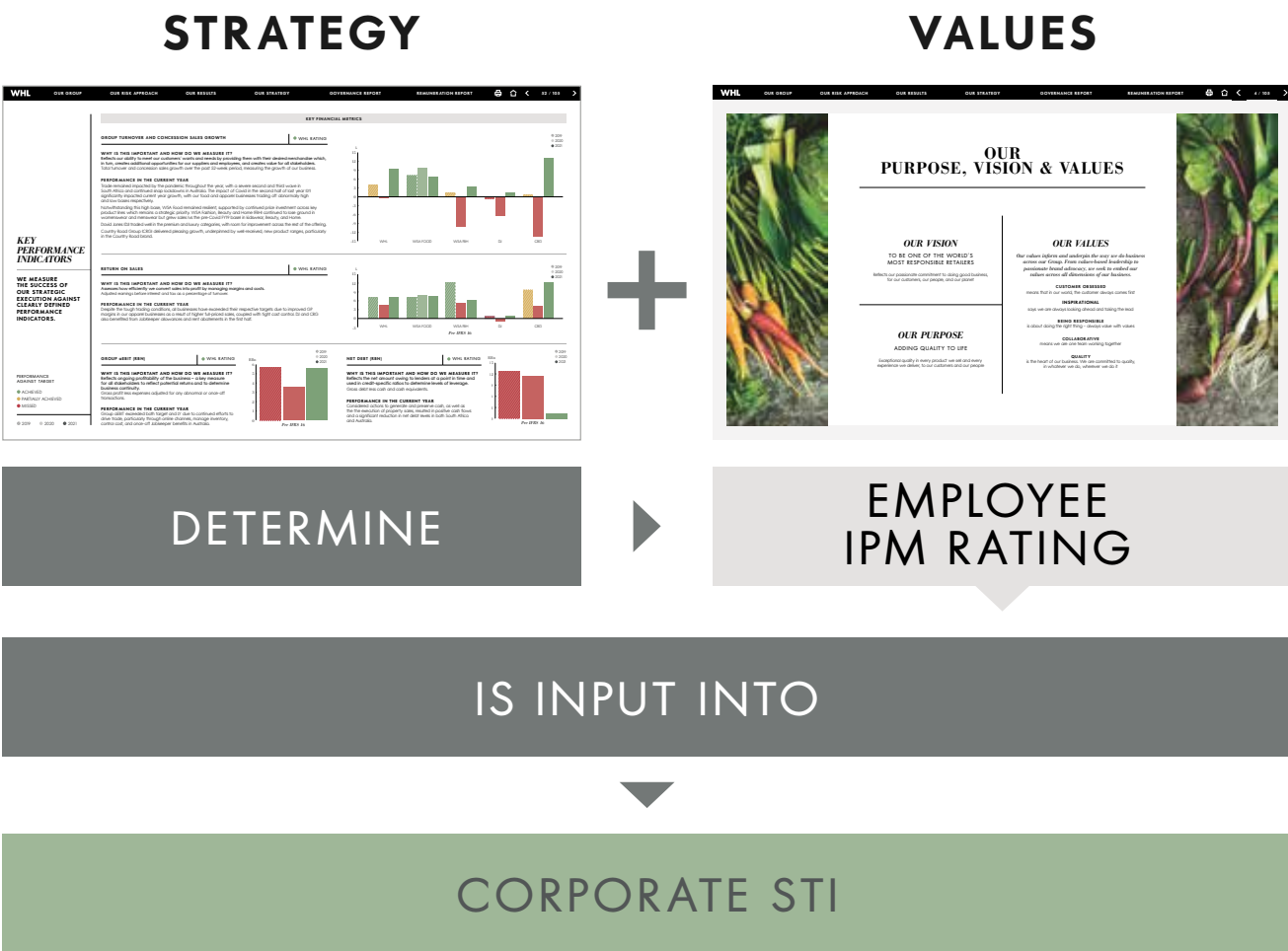
ALIGNMENT TO STRATEGY

A balanced scorecard is prepared as part of the annual strategy process. The scorecard includes key metrics which quantify progress made on executing operating plans aligned to the strategic focus areas.

The Board reviews the balanced scorecard quarterly to monitor the performance of the strategic focus areas at Group and operating entity level.

In order to focus on the achievement of the Group or operating entity strategy, an individual’s performance measurement (IPM) includes objectives aligned with the achievement of the operating entities’ strategic and other operational deliverables and the employee’s behaviour against the Group’s values.

The process of incorporating the strategic focus areas and the values into the IPM is illustrated opposite.



ALIGNMENT TO MEDIUM-TERM PLAN

The three-year medium-term plan (MTP) is the mechanism used by the Group to quantify the financial impact of the strategic focus areas.

Key measures from the MTP are also incorporated in the short- and long-term incentive schemes to drive ownership of the MTP by the executive directors. Achievement of these measures improves the opportunity to increase the contribution of variable pay for executive directors and senior management levels.

FINANCIAL PERFORMANCE				
MEDIUM-TERM PLAN (3 YEARS)	INCLUDED IN	PERFORMANCE CONDITIONS		
		BALANCED SCORECARD	SHORT-TERM INCENTIVES (1 YEAR)	LONG-TERM INCENTIVES (3-5 YEARS)
SALES		●		
αEBIT		●	●	
OPERATING PROFIT MARGIN %		●		
αHEPS				●
ROCE				●
EBITDA				●
NET DEBT				●

USEFUL LINK
FOR MORE DETAIL

INTEGRATION OF GROUP CEO’S AND EXECUTIVE DIRECTORS’ VARIABLE REMUNERATION WITH STRATEGIC FRAMEWORK

As part pf the Group’s transformation plan, the Board approved a new strategic framework. This framework articulates the three growth pillars of ‘protect and grow profitable core’, ‘expand for more’, and ‘lead in customer experience’. A number of strategic objectives have been defined and fleshed out to support the achievement of the three pillars. These, in turn, are underpinned by enabling strategies of our Good Business Journey, people, and operational excellence.

For the 2020 and following financial year, the Group CEO’s and executive directors’ Corporate STI performance bonus was partially (40%) dependent on the achievement of the strategic objectives agreed as part of their IPMs. Metrics track the progress on a quarterly basis using a balanced scorecard process.

The strategic framework, objectives, and enablers are shown below. The deliverables for the Group CEO and each of the executive directors, including an assessment of their performance, is shown in the Implementation Report on page 96.

40% OF THE GROUP CEO’S AND EXECUTIVE DIRECTORS’ CORPORATE STI PERFORMANCE BONUS IS DEPENDENT ON THE ACHIEVEMENT OF THE STRATEGIC OBJECTIVES.

OUR INSPIRATION					
TO BE A LEADING, PURPOSE-DRIVEN, TRULY CONNECTED RETAILER					
STRATEGIC FRAMEWORK					
STRATEGIC THEMES			ENABLERS		
PROTECT AND GROW OUR PROFITABLE CORE	EXPAND FOR MORE	LEAD IN CUSTOMER EXPERIENCE	OPERATIONAL EXCELLENCE	PEOPLE	

Go to page within document

REMUNERATION POLICY APPLICABLE TO THE 2022 FINANCIAL YEAR

The table alongside sets out the components of the remuneration framework to be applied by the committee in the 2022 financial year for the Group Chief Executive Officer (Group CEO), executive directors and key senior executives (execs).

Components of the framework may differ between the three main operating subsidiaries of the Group – differences are highlighted. The framework is applied to all Group employees, with LTI components not applicable to lower management levels where ‘line of sight’ is not easily attributable to these roles.

