

# WHL

**WOOLWORTHS HOLDINGS LIMITED**

*Board Charter*

**START**

# BOARD CHARTER

## 1. INTRODUCTION

The Board of directors of Woolworths Holdings Limited ("the Board") has adopted this Board Charter ("the Charter") which sets out the principles for the operation of the Board.

This Charter is subject to the provisions of the Companies Act 71 of 2008, as amended ("the Companies Act"), the Company's Memorandum of Incorporation ("MOI"), the JSE's Listings and Debt Listings Requirements and any other applicable laws or regulations (which take precedence over the Charter in the event of a conflict). In addition, the principles recommended in the King IV™ Report on Corporate Governance for South Africa, 2016 ("King IV") are incorporated as relevant to the Company.

## 2. PURPOSE OF THE CHARTER

The purpose of this Charter is to provide an overview of:

- (i) the roles, responsibilities and powers of the Board, individual Directors, the Board Chair, Lead Independent Director, the Group CEO and the Group Company Secretary; .
- (ii) the principles shaping the Board's composition; and
- (iii) the matters reserved for the Board and the delegations of authority to Board Committees, the Group CEO and executive management.

## 3. COMPOSITION

The Company has a unitary board, which is suitably constituted and comprises a balance of Executive and Non-Executive Directors, with a majority of Non-Executive Directors. A majority of the Non-Executive Directors must be classified as independent. In terms of the MOI, the Board consists of a minimum of four Directors and a maximum of 20 Directors. The size of the Board is reviewed periodically to ensure the presence of an appropriate mix and balance of knowledge, skills, experience, diversity and independence appropriate to the strategic direction of the Group. This is undertaken without compromising common purpose, involvement, participation and a sense of responsibility amongst the members, required to meet WHL's objectives.

Directors are appointed through a formal and transparent process, in accordance with the Appointment of Directors and Board Diversity Policies. The Nominations Committee is mandated to identify suitable candidates for appointment by the Board and, if appointed, the Board proposes them for election by the shareholders at the Company's next AGM.

The Group Company Secretary is the secretary to the Board.

## 4. UNDERTAKINGS BY DIRECTORS

Directors appointed to the Board undertake to:

- conduct themselves according to the highest standard of personal and professional integrity, set the standard for and promote ethical behaviour and compliance with laws and regulations within the organisation;
- have sufficient working knowledge of the organisation, its industry, the economy, society and environment in which it operates;
- be aware of the statutory and regulatory requirements affecting the direction of the Company;
- act with due care, skill and diligence, and take reasonably diligent steps to be informed and contribute independent views to matters under consideration so as to add value to Board deliberations; and
- prepare for and regularly attend meetings of the Board and Board Committees to which they are appointed from time to time.

## 5. INDUCTION OF NEW DIRECTORS

The Board induction programme which is provided to new Directors to facilitate their understanding of the Company and the environment in which it operates, includes, *inter alia*:

- details of the Group's operating environment including meeting with key management and visits to the Group's operations;
- meetings and inductions by members of the Board;
- details of the Company including its MOI, key laws and regulations applicable to the Group's operations, the governance framework and associated governance policies and practices (including the Charter, Committee terms of reference and delegations of authority);
- the Group's suite of annual reports; and
- an overview of the role of a Director, and the fiduciary duties, responsibilities and obligations in terms of the Companies Act, JSE Listings Requirements and King IV™.

Prior to receiving the induction programme, new directors are required to agree to their terms of appointment as set out in a formal letter of appointment.

Directors are provided with access to continuing professional development programmes and regular briefings and update sessions are provided to the Board on strategic matters; regulatory changes, industry news, and environmental, social and governance trends.

## 6. PERIOD OF OFFICE, ROTATION AND ELECTION/RE-ELECTION OF DIRECTORS

At least one-third of all Directors are subject to retirement by rotation at each Annual General Meeting ("AGM") and if eligible, may stand for election or re-election. Rotation of Directors is managed practically by requiring one-third of the Directors to retire at every AGM, the first to retire being Directors who were appointed subsequent to the previous AGM followed by Directors who have been in office the longest since their last election or appointment.

