

WOOLWORTHS HOLDINGS LIMITED

KING IV™ APPLICATION REGISTER

2022

START

APPLICATION OF KING IV™

The Board is of the view that good corporate governance contributes to value creation, and it accordingly endorses the holistic approach to corporate governance and the purposeful application of the King IV™ principles, which are incorporated into the Group's governance framework and related policies and practices.

The Board's 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 information in this report, which describes the manner in which the King IV™ principles are applied, is supplemented by the Integrated Annual Report, Annual Financial Statements, and Good Business Journey Report, which together make up our suite of financial year-end reports ('reporting suite'). All of these reports are available on our website at www.woolworthsholdings.co.za.

We have provided cross-references in this report to guide stakeholders to the supplementary information in the reporting suite and on our website.

Where the Board is supported by a Board committee in the application of a principle, the relevant committee is indicated. We encourage our stakeholders to explore our reporting suite to discover more fully the manner in which these principles are applied to everyday operations and decision-making throughout the Group.

The Group governance framework, which is detailed on our website, provides additional clarity by clearly delineating roles and areas of accountability, and recognises the independent roles and duties required to govern the Group effectively.

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. With these principles in mind, our governance structure continues to evolve to enhance efficiencies in line with best practice. The structure provides management with the necessary agility to execute 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.

The governance framework is supported by the Board Charter, Committee Terms of Reference, Delegations of Authority and our governance policies, copies of which are also available on our website at www.woolworthsholdings.co.za.



Country Road, Winter 2022

LEADERSHIP, ETHICS, AND CORPORATE CITIZENSHIP

PRINCIPLE 1

The governing body should lead ethically and effectively.

APPLICATION

As the custodian of ethical governance with collective responsibility for setting an ethical tone at the top, the Board has continued to lead effectively and ethically as it steered the reset of the Group's strategic direction and the evolution of our governance practices, ensuring the continued application of our high ethical standards and governance practices across all levels of the organisation.

From a structural perspective, our governance framework and related suite of policies comprising the Board Charter, Delegations of Authority, Committee Terms of Reference and the Board policies are all tangible indicators of the Board's approach to effective and ethical leadership, while the consistent application of the policies reflects the Board's commitment 'to doing the right thing'.

Examples to illustrate how structure and practice combine to good effect are noted below:

- the potential for conflicts of interests on the Board is managed by way of our policies governing conflicts of interest, insider trading, prohibition on the use of price-sensitive information, and trading in the Company's shares, while appropriate disclosures in line with governance practice are made on the Johannesburg Stock Exchange News Service (SENS) and in the Annual Financial Statements (for example, details of directors' share dealings and their holdings in WHL). In addition, directors are required to disclose their financial and other interests on a quarterly basis. Details of actual conflicts of interest disclosed and managed at any Board or Board committee meetings during the financial year are published on our website.
- although the current Board Chairman is an independent non-executive director, the Board has retained the role of Lead Independent Director, as it considers this role to be instrumental in supporting the Chairman and the Board in the delivery of effective leadership to the Group

- the emphasis the Board places on maintaining high levels of independent thinking and objective judgement by its members, to promote a culture that challenges the status quo and avoids group consensus. The Board is assisted in this by the Nominations Committee, which is responsible for assessing the independence of each non-executive director annually. In doing so, the committee uses not only the 'independence' criteria recommended by King IV™, but takes into account whether the non-executive director has demonstrated an independent state of mind and objective judgement in relation to matters affecting the Group, and whether the non-executive director has an interest, position, association or relationship which is likely to influence the director unduly or cause bias in the director's decision-making.

The internally facilitated Board effectiveness evaluation process conducted in May 2022, reflected that the Board continued to meet the requirements expected of a listed entity and a well-governed corporate citizen as set out in King IV™.

The Board believes that all of the above enables it to lead the Group ethically and effectively. The examples provided above clearly describe the manner in which directors are held accountable for their leadership role and for its execution.