GUARANTEED PAY	
BASE SALARY	OTHER BENEFITS
PURPOSE AND LINK TO STRATEGY Market-related level of remuneration with consideration to specific requirements of the role	PURPOSE AND LINK TO STRATEGY Benefits and allowances of a compulsory and non-compulsory nature appropriate to the market and contributing to wellbeing of employees in line with EVP
MECHANICS Reviewed annually against retail peer companies in South Africa, Australia and other countries in which the Group trades, respectively Market conditions, company performance, internal comparability, individual performance, and responsibility are taken into consideration Includes performance against financial and non-financial objectives and individual behaviour against Group values No obligation to increase base salary	MECHANICS Benefits include: <ul style="list-style-type: none">retirement funding, superannuationhealthcaremotor vehicle allowance and vehicle leasing optionsproduct discount on purchases made in the Group’s storesother benefits as per specific country
OPPORTUNITY AND MAXIMUM LIMIT Base salary reviewed in context of company and Group performance, in-country CPI, and affordability	OPPORTUNITY AND MAXIMUM LIMIT Some benefits and the quantum of benefits will vary according to the Group’s subsidiaries and the market in which they trade
PERFORMANCE CONDITIONS Adjustments influenced by individual performance metrics aligned with strategy and behaviours to Group values	PERFORMANCE CONDITIONS n/a

Benchmark peer group:
Adcock, Aspen, AVI, Barloworld, BidCorp, Bidvest, Clicks, Dis-Chem, Distell, Imperial, KAP, Massmart, Mr Price, Multichoice, Motus, Pepkor, Pick n Pay, RCL Foods, Reunert, Shoprite, Spar, Supergroup, TFG, Telkom, Tiger Brands, Truworths

OTHER INCENTIVE SCHEMES (EXCL CORPORATE STI)

Gain-share and commission schemes available to store and supply chain employees appropriate to their employer company
Cash payments may be made monthly, quarterly or biannually dependent on the scheme

NO OF PARTICIPANTS

29 590



USEFUL LINKS FOR MORE DETAIL

* excluding certain categories of employees in Australia subject to bargaining arrangements

REMUNERATION POLICY FOR 2022 FINANCIAL YEAR

SHORT-TERM INCENTIVES

SHORT-TERM INCENTIVE SCHEME

PURPOSE

Motivate executives and senior management to achieve short-term strategic, and financial objectives in the one-year business plan

MECHANICS

Bonus split: 60% financial and 40% strategic objectives (individual)

The target is determined annually in advance

Financial STI calculated as follows:

• Group CEO: 100% based on Group performance

• Group COO and Group FD: 100% based on Group performance

• WSA, DJ, CRG CEOs: 50% based on Group performance and 50% based on respective company performance

• Execs: 20% based on Group performance with remaining 80% based on line of sight to company and/or specific business area performance

Strategic objective measures are specific to each employee

Earnings potential is applied on a sliding scale between threshold, on-target, and stretch performance

OPPORTUNITY AND MAXIMUM LIMIT

On-target and stretch performance of GP:

GROUP CEO	100%	150%
GROUP COO AND GROUP FD	80%	150%
WSA CEO	80%	150%
DJ AND CRG CEOs	80%	125%
EXECs:		
WSA	30% to 50%	75% to 150%
AUS	20% to 30%	60% to 115%

PERFORMANCE CONDITIONS

• 60% Financial target (aPBT or aEBIT), gatekeeper of 93% applied at company level only

• 40% Strategic objectives, gatekeeper of 80% of aPBT or aEBIT applied

PAYMENT CYCLE

Payments made annually in September

MALUS AND CLAWBACK

• Malus and two-year clawback provisions apply to executive directors and Excos of operating entities

OTHERS

All permanent employees in the Group* participate in a STI scheme at different levels of % of GP at on-target and stretch level

The committee has the discretion to exercise reasonability and discretion to pay ex gratia payments where extraordinary value has been created by executives and/or to mitigate any unintended consequences as may be warranted

NO OF PARTICIPANTS

3 925

LONG-TERM INCENTIVES			
PERFORMANCE SHARE PLAN		RESTRICTED SHARE PLAN (RSP)	
PURPOSE Motivate employees to achieve three-year strategy aligning shareholder and executive interests		PURPOSE Retain and motivate employees who are key to the delivery of the Group’s long-term strategy Enables the recruitment of key executives to address value forfeited on resignation from a previous employer	
MECHANICS Participants are entitled to the delivery of conditional awards in shares after three years from date of grant provided that certain performance conditions are met Vesting occurs subject to the achievement of performance conditions over the three-year performance period Vesting occurs on a linear scale in accordance with an agreed threshold and stretch target Participants receive a payment settled in equity on vesting equal to the value of dividends that would have been paid on the vested shares during the vesting period		MECHANICS Participants allocated the unrestricted delivery of shares after a three- to five-year period from the date of grant or shorter period at the discretion of the committee Vesting and ownership to participants occurs on condition that the participant is still in the employ of the Group on the expiry of the agreed vesting period and applicable performance conditions are achieved Staggered vesting occurs from year three to year five. The committee has the discretion to amend vesting periods where appropriate Participants are entitled to receive dividends during the vesting period RSP allocations are not awarded to Australia-based employees	
OPPORTUNITY AND MAXIMUM LIMIT Grants are made annually at the discretion of the committee based on GP at grant date. Allocations capped at: <div><div>GROUP CEO150%</div><div>GROUP COO AND GROUP FD100%</div><div>WSA, DJ AND CRG CEOS100%</div><div>EXECs (WSA)46% to 79%</div><div>DJ AND CRG EXECs46% to 50%</div></div>		OPPORTUNITY AND MAXIMUM LIMIT Awards subject to committee discretion to determine the minimum and maximum award of GP at the grant date Allocations are limited to the Group CEO, Executive Directors, Group Exco members and selected management	
PERFORMANCE CONDITIONS Executive directors, Group Execs, operating entity Excos: • Annual allocation with 100% based on financial performance conditions and weightings as below Senior management: • Annual allocation with 50% based on financial performance conditions and 50% based on individual performance (IPM)		PERFORMANCE CONDITIONS 100% vesting on condition that the participant is still in the employ of the Group at the vesting dates and the achievement of IPM rating or agreed performance conditions For executive directors, where RSPs are applicable, vesting is either based on performance conditions as highlighted below or specific agreed deliverables being achieved	
FINANCIAL PERFORMANCE CONDITIONS	WEIGHTING	MEASUREMENT	VESTING
aHEPS growth	30%	3-year CAGR of HEPS > SA CPI	• threshold 30%: CPI • target 100%: CPI +2% YOY
Relative aHEPS	30%	3-year average relative to peer group of SA Retailers (MSM, MRP, SHP, TFG, SPAR, PEP, TRU, PNP)	• threshold 30%: => median • stretch target 100%: => upper quartile
ROCE	40%	ROCE performance > WACC from medium-term plan	• threshold 30%: WACC +1% • stretch target 100%: WACC +3%
MALUS AND CLAWBACK Malus and two-year clawback provisions apply to executive directors and Excos of operating entities		MALUS AND CLAWBACK Malus and two-year clawback provisions apply to executive directors and Excos of operating entities	
OTHERS Rules governing cessation of employment, change in control, and delisting as per scheme rules aligned with King IV™ recommendations Classified a JSE Schedule 14 scheme		OTHERS Dividends are repaid if the performance conditions are not met Shares are purchased on the open market and held by a third party in escrow until unrestricted ownership passes to participants Rules governing cessation of employment, change in control and delisting as per scheme rules aligned with King IV™ recommendations	
NO OF PARTICIPANTS 779		NO OF PARTICIPANTS 105	

NON-EXECUTIVE DIRECTORS

REMUNERATION POLICY APPLICABLE TO THE 2022 FINANCIAL YEAR

The table alongside sets out the remuneration policies applied by the Group for the 2021 financial year for non-executive directors.

These policies are also applicable for the 2022 financial year and form the underlying basis for the directors’ fees tabled for shareholder approval at the AGM to be held on 24 November 2021.

During 2020, based on a review of the Group’s governance framework, a decision was taken to change the governance structures of the subsidiaries to be managed by management operating boards including Group executive directors as appropriate.

Consequently, from 1 Jan 2021 committees of WSA, DJ and CRG have been incorporated into WSA, DJ and CRG Board meetings that are attended by executive directors and Exco members only.

EMOLUMENTS

FEES	BENEFITS
CHAIRMAN, LEAD INDEPENDENT DIRECTOR AND DIRECTORS A market-related fee to attract and retain experienced and diverse non-executive directors	MECHANICS Non-executive directors receive product discounts on purchases made in WHL Group stores. No other benefits are provided. Non-executive directors do not participate in any STI or LTI schemes.
COMMITTEE MEMBERSHIP The fees reflect the additional responsibilities taken through the membership of Board committees. Committee chairmen receive a higher amount	
MECHANICS An annual fee structure. Directors are required to provide input on an ongoing basis throughout the year, not merely confined to attendance at meetings International directors not based in South Africa earn directors’ fees commensurate to market-related fees in their respective jurisdictions and paid in the currency of their respective country Fees reflect the time commitment, demands, and responsibilities of the role Audited non-executive directors’ fees for the 2021 financial year are shown on page 101	
OTHER All travel and accommodation expenses are settled by the Company Fees are reviewed annually against retail peer companies in South Africa, Australia, and the United Kingdom Proposed fees are based on independently benchmarked data Executive directors propose fees to the Remuneration and Talent Management Committee which, in turn, recommends the fees to the Board for final approval by shareholders Fees are paid quarterly in arrears in cash	

SERVICE CONTRACTS

Non-executive directors do not have service contracts. They serve the company through letters of appointment, which may be terminated without liability for compensation. Non-executive directors must be re-elected by shareholders at an AGM on a rotational basis, usually at three-year intervals.

