



**WOOLWORTHS HOLDINGS LIMITED**

*2021 Social and Ethics Committee Report*

*As extracted from the 2021 Integrated Annual Report*

**START**

# 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](http://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.

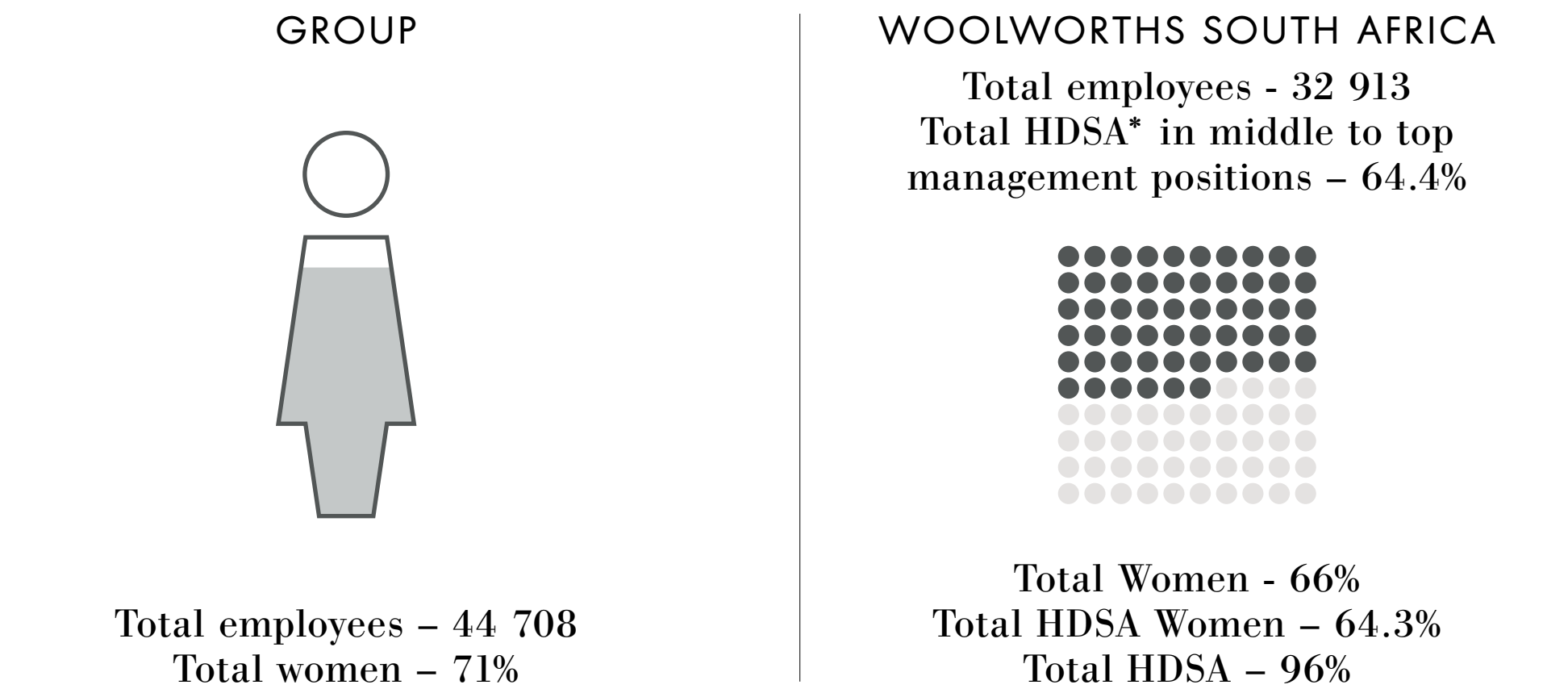
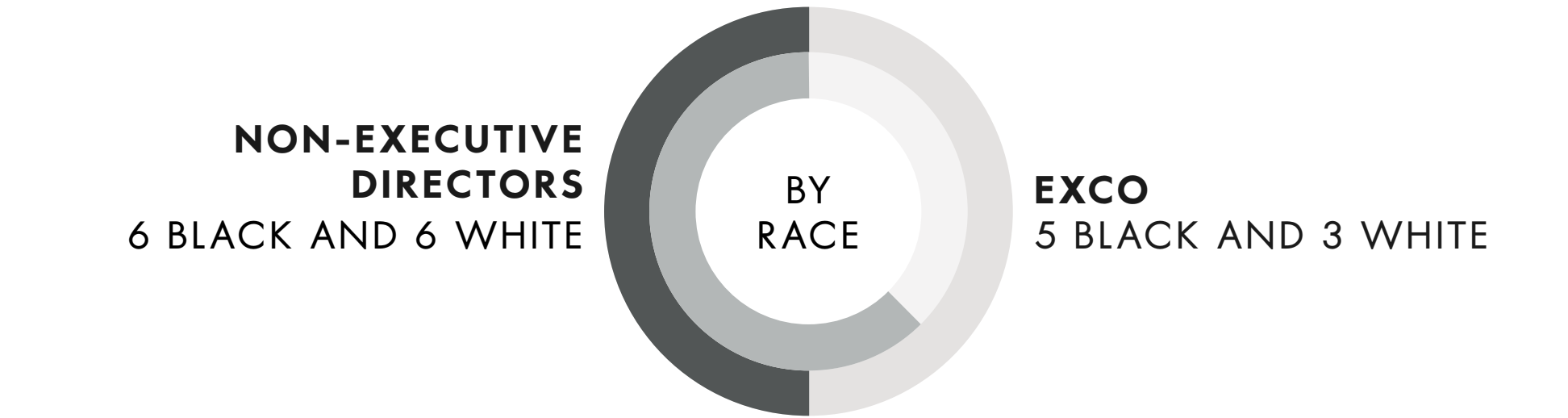