OVERSIGHT:

-  NOMINATIONS COMMITTEE
-  BOARD
-  SOCIAL AND ETHICS COMMITTEE

USEFUL LINKS FOR MORE DETAIL

PRINCIPLE 2

The Governing Body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board determines and sets the tone of the Group's values, including principles of ethical business practices, with the assistance and support of the Social and Ethics Committee, the Risk, Information and Technology Committee, and the Sustainability Committee. Our business model is underpinned by strong governance oversight and a commitment to practise the highest standards of governance, ethics, and integrity. Our ethics governance starts with the Board, which is ultimately responsible for setting and steering the Group's culture and practices. In support of the overriding principle to do business ethically and with integrity, the Board has adopted a suite of policies to articulate and embed ethical practices across the Group. These policies are informed by the relevant provisions of the Companies Act 71 of 2008 (as amended), King IV™, the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD) principles. The Board has further delegated authority for monitoring and reviewing the policy suite to the relevant Board committees and the implementation and execution thereof to management.

The governance and ethics policies cover areas such as anti-bribery and corruption, whistleblowing, Codes of Business Principles, conflicts of interest, acceptance of gifts, entertainment, insider trading, and price-sensitive information. Policies are reviewed annually and updated when necessary.

Awareness training is provided to employees on their induction to the Group, and internal governance engagement takes the form of 'Governance Week Conversations' held in South Africa and Australia twice a year.

These conversations are hosted on our various online channels in South Africa and Australia and provide employees with real-time panel discussions and access to short videos, podcasts and visual guides covering a range of topics.

During the year, we established the Governance Academy, which offers insights into governance matters and mandatory compliance training throughout the Group and hosts Governance Weeks. In addition, the Academy hosts 'topic of the month' discussions on ethics and governance matters.

Our Supplier Codes of Business Principles require that our Suppliers adopt our approach to ethics and our requirements for fair labour practices and safety standards, environmental stewardship, animal welfare, and our zero tolerance for bribery and corruption.

Our 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 assists in preventing wrongdoing within the Group.

An independently monitored whistleblowing hotline, Deloitte's Tip-offs Anonymous, has been made available to employees across the Group, as well as to key customers and suppliers.

The hotline enables stakeholders to report suspected fraud or other activities considered to be ethical transgressions, and all information reported is treated in the strictest confidence.

Tip-offs training and awareness sessions are conducted periodically to promote utilisation of the facility.

The Board is assisted by the Social and Ethics Committee in setting the tone for an ethical organisational culture, as well as in ensuring that fair labour practices are applied across our Group and our supply chain; that appropriate strategies are in place to contribute to social and economic development; and that we not only utilise our natural resources responsibly but also work towards minimising our impact on the environment in the long term.

OVERSIGHT

-  SOCIAL AND ETHICS COMMITTEE
-  RISK, INFORMATION AND TECHNOLOGY COMMITTEE
-  BOARD

LEADERSHIP, ETHICS, AND CORPORATE CITIZENSHIP

PRINCIPLE 3

The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen.

APPLICATION

The Board has ultimate responsibility for monitoring that the Group is operating as a responsible corporate citizen. It is assisted in this role by the Social and Ethics and Sustainability Committees, each of which have specific mandates to oversee delivery of the Group's sustainability strategy articulated in our Vision 2025+ (the next evolution of our Good Business Journey), and that the Group operates in a socially and environmentally responsible manner.

Management oversees and monitors performance relative to the Vision 2025+ focus areas by means of scorecards that include KPIs and targets aligned to all the focus areas. From these scorecards, relevant KPIs and targets are incorporated into the individual employees and management scorecards as part of the Integrated Performance Management system. High level performance updates are reported at the meetings of the Social and Ethics and Sustainability Committees. For more details on the Group's performance for the year in relation to all of the Vision 2025+ focus areas, please read our Good Business Journey Report, which can be accessed at, <https://www.woolworthsholdings.co.za/investors/latest-results/>.

As a Group, we take our role as a responsible corporate citizen seriously and strive to play a meaningful role in addressing the economic and societal needs and expectations of the communities where we operate. Like others, the Group has had to navigate the continued impact of the Covid pandemic, as well as the emerging impacts from the more recent geopolitical issues on our people and the broader stakeholder community.