PROPOSED NON-EXECUTIVE DIRECTORS’ FEES

The proposed fees for non-executive directors have been independently benchmarked by PwC during the year. Three comparator groups have been used for the benchmarks:

- industry-based: JSE-listed retail companies
- size-based: JSE-listed companies based on size
- international: selected retail companies listed in Australia and the UK

The proposed fees (exclusive of South African VAT) from 1 January 2022 are shown in the table below:

	Current approved fees (R’000)	Proposed fees (R’000)	% Increase
Chairman	2 250.0	2 345.6	4.25%
Lead Independent Director	795.0	828.8	4.25%
South Africa-based director	420.6	438.5	4.25%
United Kingdom-based director (paid in £)	77.5	79.4	2.40%
Australia-based director	134.0	136.0	1.50%
Audit Committee chairman	362.4	377.8	4.25%
Audit Committee member	198.7	207.1	4.25%
Nominations Committee chairman	187.0	195.0	4.25%
Nominations Committee member	116.9	121.8	4.25%
Remuneration and Talent Management Committee chairman	245.5	255.9	4.25%
Remuneration and Talent Management Committee member	128.5	134.0	4.25%
Risk and Compliance Committee chairman	245.4	255.8	4.25%
Risk and Compliance Committee member	128.5	134.0	4.25%
Social and Ethics Committee chairman	198.7	207.1	4.25%
Social and Ethics Committee member	116.9	121.8	4.25%
Sustainability Committee chairman	198.7	207.1	4.25%
Sustainability Committee member	116.9	121.8	4.25%
Treasury Committee chairman	245.4	255.8	4.25%
Treasury Committee member	129.9	135.4	4.25%
Hourly rate for additional services	5 609	5 847	4.25%

PEER GROUP USED FOR BENCHMARKING:

Local: Aspen, Barloworld, BidCorp, Bidvest, Clicks, Dis-Chem, Foschini Group, Imperial Logistics, Lewis Group, Massmart, MTN, Mr Price Group, Pick n Pay, Shoprite, Spar, Telkom, Truworths, Vodacom

International: Harvey Norman, Marks and Spencer, Metcash, Myer, Next, Ocado, Premier Investments, Sainsbury, Tesco, WM Morrisson, Woolworths Group

WOOLWORTHS HOLDINGS SHARE TRUST

The Woolworths Holdings Share Trust is managed by two independent non-executive directors acting as trustees. The Trust administers the utilisation of shares for the Group’s long-term incentive share schemes. The Trust Deed and share scheme rules are compliant with the Johannesburg Stock Exchange Limited (JSE) Listings Requirements.

Shares and grants may not be awarded or exercised during a closed or prohibited period. The Group’s closed period runs from two weeks prior to the financial interim or year-end date to the date on which the financial results are announced on the JSE.

JSE-APPROVED SCHEDULE 14 SHARE SCHEMES

The maximum number of shares available for utilisation for JSE Schedule 14 schemes is 85 000 000, representing 8.1% of the issued share capital as at 27 June 2021.

Grants awarded in terms of JSE Schedule 14 schemes:

- in any one financial year may not exceed 250% of an employee’s guaranteed pay
- in aggregate, an employee may not hold more than 12 700 000 awards

Shares allocated to participants under these schemes may either be purchased on the open market or new shares may be issued.

RSP SCHEME

The Restricted Share Plan scheme was introduced in 2009, primarily for retention of selected employees. It is not a JSE Schedule 14 scheme and therefore there are no restrictions on the number of RSP shares awarded to an employee in any financial year or the aggregate held by an employee.

In line with the principle of transparent disclosure, the number of RSP shares awarded during the financial year are disclosed below.

All shares awarded to participants are purchased on the open market at the prevailing market price when the awards are made.

UTILISATION OF SHARES FOR LTI SHARE SCHEMES

	JSE SCHEDULE 14 SHARE SCHEMES	RSP SCHEME SHARES
Maximum available for utilisation	85 000 000	n/a
Available for utilisation/awarded at 28 June 2020	23 272 088	8 290 564
Allocations made to participants during the year	(8 029 040)	2 976 552
Exercised	-	(871 618)
Lapsed/forfeited	2 579 325	(1 356 675)
Available for utilisation/awarded at 27 June 2021	17 822 373	9 038 823



Woolworths, Summer 2021

IMPLEMENTATION REPORT FOR THE 2021 FINANCIAL YEAR ENDED 27 JUNE 2021

*This section of the report specifically deals with the remuneration for the Group CEO, executive directors, prescribed officers and non-executive directors.
Where appropriate, details are included for execs and other employees.*

COMPLIANCE WITH THE REMUNERATION POLICY

The Remuneration and Talent Management Committee monitored the implementation of the Remuneration Policy throughout the year and is of the view that the Group was in material compliance with the 2021 Remuneration Policy (as set out in the 2020 Integrated Annual Report) and supplemented with the JSE SENS announcement made on 17 November 2020.

Downward discretion was exercised by the committee for the Corporate STI scheme, as highlighted in the committee chairman’s report. No circumstances warranted the application of any malus or clawback provisions.

FAIR AND RESPONSIBLE REMUNERATION

The Remuneration and Talent Management Committee applies the concept of a fair and responsible pay barometer to enable it to consider the remuneration of executive directors in the context of remuneration earned by different categories of employees, including gender, race, and geography. The barometer is discussed at committee meetings on an annual basis.

The Group continues to make significant progress in terms of managing ‘the ethics of pay’. The barometer shown on the following page explains the application for the 2021 financial year and a three-year average from 2018 – 2020.

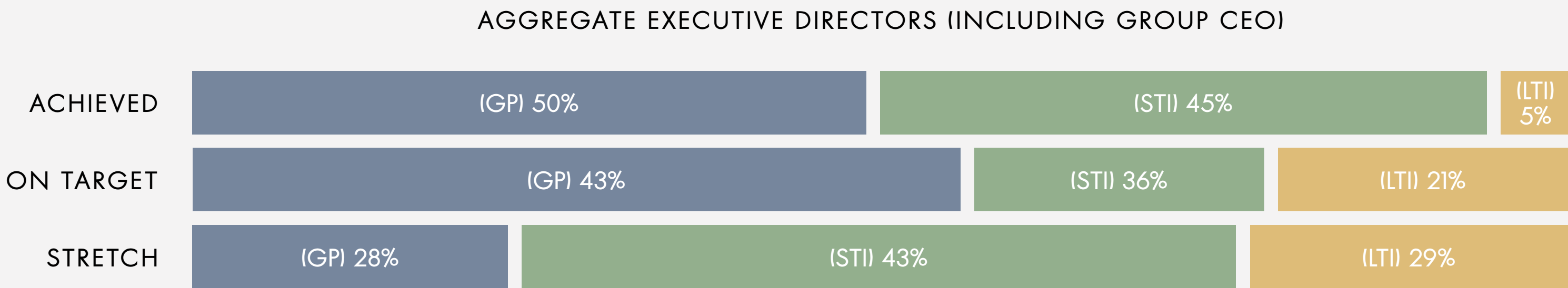


Woolworths, Summer 2021

**GROUP CEO AND EXECUTIVE DIRECTORS
REMUNERATION MIX**

The chart below represents the actual aggregated remuneration mix for the Group CEO and executive directors achieved for the year ended 27 June 2021. It should be compared to the potential remuneration mix based on the Remuneration Policy shown on page 88.

The achieved remuneration mix varies from the potential mix due to the 2018 PSP allocations, which had performance conditions attached to them, only vesting partially.