Woolworths, Autumn 2021



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

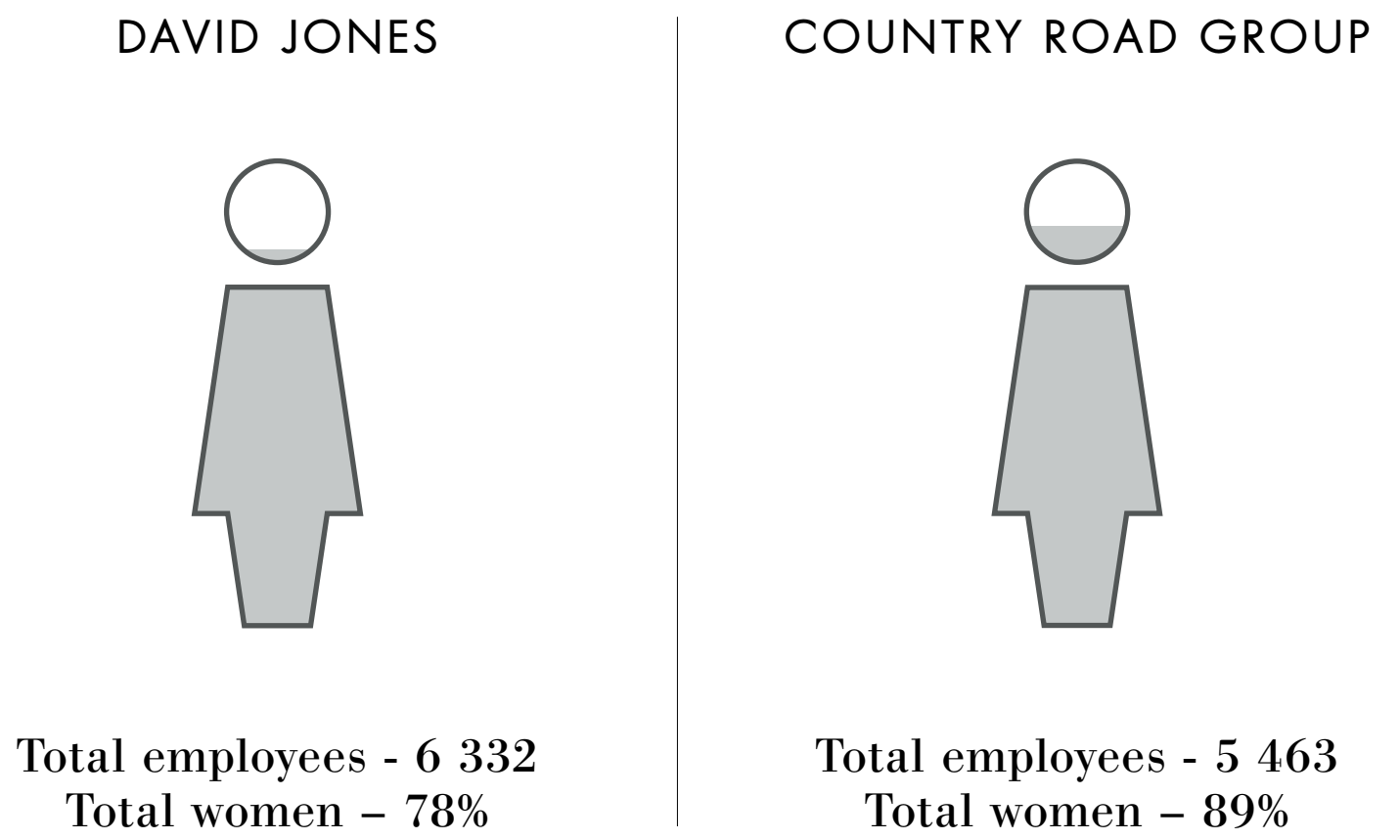
Our Australian businesses are actively building and cultivating an inclusive culture founded on dignity and respect and where differences are celebrated. Inclusivity crosses multiple dimensions of diversity including, but not limited to Aboriginal and Torres Strait Islander identification, gender, accessibility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