Through our Inclusive Justice Initiative, we aim to instill practices and foster a culture that advances dignity, freedom, and equality for everyone, including our people, customers, and the communities where we operate. The ethos of the initiative is more than simply creating diverse and inclusive environments; it aims to make real changes focusing on racism, gender equity, gender-based violence, LGBTQIA+ rights, diversity and inclusion, reconciliation, social and community development, fair and responsible pay, the development of small to medium businesses, and ethical and local sourcing, as well as continually driving activism with employees.

OVERSIGHT

-  SOCIAL AND ETHICS COMMITTEE
-  SUSTAINABILITY COMMITTEE
-  BOARD

Our approach to diversity and inclusion aligns with our stance on human rights – principles for which we actively advocate and expect our business partners to practise. We remain a signatory to the UN Global Compact, and through our various policies are determined to play our part in eradicating any form of disregard or disrespect for human rights within the Group's sphere of influence.

In South Africa, social development activities are overseen by The Woolworths Trust, which is managed by a Board of Trustees and reports to the Social and Ethics Committee on its activities. Social development activities in Australia are influenced by the local social context and the businesses (in partnership with their own strategic partners, relationships, and campaigns) focus on community resilience and physical and mental health and wellness.

We engage with stakeholders openly and inclusively, as this helps us to better understand their needs and concerns. During the year, the stakeholder engagement programme continued to focus on building new relationships and enhancing existing ones with the South African government, non-governmental organisations, and other relevant interest groups, as well as expanding the government relations programme into the rest-of-Africa business.

This programme of stakeholder engagement helps the Group to better navigate through a complex regulatory, legislative, and political landscape; provides ongoing macro-environmental insights; and, ultimately, ensures our continued social licence to operate.

STRATEGY

PRINCIPLE 4

The governing body should appreciate that the organisation's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

APPLICATION

The Board acknowledges the inseparability of the elements of the value creation process and ensures that risks and opportunities, strategy, the business model, performance, and sustainable development receive the necessary level of attention in all components of the governance framework. This is clearly illustrated in the value creation process and approach to strategy, which are described on pages 24 to 39 of the Integrated Annual Report. Material risks and opportunities, based on the operating context and the needs and expectations of stakeholders, are reviewed and mitigation measures considered.

The Board sets key performance measures and targets in order to continuously monitor and assess the achievement of strategic objectives and agreed plans for value creation over the short-, medium-, and long term. The scorecard includes a set of relevant Vision 2025+ (Good Business Journey) objectives, targets, and key performance indicators aligned to the sustainability focus areas and Group goals and commitments. Management is expected to implement and execute the approved strategy and business plans. These sustainability scorecards are measured and rolled up to a company level and Group level to assess the performance of the Group against the Vision 2025+ goals and commitments. Management is furthermore expected to continually assess and respond, in a responsible manner, to the consequences of the Group's activities and outputs in all areas of the business.

During the year, the annual risk and two strategy workshops were held to debate, refine, and approve strategy and associated risks and opportunities. The Group Chief Executive Officer reports to the Board quarterly on performance against the strategy, providing an analysis of targets achieved against the Group's strategic framework.

The Board convened on a number of occasions to critically evaluate and deliberate on the key strategic initiatives that had been launched, and in addition, received updates from the Group Chief Executive Officer on the trading performance of each of the businesses. The Board also considered a range of matters that had impacted operations as a result of Covid-19 and the civil unrest in KwaZulu-Natal and parts of Gauteng, particularly the wellbeing of our people and customers, supply chain performance, inventory management, availability, and waste.

OVERSIGHT

-  AUDIT COMMITTEE
-  SOCIAL AND ETHICS COMMITTEE
-  SUSTAINABILITY COMMITTEE
-  NOMINATIONS COMMITTEE
-  REMUNERATION AND TALENT MANAGEMENT COMMITTEE
-  RISK, INFORMATION AND TECHNOLOGY COMMITTEE
-  BOARD
-  EXECUTIVE MANAGEMENT

STRATEGY

PRINCIPLE 5

The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium-, and long term prospects.

APPLICATION

The Group's Annual Financial Statements, Good Business Journey Report, and the Integrated Annual Report are prepared according to the applicable reporting frameworks and standards, and aim to meet the information needs of a diverse range of stakeholders.