Directors' eligibility to stand for election or re-election at the AGM is determined by the Board based on a recommendation by the Nominations Committee in accordance with the Appointment of Directors' Policy and the MOI, taking into account independence (where appropriate), past individual performance and contributions made. The rotation provisions apply to both Executive and Non-Executive Directors.

Non-Executive Directors serve on the Board for three terms of three years. The Board may nevertheless, on an exceptions basis and with good cause, resolve to extend a Non-Executive Director's tenure beyond nine years, subject to the Board robustly assessing the continued independence of the Director concerned. Further details on the process followed are provided in the Appointment of Directors' Policy and the MOI. The termination of an employment contract of an Executive Director will result *ipso facto* in the termination of his or her membership of the Board.

## 7. DIRECTOR REMUNERATION

The Remuneration Committee makes recommendations to the Board on the annual fees payable to Non-Executive Directors for their services on the Board and respective Board Committees. An hourly fee will be paid for ad hoc advisory services. All fees are subject to shareholder approval tabled at each preceding Annual General Meeting.

Executive Directors are remunerated as employees in accordance with the terms of their employment contracts.

Details of the remuneration paid to Non-Executive and Executive Directors are set out in the Remuneration Report which forms part of the Annual Integrated Report as required by the Companies Act and the JSE Listings Requirements and in accordance with the relevant King IV™ recommendations.

## 8. ROLE AND RESPONSIBILITIES

The role and responsibilities of the Board (some of which may be delegated to Board Committees without derogating from the Board's responsibility) are to: –

- 8.1 act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company along sound and ethical corporate governance principles:
  - (i) steer and set direction with regards to both:
    - the organisation's strategy; and
    - the way in which specific governance areas are to be approached, addressed and conducted;
  - (ii) approve policy and planning that give effect to the Company strategy;
  - (iii) oversee and monitor implementation and execution of the strategy by management; and
  - (iv) ensure accountability for organisational performance through reporting and disclosures.
- 8.2 oversee and monitor that the Company is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the Company but also the impact that business operations have on the environment and the society within which it operates;
- 8.3 exercise on-going oversight of the management of ethics within the Group that promote ethical behaviour within the Company;
- 8.4 approve the Group financial objectives including, capital expenditure, treasury, capital and funding proposals;
- 8.5 appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
  - governing and regularly reviewing and evaluating the enterprise-wide risk management and compliance processes;
  - actively engaging on, reviewing and approving the Group's strategy;
  - satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
  - identifying key performance and risk areas;
  - overseeing production of a strategy that will facilitate sustainable outcomes;
  - considering sustainability as a business opportunity that guides strategy formulation; and
  - overseeing the company's performance against agreed targets and objectives;
- 8.6 provide effective leadership on an ethical foundation;
- 8.7 ensure that the Company has an effective and independent Audit Committee;
- 8.8 be responsible for the governance of risk;
- 8.9 oversee and be responsible for the governance of information and technology within the Group;
- 8.10 monitor the company's compliance with applicable laws and consider adherence to non-binding rules, codes and standards;