	% INCREASE
Group CEO and executive directors	0.00%
SENIOR EXECUTIVES AND MANAGEMENT	
South Africa	0.00%
Australia	0.16%
STAFF	
South Africa	4.00%
Australia	1.98%

GUARANTEED PAY
The annual GP increases are set out in the table alongside.

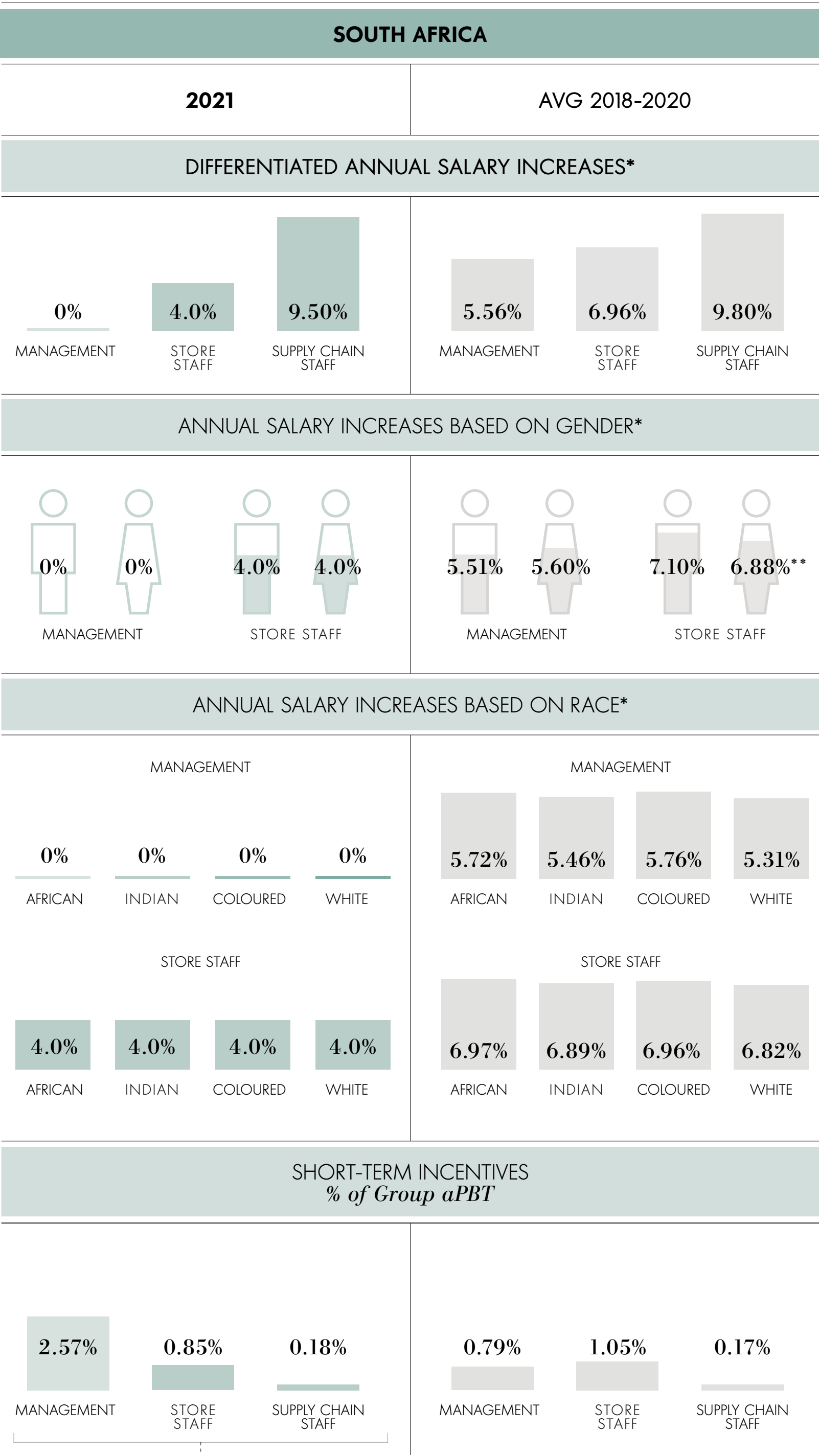
Pay increases are effective on 1 October each year. Given the Group’s financial constraints imposed by the Covid-19 pandemic, it was agreed that the Group CEO, executive directors, senior executives and management would not receive any increase to their GP. Staff were excluded from this and received an average increase of 4.0% in South Africa and 1.98% in Australia based on inflation in each geographic area.

The Group continues to address and reduce the pay gap between management and staff by awarding staff higher percentage increases than management.

SINGLE FIGURE REMUNERATION
The guaranteed pay of executive directors is shown on page 98.

USEFUL LINK :
FOR MORE DETAIL :