The suite of reports is prepared in accordance with global reporting standards which include the International Sustainability Standards Board's Integrated Reporting (<IR>) Framework. The Good Business Journey references the Global Reporting Initiative's Standards, Task Force on Climate-related Financial Disclosures (TCFD), and the JSE's voluntary Sustainability and Climate Disclosure Guidance (JSE Guidance). We are currently assessing the JSE Guidance with a view to aligning our sustainability disclosures to the extent required, to ensure consistency in our reporting of climate-related information.

All of our reports aim to provide a level of disclosure that will enable all stakeholders to make informed assessments of the Group's performance and to increase their understanding of the Group's operations.

The Audit Committee assists the Board in verifying the integrity of the Integrated Annual Report and other disclosures.

Assurance on the disclosures in the Annual Financial Statements is provided by the internal and external auditors, with oversight provided by the Audit Committee; selected data and information in the Good Business Journey Report are confirmed by external assurance providers, with oversight by the Sustainability Committee.

The Group Remuneration Report, published as part of the Integrated Annual Report, comprises three components: a Chairman's introduction, the Remuneration Policy, and an Implementation Report containing details of all remuneration awarded to executive management and non-executive directors during the reporting period. The Remuneration Report aims to provide clear disclosure to stakeholders on the Board's approach to the remuneration of executives, non-executive directors, and employees.

Results presentations are held after the interim and year-end financial results are announced, and copies of the results presentations are published on the Group's website. Furthermore, regular trading updates are published on SENS, which provides updates on the Group's performance.

OVERSIGHT

-  **AUDIT COMMITTEE**
-  **REMUNERATION AND TALENT MANAGEMENT COMMITTEE**
-  **SUSTAINABILITY COMMITTEE**
-  **BOARD**
-  **EXECUTIVE MANAGEMENT**

USEFUL LINKS FOR MORE DETAIL

GOVERNING STRUCTURES AND DELEGATION

PRINCIPLE 6

The governing body should serve as the focal point and custodian of corporate governance in the organisation.

APPLICATION

The Board acknowledges its responsibility as the custodian of corporate governance for the Group, and guides and directs the roles, responsibilities, and conduct by means of the governance framework and the related policy suite comprising the Board Charter, Committee Terms of Reference, Delegations of Authority, and the Board policies. Our governance and oversight structures have eliminated duplication and inefficiencies at subsidiary level, providing management with more agility to execute on strategic initiatives while ensuring that the Board retains full oversight on all material matters.

The Board champions the Group's governance philosophy and embraces its role as custodian of governance in the organisation.

Initiatives such as the Governance Academy, which was established during the year, offers insights into governance matters, provides mandatory compliance training throughout the Group, and hosts Governance Weeks. In addition, the Academy hosts 'topic of the month' discussions on topics such as dealing with ethical dilemmas, managing conflicts of interest, our approach to prevent bribery and corruption, complaints on internal audit and accounting practices, whistleblowing and protections afforded to whistleblowers, insider trading and price-sensitive information, protection of personal information, cyber security, intellectual property rights, and anti-competitive practices.

To give effect to its mandate, the Board meets at least four times a year, but more regularly if required, and the Group Chief Executive provides monthly updates on trading and general business performance and the key strategic initiatives under way. Board teleconferences are held between the quarterly Board meetings to discuss the Group Chief Executive's updates.

The number of meetings held and the attendance at the meetings are reported on in the Governance Report included in the Integrated Annual Report.

The Board Charter forms an integral part of the Group's governance framework and outlines the composition, scope of authority, responsibilities, powers, and functions of the Board. The Board Charter is reviewed annually to ensure that it remains relevant, appropriate, and in line with governance best practice. Similarly, Committee Terms of Reference and Board policies are reviewed annually and the outcome reported to the Board. The Board Charter provides that directors are permitted to take independent professional advice related to their duties at the company's expense, and sets out the procedure by which such advice may be obtained. Board committees are similarly entitled to obtain independent professional advice at the company's expense on any issue within the committee's scope and subject to following a Board-approved process.

All directors have unrestricted access to Group information, records, documents, and facilities through the office of the Company Secretary. The Group Company Secretary, in addition, provides the Board with regular updates to ensure that the Board and its committees are kept abreast of best practice governance recommendations.