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- 8.11 ensure that there are effective risk-based internal controls and audit processes;
- 8.12 adopt a stakeholder-inclusive approach and consider stakeholders' perceptions of the Company's reputation;
- 8.13 review and oversee the integrity of the Company's Annual Integrated Report, inclusive of the relationship between the Group strategy and the six capitals and the relevant disclosures in terms of King IV™ reporting;
- 8.14 act in the best interests of the Company by ensuring that individual Directors:
  - adhere to legal standards of conduct;
  - are permitted to take independent advice in connection with their duties in accordance with paragraph 18 below;
  - disclose real or perceived conflicts to the Board and deal with them accordingly;
- 8.15 commence business rescue proceedings in the event that the Company becomes financially distressed;
- 8.16 nominate for appointment by shareholders, a suitably experienced and skilled Non-Executive Director for appointment as the Board Chairman;
- 8.17 appoint and evaluate the Group Chief Executive Officer's ("Group CEO") performance against agreed performance measures and targets;
- 8.18 consider the Group CEO's membership of additional professional positions including other organisations outside the Group;
- 8.19 approve termination of the Group CEO's employment contract, if applicable;
- 8.20 review the Board succession plan including the Chairman and Group CEO; and
- 8.21 approve the Group's Governance Framework that articulates and gives effect to its direction on relationships and the exercise of authority across the Group.

### 9. BOARD LEADERSHIP

The roles of Chairman and Group CEO are separate with a clear division of responsibilities. The Chairman is responsible for running the Board and the Group CEO is the most senior executive responsible for running the business.

#### 9.1 ROLE OF THE CHAIRMAN

The Chairman is appointed by shareholders from time to time based on nomination by the Board and assessed annually by the Board. The Chairman's independence, as well as factors that may impair the Chairman's independence, are monitored by the Board on an annual basis to ensure continuity of this key role.

The Chairman of the Board is a Non-Executive Director of the Board with no executive or management responsibilities. The Chairman's role is to provide leadership to the Board; ensure the effectiveness and integrity of the Board and Board Committees; and to represent the Board to the shareholders. It is preferable for the Chairman to be classified as an independent Non-Executive Director; however should this not be the case the Board must appoint an independent Non-Executive Director as Lead Independent Director ("LID") for as long as the independence of the Chairman is under question or impaired. A LID may be appointed even if the Chairman of the Board is independent.

The Chairman is responsible for, inter alia:

- 9.1.1 setting the ethical tone for the Board and the Group;
- 9.1.2 providing overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of Directors;
- 9.1.3 identifying and participating in selecting Directors (via the Nominations Committee), and overseeing a formal succession plan for the Board, including the Group CEO and his direct reports;
- 9.1.4 formulating (with the Group CEO and Group Company Secretary) the yearly work plan for the Board against agreed objectives, and playing an active part in setting the agenda for Board meetings;
- 9.1.5 presiding over Board meetings and ensuring that time in meetings is used productively;
- 9.1.6 managing conflicts of interest. It is not sufficient merely to table a register of interests and internal and external legal requirements must be met. The Chairman must request affected Directors to recuse themselves from discussions and decisions in which they have a conflict, unless they are requested to provide specific input, in which event they should not be party to the decision;
- 9.1.7 acting as the link between the Board and management and particularly between the Board and the Group CEO;
- 9.1.8 being collegial with Directors and management while at the same time maintaining an arm's length relationship;
- 9.1.9 ensuring that Directors play a full and constructive role in the affairs of the Group and taking a lead role in the process for removing non-performing or unsuitable Directors from the Board;
- 9.1.10 ensuring that complete, timely, relevant, accurate, honest and accessible information is placed before the Board to enable Directors to reach an informed decision;
- 9.1.11 monitoring how the Board works together and how individual Directors perform and interact at meetings with due regard to any Board Commitments adopted by the Board from time to time; The Chairman should meet with individual Directors once a year about evaluating their performance. The Chairman should know Directors' strengths and weaknesses
- 9.1.12 mentoring to develop skill and enhance Directors' confidence (especially those new to the role) and encouraging them to speak up and make an active contribution at meetings. The mentoring role is encouraged to maximise the potential of the Board;

- 9.1.13 ensuring that all Directors are appropriately made aware of their responsibilities through a tailored induction programme, and ensuring that a formal programme of continuing professional education is adopted at Board level;
- 9.1.14 ensuring that good relations are maintained with the Company's major shareholders and its strategic stakeholders, and presiding over shareholders' meetings;
- 9.1.15 building and maintaining stakeholders' trust and confidence in the Company;
- 9.1.16 upholding rigorous standards of preparation for meetings; and
- 9.1.17 ensuring that decisions by the Board are executed timeously and effectively.