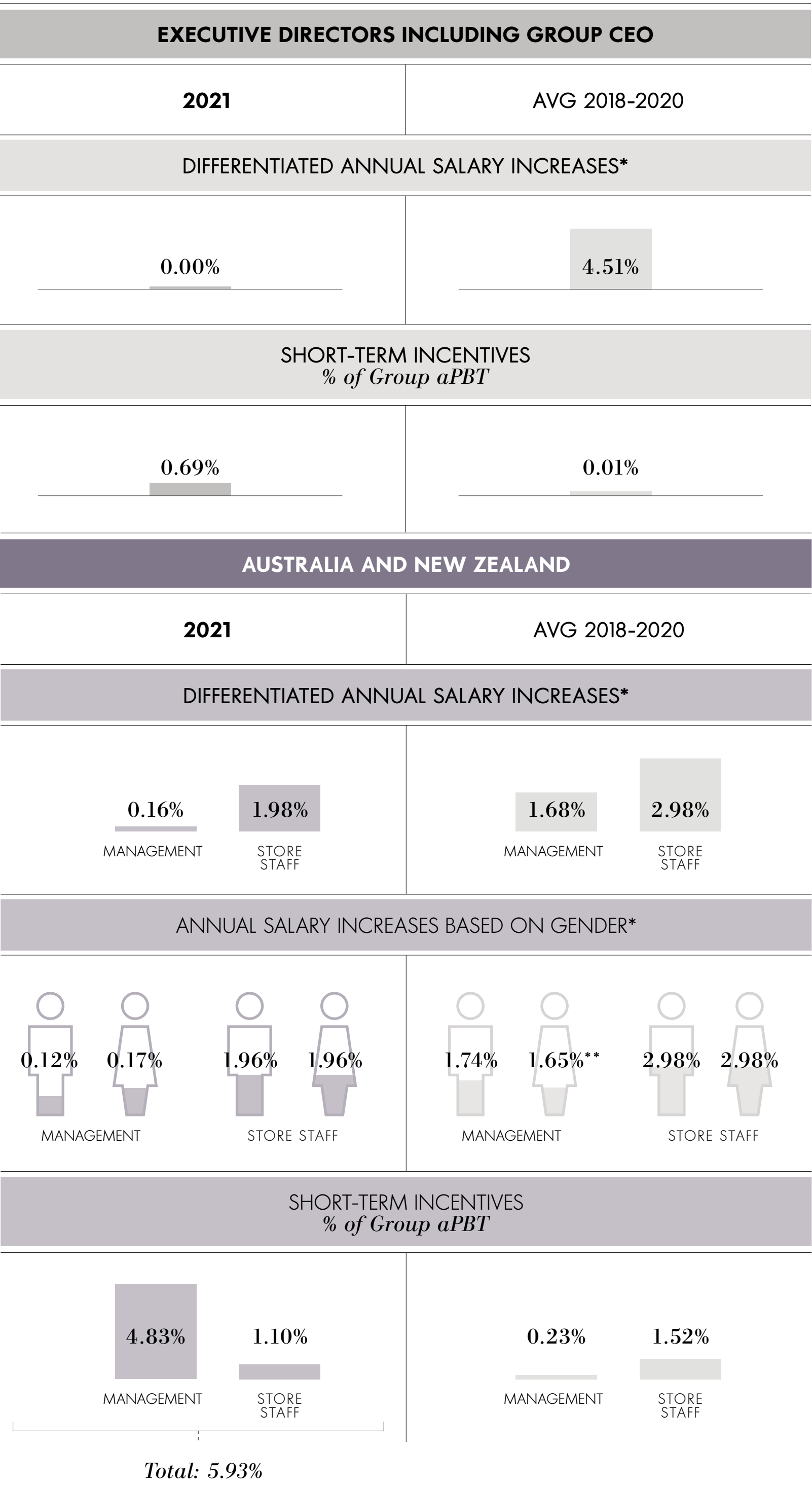
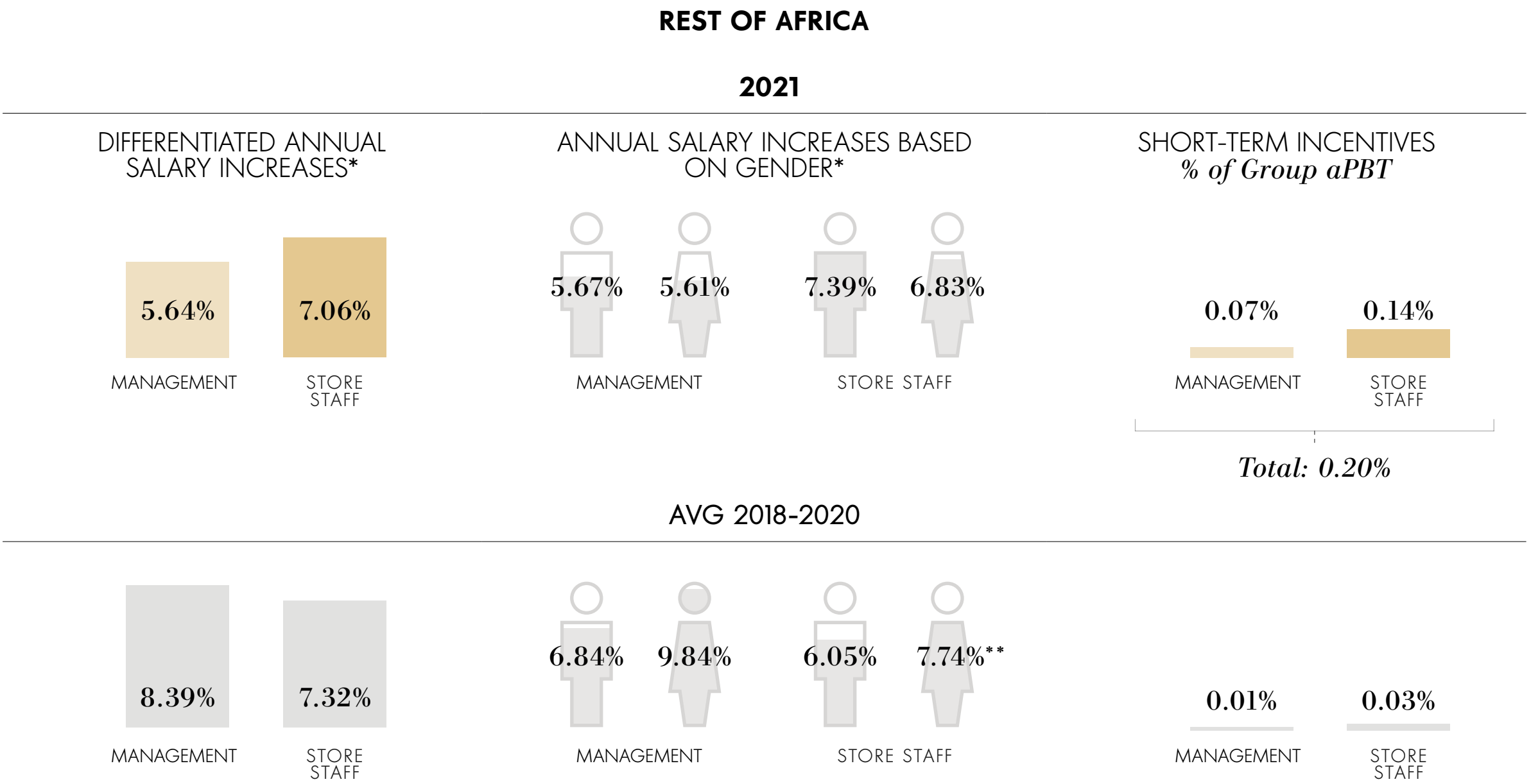
FAIR AND RESPONSIBLE PAY BAROMETER



Total: 3.60%

* increase effective 1 October 2020

** percentages represent the higher proportion of female vs male employees

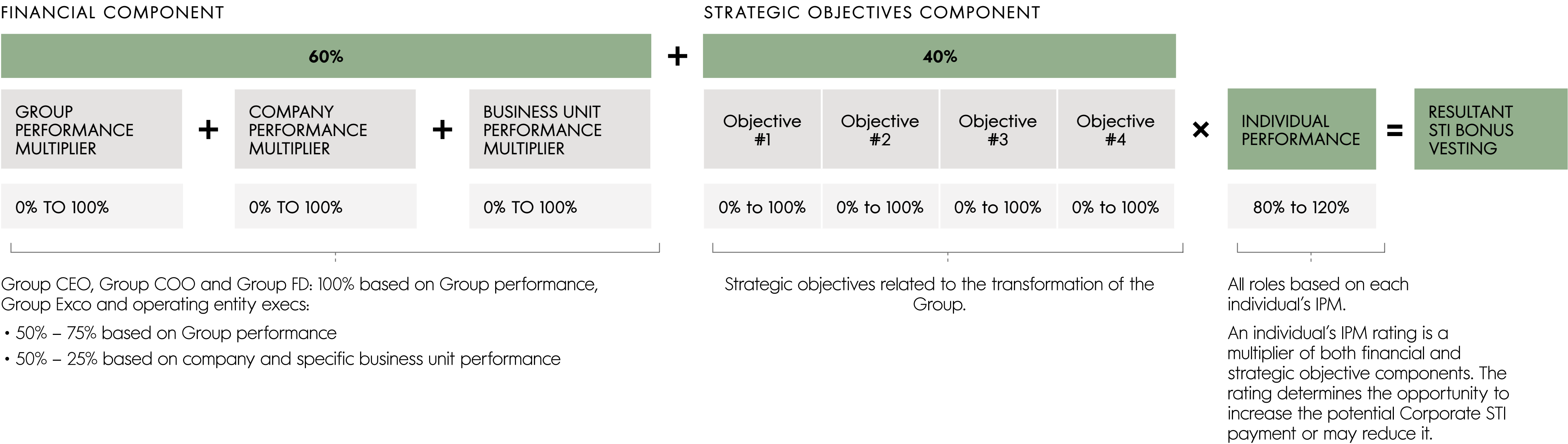


SHORT-TERM INCENTIVES (STI)

The high-level design of the Corporate STI scheme is as follows:

- Financial performance targets are agreed annually in advance
- Group aPBT does not act as a gatekeeper
- A gatekeeper of 93% of each company’s aEBIT is required for threshold performance
- Budgeted pre-incentive profit is applied as the trigger for on-target performance
- Incentives are calculated at business unit level (per company)
- Achievement of financial performance occurs on a linear vesting from >93% onwards. Vesting in excess of 100% is calculated by adding 20% of excess profit into the bonus pool.

THE CONSTRUCT OF THE CORPORATE STI SCHEME IS SHOWN BELOW:



FINANCIAL PERFORMANCE FOR 2021 FINANCIAL YEAR AND STI VESTING

On an audited 52-week basis, the Group achieved aPBT of R4.6 billion.

The gatekeeper for any company to pay Corporate STI is the achievement of >93% of on-target aEBIT.

The analysis of the financial performance targets and achievements shown opposite, demonstrate that all of the companies and the Group achieved stretch target performance.

Consequently, the Corporate STI scheme was triggered for the year across the Group.

FINANCIAL PERFORMANCE TARGETS						
		THRESHOLD (R'MILL)	ON TARGET (R'MILL)	STRETCH TARGET (R'MILL)	ACHIEVED (R'MILL)	% ACHIEVEMENT
GROUP aPBT	aPBT/aEBIT AS PER AUDITED ACCOUNTS pre-IFRS 16 and pre-STI payments	2 511	3 345	>3 345	5 051.6	151.04
WSA aEBIT		3 525	3 703	>3 703	3 934.0	106.24
DJ aEBIT		A\$(32)	A\$1	>A\$1	A\$30.9	2115.8%
CRG aEBIT		A\$40	A\$56	>A\$56	A\$143.4	255.73

DISCRETION EXERCISED BY COMMITTEE FOR 2021 CORPORATE STI SCHEME

In its deliberations to set the 2021 financial performance threshold, on-target, and stretch targets, the committee acknowledged the difficulty in determining the targets in uncertain and unpredictable times caused by the Covid-19 pandemic. It recognised that the actuals may result in significant under- or over- achievement against the targets. The bonus pool was reduced by 50% in the 2020 financial year and held at this level for the 2021 financial year.