OVERSIGHT

-  **BOARD**
-  **COMPANY SECRETARY**

GOVERNING STRUCTURES AND DELEGATION (CONTINUED)

PRINCIPLE 7

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively.

APPLICATION

The Group has a unitary Board comprising a majority of independent non-executive directors. The Board composition aligns with the relevant King IV™ principles and, in addition to ensuring that its membership comprises the necessary depth of skills and expertise to lead a top public-listed company, the Board recognises the value of having a diverse range of geographical backgrounds, age, gender, race, interests, and varying tenures in its membership. The Board believes this facilitates richer debate and independent decision-making and promotes the entrenchment of good governance policies and practices.

With the assistance of the Nominations Committee, the Board continues its mission to create and maintain a high functioning, resilient, and diverse Board comprising members with the capability and capacity to provide fresh perspectives and relevant strategic input, to act independently of mind, and to contribute to value creation through their diverse experiences.

In addition to planning for the appropriate skills and diversity attributes on the Board, the Board's policies relating to gender and race diversity, individual performance, rotation, and tenure limits, as well as the demands of their other professional commitments, are all applied when considering candidates for appointment to the Board or evaluating directors who will be retiring by rotation.

The Board has an approved Appointment of Directors Policy under which all such appointments are considered. Non-executive directors are expected to exercise high levels of independent thinking and objective judgement, and their performance in this regard is assessed annually by the Nominations Committee.

The independence assessment is framed against the criteria recommended by King IV™, and takes into account whether the non-executive director has demonstrated an independent state of mind and objective judgement in relation to matters affecting the Group. The assessment also takes into account whether the non-executive director has an interest, position, association, or relationship which, when considered from the perspective of a reasonable and informed third party, is likely to influence the director unduly or cause bias in the director's decision-making.

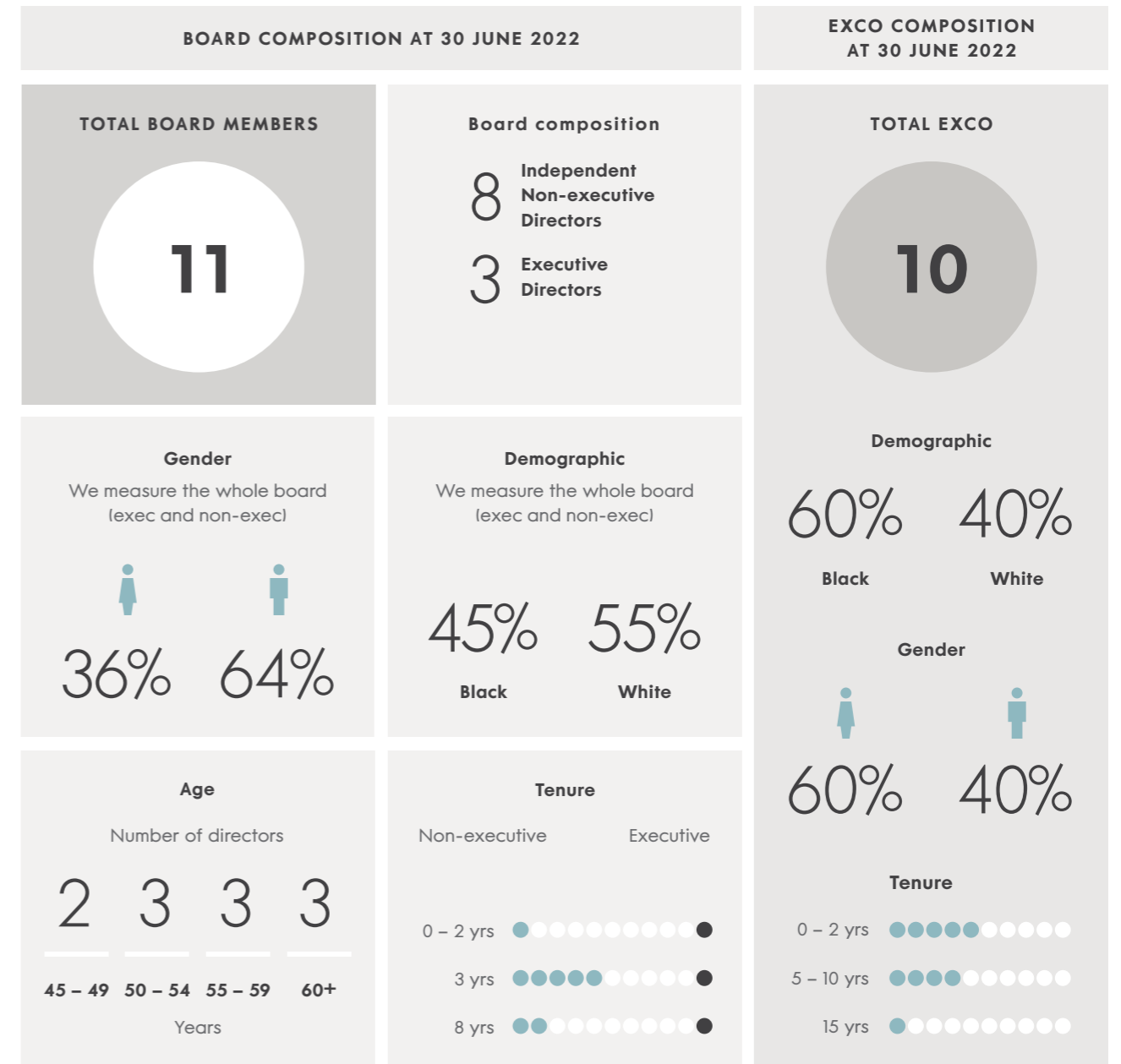
Non-executive directors are subject to a nine-year term limit (i.e., three terms of three years) unless extended by the Board on an exceptions basis and with good cause in accordance with the Company's Memorandum of Incorporation (MOI). Both non-executive and executive directors are subject to staggered rotation after three years in terms of the MOI and, subject to continued eligibility determined by the Board in accordance with its policies and the MOI, may make themselves available for re-election by shareholders at the Annual General Meeting.