The Chairman's ability to add value to the Group, and the Chairman's actual performance against criteria developed in relation to the role and functions should form part of the Board evaluation proceedings conducted in terms of paragraph 17 below. The Chairman should meet with the Group CEO or the Group Finance Director or the Group Company Secretary or all three before a Board meeting to discuss important issues and agree on the agenda.

With regard to serving on other Committees:

- the Chairman should not be a member of the Audit Committee but is entitled to attend the meetings;
- the Chairman should not chair the Remuneration, Risk and Compliance and Social and Ethics Committees, but may be a member of the Committees; and
- the Chairman should be a member of the Nominations Committee and may chair the Committee, if categorised as independent.

There should be a succession plan for the position of the Chairman.

#### 9.2 ROLE OF THE LEAD INDEPENDENT DIRECTOR ("LID")

The LID assists the Chairman and the Board when the Chairman is absent or unable to perform his/her duties or where the Chairman's independence is in question or impaired. Such assistance may be provided:

- at any Board, or Board Committee meeting, or any other meeting of the Company;
  - at any meeting the Chairman might initiate with the LID;
  - in any consultations that any other Director or executive of the Group might initiate with the LID; and
  - in any consultation that the LID might initiate.
- 9.2.1 The LID should at all times be aware that the role is that of support to the Chairman and Board and not in any way to undermine the authority of the Chairman. The role fulfils the following functions:
- to lead in the absence of the Chairman;
  - to serve as a sounding board for the Chairman;
  - to act as an intermediary between the Chairman and other members of the Board;
  - to deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate;
  - to strengthen the independence on the Board if the Chairman is not an Independent Non-Executive Director; and
  - to chair discussions and decision-making by the Board on matters where the Chairman has a conflict of interest;
- 9.2.2 The LID chairs Board and Nominations Committee meetings at which the succession of the Chairman and the Chairman's performance appraisal are dealt with.
- 9.2.3 The term of the LID's appointment will depend on the circumstances of the Company and the independence of the Chairman (where applicable), subject to the LID's continued eligibility to be a Director and could either be an on-going appointment or one of limited duration;

#### 9.3 ROLE OF THE GROUP CEO

The Board, on the recommendation of the Nominations Committee, appoints the Group CEO whose duties and responsibilities include the following:

- 9.3.1 developing the Group's strategy for consideration and approval by the Board;
- 9.3.2 serving as the chief link between management and the Board by leading the implementation and execution of approved strategy, policy and operational planning;
- 9.3.3 setting the tone in providing ethical leadership and creating an ethical environment;
- 9.3.4 recommending or appointing the executive team and ensuring proper succession planning and performance appraisals;
- 9.3.5 developing and recommending to the Board yearly business plans and budgets that support the Group's long-term strategy;
- 9.3.6 being accountable and reporting to the Board on the performance of the Group and its conformance with compliance imperatives;

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- 9.3.7 establishing an organisational structure for the Group which is necessary to enable execution of its strategic planning;
- 9.3.8 ensuring that the assets of the Group are adequately maintained and protected;
- 9.3.9 ensuring that the Group complies with all relevant laws and corporate governance principles; and
- 9.3.10 ensuring that the Group applies all recommended best practices and, if not, that the failure to do so is justifiably explained.

### 9.4 ROLE OF THE GROUP COMPANY SECRETARY

The Group Company Secretary provides guidance on corporate governance and the Board's legal responsibilities and coordinates the functions of the Board, its Committees, and other companies within the Group. The Board, on the recommendation of the Nominations Committee, is responsible for the appointment and removal of the Group Company Secretary and must empower him/her to properly fulfil his/her duties. The performance and independence of the Group Company Secretary is evaluated annually by the Board via the Nominations Committee.