During the year, the committee monitored the progress of the financial results against these targets. The achieved financial performance has resulted in a sizeable over-achievement of the threshold and stretch targets.

Therefore, while still committed to applying the rules of the STI scheme, the committee has exercised judicious discretion in reducing awards of STI payments and thereby moderated the STI pool to 7.74% of Group aPBT, which the committee believes is appropriate.

DOWNWARD DISCRETION EXERCISED ON REDUCING QUANTUM OF BONUS POOL

THE TABLES BELOW EXPLAIN HOW THE INDIVIDUAL PERFORMANCE RATINGS OF THE GROUP CEO AND THE EXECUTIVE DIRECTORS, TOGETHER WITH THE FINANCIAL PERFORMANCE MEASURES, IMPACT THE ACHIEVEMENT OF SHORT-TERM INCENTIVES.

CORPORATE STI VESTING					
R BAGATTINI		R ISAACS	S NGUMENI	Z RYLANDS	
GUARANTEED PAY	A\$1.0m	R5.3m	R6.6m	R7.8m	R9.4m
CORPORATE STI PAYMENT	AS\$ 0.9m	R5.0m	R5.1m	R7.2m	R7.2m

* pre-IFRS 16 and pre-incentives

ROY BAGATTINI - GROUP CHIEF EXECUTIVE OFFICER

	FINANCIAL	STRATEGIC
WEIGHTING	60%	40%
PERFORMANCE	Upper quartile	Upper quartile

FINANCIAL PERFORMANCE
The Group achieved aPBT of R5.0bn*, above the STI stretch target

STRATEGIC PERFORMANCE

- Execution of capital plan to successfully and timeously restructure the Group balance sheet
- Development of refreshed DJ, CRG, and FBH strategic and financial ambitions
- Shift the Group’s orientation towards driving a digital transformation agenda

SAM NGUMENI - GROUP CHIEF OPERATING OFFICER

	FINANCIAL	STRATEGIC
WEIGHTING	60%	40%
PERFORMANCE	Upper quartile	Upper quartile

FINANCIAL PERFORMANCE
The Group achieved aPBT of R 5.0bn*, above the STI stretch target

STRATEGIC PERFORMANCE

- Develop and deliver the Group’s digital and data strategy
- Deliver specified value-accretive data insights initiatives
- Deliver refreshed supply chain strategies to support digital transformation and enable improved stock management

REEZA ISAACS - GROUP FINANCE DIRECTOR

	FINANCIAL	STRATEGIC
WEIGHTING	60%	40%
PERFORMANCE	Upper quartile	Upper quartile

FINANCIAL PERFORMANCE
The Group achieved aPBT of R5.0bn*, above the STI stretch target

STRATEGIC PERFORMANCE

- Deliver the Australia covenant separation and new stand-alone financing facilities
- Deliver cost-out targets across the Group
- Deliver capex budget which supports shift to digital/online

ZYDA RYLANDS - WSA CHIEF EXECUTIVE OFFICER

	FINANCIAL	STRATEGIC
WEIGHTING	60%	40%
PERFORMANCE	Upper quartile	Upper quartile

FINANCIAL PERFORMANCE
The Group achieved aPBT of R5.0bn*, and WSA achieved aEBIT of R3.9bn*, both above the STI stretch targets

STRATEGIC PERFORMANCE

- Deliver the WSA online and omni strategy with the achievement of key online targets
- Delivery of the FBH turnaround strategic plan, and arrest deterioration in key metrics
- Execute the price investment strategy to improve value proposition and perception

LONG-TERM INCENTIVES

ALLOCATIONS DURING THE 2021 FINANCIAL YEAR

ANNUAL ROLLING ALLOCATIONS

The annual rolling PSP allocations, and their performance conditions, awarded to the executive directors as approved by the Remuneration and Talent Management Committee, are shown below. In terms of his employment agreement, it was agreed that Roy Bagattini would receive his first annual allocation in the form of RSP shares, whereafter the annual allocations would either be RSP or PSP shares.

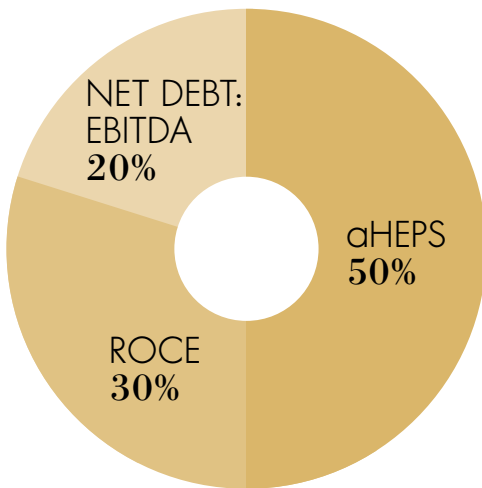
		RSP	PSP	
Basis		Number	Number	Face value R'000
Roy Bagattini	150% of GP	663 356		23 250
Reeza Isaacs	100% of GP		187 618	6 585
Sam Ngumeni	100% of GP		222 976	7 844
Zyda Rylands	100% of GP		266 808	9 386
TOTAL		663 356	676 952	47 065

WEIGHTINGS AND PERFORMANCE CONDITIONS			
Measure	Weighting	Threshold (30% vesting)	On target (100% vesting)
aHEPS	25%	aHEPS growth > weighted CPI +1% (SA + Aus)	aHEPS growth > weighted CPI +3% (SA + Aus)
aHEPS relative to peer group	25%	3-year average growth => median	3-year average growth => upper quartile
ROCE	25%	ROCE > WACC +0.5%	ROCE > WACC +3%
Cash Flow	25%	Bank net gearing = R4.324bn	Bank net gearing = R3.0bn

Peer group used for relative aHEPS performance: Foschini Group, Massmart, Mr Price Group, Pick n Pay, Shoprite, Spar, Truworths

All PSP allocations to executive directors and execs were made in line with the percentage allocations described in the Remuneration Policy table on page 90.

VESTING OF 2018 LTI ALLOCATIONS BASED ON FINANCIAL PERFORMANCE FOR THE PERIOD ENDING JUNE 2021



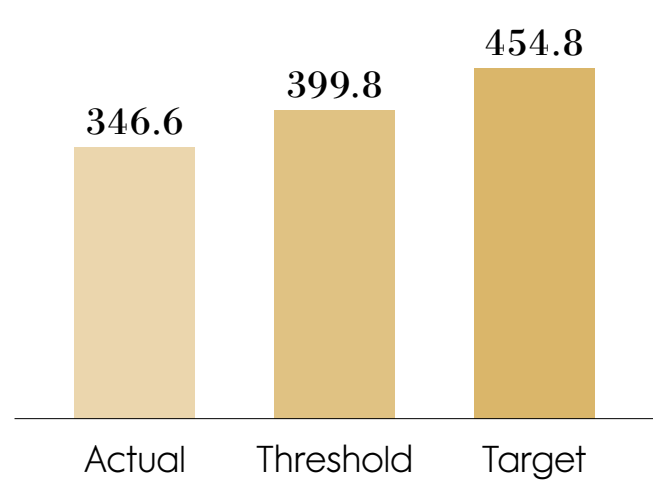
The performance conditions of the PSP August 2018 allocations were tested to determine if vesting had been achieved. The performance conditions are:

- 50% based on aHEPS growth of CPI plus x% per annum
- 30% based on 3-year average ROCE percentage achievement against targets from MTP
- 20% based on reaching net debt:EBITDA targets

HEPS PERFORMANCE

This graph shows the target aHEPS required for the full vesting of this performance condition. Adjusted HEPS achieved was 346.6 cps, below the threshold and target aHEPS of 399.8 cps and 454.8 cps respectively.