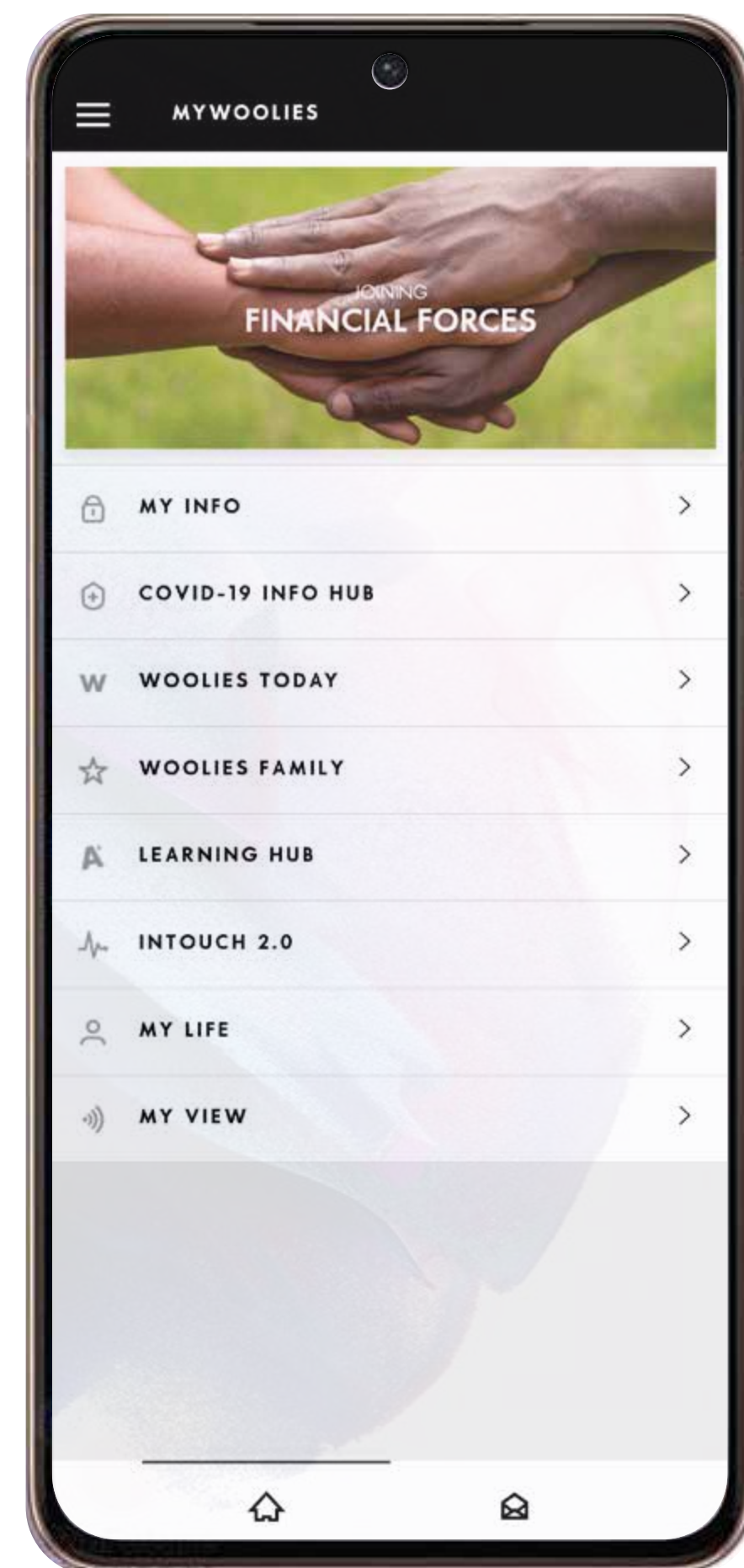
### SOUTH AFRICA

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.**



Country Road, Autumn 2021



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.

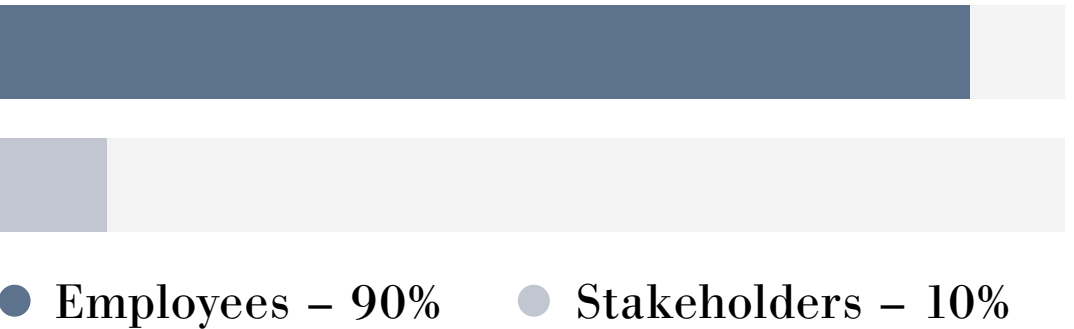
A significant part of the work is focused on industry participation, and, to this end, management has proactively engaged with key stakeholders, ensuring that subject matter experts with the appropriate depth of knowledge and ability to articulate the impacts of potential policies on the business, lead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

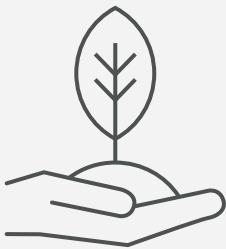
The results have provided valuable insight that will be used to guide and direct specific stakeholder strategies. Some of the specific results are:

A TRUST SCORE SIGNIFICANTLY POSITIVE AGAINST THE INTERNATIONAL RETAIL NORM



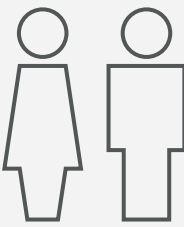
- Woolworths South Africa – 78%
- International retail norm – 69%

***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](http://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

<b>THRIVING &amp; RESILIENT</b> We care for the environment and are committed to working towards net zero impact and a just transition to a low carbon future.	<b>ETHICAL &amp; FAIR</b> We care for how our products are made and are committed to a fully transparent, traceable, and ethical supply chain.	<b>INCLUSIVE JUSTICE</b> 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



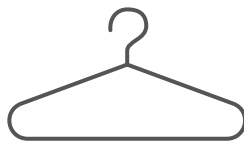
R6.8M raised by Woolworths through the sale of cause-related bags and bracelets

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](mailto: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



# 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



*To find out more about what we're doing, visit*

*We appreciate any feedback on our Good Business Journey Report.  
Please contact [InvestorRelations@woolworths.co.za](mailto:InvestorRelations@woolworths.co.za)*