The Company Secretary has a direct channel of communication to the Chairman and must be available to provide comprehensive practical support and guidance to Directors, with particular emphasis on supporting the Non-Executive Directors, the Chairman of the Board and the chairmen of Committees. The Company Secretary must carry out all statutory duties and/or best practice recommendations as prescribed in Section 88 (1) and (2) of the Companies Act, the JSE Listing Requirements and King IV™.

The Board must ensure that the Group Company Secretary has the necessary competence, gravitas and objectivity to fulfil the responsibilities of the role at the highest level of decision-making within the Group. The Group Company Secretary is not a Director of the WHL Board.

## 10. BOARD COMMITTEES

The Board is empowered by the MOI to appoint Committees and to delegate powers to these Committee without abdicating its own responsibilities. Committees are constituted with due regard to the skills, qualifications and experience required by each Committee to effectively fulfil their duties.

The Board has the following standing Committees, namely: Audit; and Social and Ethics Committees (which are also statutory committees in terms of the Companies Act) and the Nominations; Remuneration; Sustainability; Risk and Compliance; and Treasury Committees.

Board Committees must:

- observe the same rules of conduct and procedure as the Board;
- act on behalf of the Board when specifically authorised to do so; and
- ensure transparency and full disclosure when reporting to the Board, except where the Committee has been mandated otherwise.

The Committees function in accordance with formal terms of reference approved by the Board and reviewed annually for relevance and alignment with current legislation and governance practices. The Nominations Committee oversees the effective collaboration among Committees through cross-membership, where appropriate.

## 11. DELEGATION

The Board delegates certain functions to the Committees, subsidiary Boards and the Group CEO, but without abdicating its own responsibilities. Delegation is formal and involves the following:

### Executive Management

- the implementation and execution of approved strategy, through policy and operational plans mandated to management through the Group CEO;
- delegating authority to the Group CEO and management to facilitate efficient decision making;
- all Board authority conferred on management is delegated to the Group CEO. In turn the authority, decision-making and accountability of management will operate within the framework of this authority in terms of strategic direction risk and value;
- delegating to management the responsibility for implementation and execution of the codes of conduct and ethics policies and having sanctions and remedies in place in the event of a breach in the organisation's ethical standards;
- delegation limits are set by taking into account the balance between making efficient decisions close to the business activity and the need for the Board and management to oversee areas of significant impact on the WHL Group in terms of strategic direction, risk and value;
- delegation limits have been established in response to risk profiles and expectations; and
- the authority to approve a transaction is taken to include the authority to terminate or cancel a transaction including the authority to terminate a contract evidencing the transaction (subject to dispute settlement delegation limitations).

## 12. BOARD MEETING PROCEDURES

### 12.1 FREQUENCY AND QUORUM

The Board meets at least four times a year to discharge its duties as set out in this Charter but may meet more regularly if required or if requested by a Director, subject to adequate notice being given to Directors. The meetings are held at such times and at such venues as the Board deems appropriate.

A representative quorum for meetings is a majority of the Directors then in office. Individuals in attendance at Board meetings by invitation, may participate in discussions but do not form part of the quorum for Board meetings.

Board and Committee meeting dates are set up two years in advance, and are tabled at Board meetings for the Board's notice and approval. Short notice may be given for special ad hoc meetings.

### 12.2 ATTENDANCE

Members of senior management, assurance providers and professional advisors may be in attendance at meetings, but by invitation only and they may not vote on any issues discussed at the meeting.

Directors must attend all scheduled meetings of the Board and relevant Committees, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Group Company Secretary.

The Chairman may at his discretion authorise the use of audio or video conferencing facilities to facilitate participation in a Board or Committee meeting should attendance in person not be possible.

If the Chairman of the Board is absent from a meeting the LID, if one has been appointed by the Board, acts as Chairman for that meeting. If no LID has been appointed, the Directors present at the meeting must elect one of the Directors present to act as Chairman.