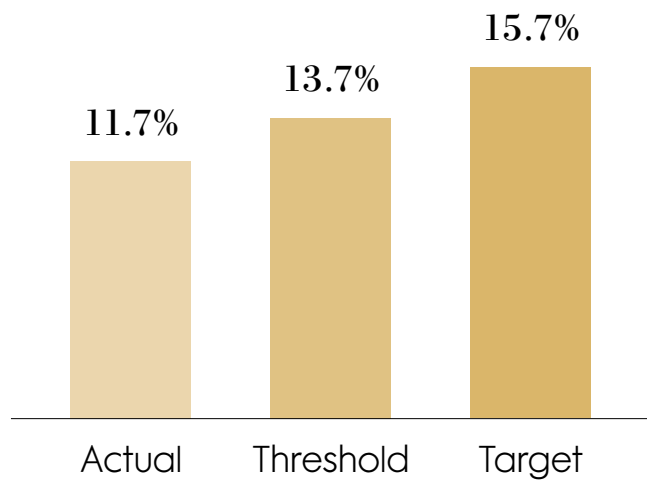
The aHEPS performance condition has not been met, therefore vesting is 0%.



AVERAGE ROCE PERFORMANCE

This graph shows the target ROCE required for full vesting for this performance condition. Actual average ROCE achieved was 11.7%, below the threshold of 13.7% and on-target goal of 15.7%.

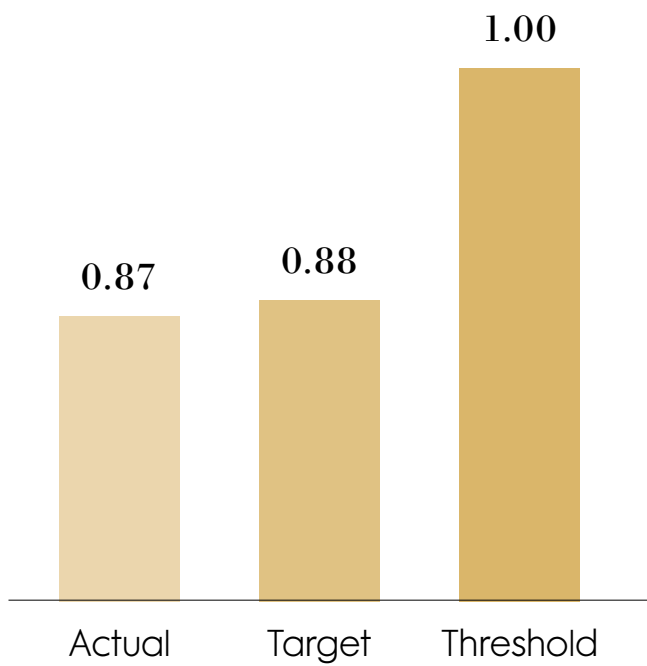
The ROCE performance condition has not been met, therefore vesting is 0%.



CASH FLOW PERFORMANCE

The cash flow performance condition is measured by the net debt:EBITDA ratio. This measure was selected to drive a reduction in the debt levels. The graph shows the target ratio required for full vesting for this performance condition. Actual net debt:EBITDA is 0.87, above both the threshold and target of 1.0 and 0.88 respectively.

The net debt:EBITDA performance condition has been met, therefore vesting is 20%.



ALLOCATION OF RSP SHARES AWARDED TO GROUP CHIEF OPERATING OFFICER

As discussed in the Remuneration and Talent Management Committee Chairman's Report, Sam Ngumeni, the Group's Chief Operating Officer, was allocated an incentive retention award of RSP shares in September 2020.

This award recognises his deep expertise in retail and functional fields in the Group and the need to retain him as a key enabler in the transformation of the Group and the execution of the turnaround strategy.

Vesting of the award is conditional on the achievement of specific deliverables relating to digital and online capabilities and capacity, Group cost efficiencies, and his continued employment with the Group.

	RSP AWARD	
	NUMBER	FACE VALUE R'000
Sam Ngumeni	671 424	23 533

PERFORMANCE CONDITIONS	VESTING PERIOD
Conditional on the achievement of IPM deliverables with specific measures relating to: <ul style="list-style-type: none">• Building the Group's online, digital, and data analytics capabilities• Significantly improving the cost competitiveness of the Group	100% in year 3

SINGLE-FIGURE REMUNERATION FOR THE YEAR ENDED 27 JUNE 2021 (AUDITED)

The Group discloses the single-figure remuneration paid to executive directors of Woolworths Holdings Limited in connection with the affairs of the Company and its subsidiaries during the year ended 27 June 2021 and comparatives for 28 June 2020.

Single-figure remuneration discloses the remuneration earned and/or accrued by directors based on the performance of the current year, the vesting of shares with non-financial performance conditions, and any income attributable to unvested long-term share schemes.

		GUARANTEED PAY			SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES		SINGLE-FIGURE REMUNERATION
Notes		Base salary (1) R'000	Benefits (2) R'000	Total guaranteed pay (3) R'000	Performance bonus (4) R'000	Fair value of shares (5) R'000	Dividends received (6) R'000	Total remuneration R000's
2021								
Roy Bagattini	Aus\$	1 000	10	1 010	928	-	-	1 938
	Rand equivalent	11 500	115	11 615	10 300			21 915
Roy Bagattini	(7)	5 127	1 248	6 375	5 000	-	-	11 375
Reeza Isaacs		6 249	394	6 643	5 091	4 291	-	16 024
Sam Ngumeni		7 417	472	7 889	7 277	6 585	-	21 751
Zyda Rylands		9 026	456	9 482	7 257	7 879	-	24 619
		39 319	2 685	42 004	34 925	18 755	-	95 686
2020								
Roy Bagattini	Aus\$	300	383	683	-	-		683
	Rand equivalent	3 143	3 968	7 111				7 111
Roy Bagattini	(7)	1 526	5 803	7 329			1 275	8 604
Ian Moir	(8)	12 388	109	12 497	-	-	1 453	13 950
Reeza Isaacs		5 896	437	6 333	-	1 378	487	8 198
Sam Ngumeni		6 959	429	7 388	-	1 574	788	9 750
Zyda Rylands		8 381	485	8 866	-	1 884	944	11 694
		38 293	11 231	49 524	-	4 836	4 947	59 307

NOTES

1. 2020: Base salary reflected post Covid-19 reduction for period April-June 2020.

2. Benefits include retirement, healthcare, related benefits, long-service awards, and discounts received on purchases made in WHL Group stores.

3. Guaranteed pay and other benefits: Actual payments made in the financial year.

4. Short-term incentives: Amounts accrued in the financial year relating to the financial performance against target for the year.

5. Fair value of shares: Value of LTIP and/or RSP vesting of performance conditions based on the three-year period FY2018 – FY2021. Valued using the 30-day VWAP share price of WHL at 27 June 2021 of R54.28 (June 2020: R32.29).

6. Dividends received during the financial year on all unvested RSP shares held during the year.

7. Roy Bagattini was appointed as Group CEO on 17 February 2020. His remuneration is paid in Rands and Australian dollars to reflect the time and focus spent in the different geographies. 2020: Benefits include conditional sign-on bonus, relocation, rental accommodation (2020 and 2021), legal expenses, and incidental relocation expenses amounting to R9.5m.

8. Ian Moir resigned from the Group on 16 February 2020.



DIRECTORS’ PARTICIPATION IN SHARE SCHEMES

Shares purchased and options granted to executive directors in terms of the Woolworths Holdings Share Trust which had not been exercised as at 27 June 2021 are set out below.

				As at 28 June 2020		Awarded		Forfeited		Sold or transferred			As at 27 June 2021			
Scheme	Award Date	Vesting Date	Expiry Date	Number	Price Rands	Number	Price Rands	Number	Price Rands	Number	Price Rands	Realisation value (1) Rands	Vested	Unvested	Total	Fair value (2) Rands
ROY BAGATTINI																
RSP	20 Feb 2020	20 Feb 2023	20 Feb 2025	1 432 537	37.87								1 432 537	1 432 537		77 759 827
	17 Sep 2020	17 Sep 2023	17 Sep 2023			663 356	35.05						663 356	663 356		36 007 760
TOTAL				1 432 537		663 356							2 095 893	2 095 893		113 767 587
TOTAL				1 432 537		663 356							2 095 893	2 095 893		113 767 587
REEZA ISAACS																
RSP	24 Aug 2017	24 Aug 2020	25 Aug 2020	42 678	59.99					42 678	34.63	1 477 854	-	-		-
	23 Aug 2018	23 Aug 2021	23 Aug 2023	217 036	54.26								217 036	217 036		8 835 731
TOTAL				259 714						42 678		1 477 854	217 036	217 036		8 835 731
PSP	24 Aug 2017	24 Aug 2020	24 Aug 2020	78 014	65.63			78 014					-	-		-
	23 Aug 2018	23 Aug 2021	23 Aug 2021	115 248	51.09								115 248	115 248		-
	10 Sep 2019	10 Sep 2022	10 Sep 2022	119 967	51.78								119 967	119 967		3 255 976
	17 Sep 2020	17 Sep 2023	17 Sep 2023			187 168	35.18						187 168	187 168		5 097 852
TOTAL				313 229		187 168		78 014					422 383	422 383		8 335 828
TOTAL				572 943		187 168		78 014		42 678			639 419	639 419		17 171 559

NOTES

1. Realisation value based on taxable benefit at date of sale or transfer.

2. Fair value calculated based on 30-day VWAP at 27 June 2021 of R54.28 (2020: R32.29), 50% vesting probability for unvested PSP awards, and 100% vesting for RSP awards.