A Director, who absents himself from Board meetings for three consecutive meetings without leave from the Board, and is not represented at any such meetings, may be required to vacate office should the Board so resolve.

### 12.3 AGENDA, BOARD PAPERS AND MINUTES

The Group Company Secretary and the Chairman should establish an annual work plan for each year so that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan must ensure proper coverage of the matters laid out in this Charter with critical matters being attended to each year and others being dealt with on a rotation basis. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with Board papers, must be circulated to the Board and other invitees at least one week prior to each meeting. All matters to be discussed and/or voted on at Board meetings must be present on the agenda for that Board meeting.

Any Director may request, through the Group Company Secretary and Chairman, that any matter requiring Board deliberation be added to the agenda.

Directors are entitled to have access to all relevant information to assist them in the discharge of their duties and responsibilities; and to enable them to make informed decisions. Directors undertake to maintain the confidentiality of all information provided to them as well as Board proceedings.

The minutes of the meetings must be completed as soon as possible after the meeting and circulated to the Chairman for review. The minutes must be formally approved by the Board and Committees at the next scheduled meeting.

## 13. DISCLOSURE AND CONFLICTS OF INTEREST

Directors are required to avoid any conflicts of interests in accordance with section 75 of the Companies Act and article 25 of the MOI. Any conflict of interest in respect of matters to be considered at a meeting of the Board must be disclosed at the beginning of each meeting and should be proactively managed.

If a Director has a Personal Financial Interest (as defined in the Companies Act) in respect of a matter to be considered at a meeting of the Board, or knows that a Related Person (as defined in the Companies Act) has a Personal Financial Interest in the matter, the Director:

- (i) must disclose to the meeting the interest and its general nature before the matter is considered at the meeting, as well as any material information relating to the matter, and known to the Director;
- (ii) must not take part in the consideration of the matter except to disclose any observations or pertinent insights relating to the matter if requested to do so by the other Directors;
- (iii) if present at the meeting, must leave the meeting immediately after making any disclosure required;
- (iv) while absent from the meeting, is to be regarded as being present at the meeting for the purpose of determining a quorum for the meeting, however, is not to be regarded as being present at the meeting for the purpose of determining whether a resolution has sufficient support to be adopted;
- (v) must not execute any document on behalf of the Company in relation to the matter unless specifically requested or directed to do so by the Board.

A declaration of all financial, economic and other interests held by Directors and their related parties must be tabled at each Board meeting and duly confirmed and signed by each Director at least annually.

## **BOARD CHARTER (CONTINUED)**

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### **14. INDEMNIFICATION AND DIRECTORS AND OFFICERS INSURANCE**

The Company will pay the premiums for Directors and officers insurance cover in the event that Directors and Officers are exposed to certain wrongful acts, such as error, misleading statements, omission, neglect or breach of duty, in the course of discharging Directors' duties within the necessary authority.

### **15. BOARD AND COMMITTEES' PERFORMANCE EVALUATION**

The performance evaluation of the Board and its Committees must be conducted at least every two years. Every alternate year, the Board will consider its progress against the agreed outcomes of the prior evaluation process, if any. The performance of the individual Directors is assessed annually.

The evaluation of the Chairman is managed by the IID, or an Independent Non-Executive Director, in the event of the IID's absence.

### **16. INDEPENDENT PROFESSIONAL ADVICE**

Directors are permitted to take independent professional advice related to their duties at the Company's expense. All requests for independent, professional advice must be directed in writing to the Chairman and/or the Group Company Secretary. Costs incurred as a result of the independent advice, will be borne by the Company, subject to approval by the Chairman.

### **17. COMPLIANCE WITH THE CHARTER**

The Board must, after an annual assessment, confirm the extent to which it fulfilled its responsibilities as set out in this Charter.

### **18. REVIEW OF THE BOARD CHARTER**

This Charter is subject to annual review by the Board..

**Approved by WHL Board in May 2021**