DIRECTORS’ PARTICIPATION IN SHARE SCHEMES (CONTINUED)

Shares purchased and options granted to executive directors in terms of the Woolworths Holdings Share Trust which had not been exercised as at 27 June 2021 are set out below.

				As at 28 June 2020		Awarded		Forfeited		Sold or transferred			As at 27 June 2021			
Scheme	Award Date	Vesting Date	Expiry Date	Number	Price Rands	Number	Price Rands	Number	Price Rands	Number	Price Rands	Realisation value (1) Rands	Vested	Unvested	Total	Fair value (2) Rands
SAM NGUMENI																
RSP	24 Aug 2017	24 Aug 2020	24 Aug 2020	48 762	59.99					48 762	34.68	1 691 066	-	-	-	-
	23 Aug 2018	23 Aug 2021	23 Aug 2023	371 971	54.26								371 971	371 971	15 143 274	
	17 Sep 2020	17 Sep 2023	17 Sep 2023			671 424	35.05						671 424	671 424	36 445 700	
TOTAL				420 733		671 424				48 762		1 691 066	1 043 395	1 043 395	51 588 975	
PSP	24 Aug 2017	24 Aug 2020	24 Aug 2020	89 137	65.63			89 137					-	-	-	-
	23 Aug 2018	23 Aug 2021	23 Aug 2021	131 680	51.09								131 680	131 680	-	-
	10 Sep 2019	10 Sep 2022	10 Sep 2022	142 918	51.78								142 918	142 918	3 878 880	
	17 Sep 2020	17 Sep 2023	17 Sep 2023			222 976	35.18						222 976	222 976	6 051 702	
TOTAL				363 735		222 976		89 137					497 574	497 574	9 930 583	
TOTAL				784 468		894 400		89 137		48 762			1 540 969	1 540 969	61 519 557	
ZYDA RYLANDS																
SARS	29 Aug 2013	29 Aug 2016	29 Aug 2020	40 790	56.06			40 790					-	-		
TOTAL				40 790				40 790					-	-		
RSP	24 Aug 2017	24 Aug 2020	24 Aug 2020	58 348	59.99					58 348	34.63	2 020 591	-	-	-	-
	23 Aug 2018	23 Aug 2021	23 Aug 2023	445 093	54.26								445 093	445 093	18 120 137	
TOTAL				503 441						58 348		2 020 591	445 093	445 093	18 120 137	
PSP	24 Aug 2017	24 Aug 2020	24 Aug 2020	106 659	65.63			106 659					-	-	-	-
	23 Aug 2018	23 Aug 2021	23 Aug 2021	157 566	51.09								157 566	157 566	-	-
	10 Sep 2019	10 Sep 2022	10 Sep 2022	171 012	51.78								171 012	171 012	4 641 368	
	17 Sep 2020	17 Sep 2023	17 Sep 2023			266 808	35.18						266 808	266 808	7 241 329	
TOTAL				435 237		266 808		106 659					595 386	595 386	11 882 697	
TOTAL				979 468		266 808		147 449		58 348			-	1 040 479	1 040 479	30 002 834

NOTES
1. Realisation value based on taxable benefit at date of sale or transfer.
2. Fair value calculated based on 30-day VWAP at 27 June 2021 of R54.28 (2020: R32.29), 50% vesting probability for unvested PSP awards, and 100% vesting for RSP awards.

NON-EXECUTIVE DIRECTORS’ FEES AND EMOLUMENTS (AUDITED)

Emoluments paid to non-executive directors of Woolworths Holdings Limited in connection with the affairs of the Company and its subsidiaries during the year ended 27 June 2021 and comparatives for 28 June 2020 are set out below.

2021											
	Notes	Directors’ fees (1) R’000	Audit Committee member R’000	Nominations Committee member R’000	Remuneration and Talent Mgmt Committee member R’000	Risk and Compliance Committee member R’000	Social and Ethics Committee member R’000	Sustainability Committee member R’000	Treasury Committee member R’000	Benefits (2) R’000	Total non-executive directors’ remuneration R’000
Hubert Brody	(3)	2 250	-	187	129	129	117	117	130	25	3 084
Zarina Bassa	(4)	1 282	199	117	245	245	-	-	130	36	2 254
Christopher Colfer	(5)	2 533	199	117	129	129	-	-	-	144	3 251
Belinda Earl		1 599	-	-	-	129	-	166	-	-	1 894
David Kneale		421	-	117	129	129	-	-	-	32	828
Nombulelo Moholi	(10)	421	-	99	129	129	150	117	-	45	1 090
Thembisa Skweyiya	(11)	421	199	-	-	129	148	117	110	29	1 153
Clive Thomson	(6)	757	362	-	-	129	117	-	245	40	1 650
		9 684	959	637	761	1 148	532	517	615	351	15 204

2020											
Hubert Brody	(3)	1 852	141	141	116	116	105	105	77	34	2 687
Zarina Bassa	(4)	1 381	179	105	176	221	-	-	77	113	2 252
Tom Boardman	(7)	271	-	73	96	50	45	45	-	17	597
Christopher Colfer	(5)	2 940	150	70	77	117	-	-	-	171	3 525
Belinda Earl	(8)	1 373	-	-	-	116	-	68	-	-	1 557
Andrew Higginson	(9)	1 075	144	85	93	93	-	-	-	1	1 491
David Kneale		379	-	105	116	116	-	-	-	25	741
Nombulelo Moholi		400	-	-	122	122	189	111	-	54	998
Thembisa Skweyiya		379	179	-	-	116	-	68	-	23	765
Simon Susman	(7)	706	-	45	50	50	45	194	-	84	1 174
Clive Thomson	(6)	812	238	-	-	100	68	-	105	22	1 345
		11 568	1 031	624	846	1 217	452	591	259	544	17 132

NOTES

1. Directors’ fees are exclusive of VAT, (2020: post Covid-19 fee reduction for period April-June 2020).

2. Benefits are discounts received on purchases made in WHL Group stores.

3. Hubert Brody was appointed as Chairman on 27 November 2019. His director’s fees for 2020 include fees as the Chairman of Woolworths Audit Review Panel of R87 767 and R486 122 for additional hours he worked as Deputy Chairman during the year and the 2018 David Jones impairment.

4. Zarina Bassa was appointed as the Lead Independent Director on 27 November 2019. Zarina’s director’s fees earned include fees as a Non-executive Director for Woolworths South Africa of R486 816 for a six-month period (2020: Full-year fees of R818 621).

5. Christopher Colfer was appointed to the Board on 1 July 2019. His director’s fees earned include fees as a Non-executive Director of DJ and CRG of R1 083 519 for a six-month period (2020: Full-year fees of R1 520 417).

6. Clive Thomson was appointed to the Board on 19 August 2019. His director’s fees earned include fees as a Chairman of WSA Audit Panel and DJ and CRG Audit and Risk Committee of R336 321 for a six-month period (2020: Full-year fees of R484 800).

7. Simon Susman and Tom Boardman retired from the Board on 27 November 2019.

8. Belinda Earl was appointed to the Board on 1 July 2019. She was appointed the Sustainability Committee Chairman effective 25 November 2020.

9. Andrew Higginson resigned from the Board on 31 March 2020.

10. Nombulelo Moholi was appointed to the Nominations Committee effective 26 August 2020.

11. Thembisa Skweyiya was appointed to the Treasury and Social and Ethics Committees effective 26 August 2020 and then the Social and Ethics Committee Chairman effective 25 November 2020.

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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