OVERSIGHT

 NOMINATIONS COMMITTEE

 BOARD

The Board's voluntary diversity targets are to maintain female and black member representation on the Board at 40% each, subject to interim variations to accommodate changes from time to time, with an aspirational goal to increase this to 50% each by 2023.



All non-executive directors remain classified as independent following the independence assessment conducted this year, and at the time of this report the Board comprised eight independent non-executive directors and three executive directors.

USEFUL LINKS FOR MORE DETAIL

GOVERNING STRUCTURES AND DELEGATION (CONTINUED)

PRINCIPLE 8

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.

APPLICATION

The governance framework, comprising the Board, seven committees appointed by the Board, subsidiary company management boards, the respective Board Charters, Committee Terms of Reference, and the Delegations and Levels of Authority frameworks, have been designed to achieve effective decision-making. Each of the components of the governance framework are reviewed annually by the Board and the relevant Board committee.

Board committees are constituted to achieve a balanced distribution of power to prevent undue reliance being placed on any individual member and so that no individual has the ability to dominate decision-making. Each committee's composition is reviewed annually by the Nominations Committee, which takes the Board succession requirements into account, as well as director performance and independence based on the annual independence assessments.

Each committee is responsible for reviewing its Terms of Reference annually, ensuring appropriate interface of its responsibilities with the Delegations of Authority and reporting to the Board on the outcome of the review. In this way, the Board is able to review the effectiveness of the arrangements for delegation of responsibilities to Board committees and executive management, as well as ensure alignment with relevant legislation and what is appropriate for the relevant company.

The Board does not relinquish accountability for responsibilities delegated to Board committees and management and, where the Board has reserved decision-making authority, it ensures that it performs those responsibilities effectively.

Effective collaboration between Board committees is achieved by cross-membership between committees (for example, all Board members are members of the Risk, Information and Technology Committee, and the Sustainability and Social and Ethics Committees have common members). In addition, meetings are coordinated to prevent duplication or fragmented functioning and where more than one committee has jurisdiction over a similar matter (for example, combatting bribery and corruption), the specific role and positioning of each committee is clearly defined to ensure the appropriate focus on the matters concerned. Every member of the Board is entitled to attend any committee meeting as an observer but is not entitled to vote and does not receive remuneration for attending the relevant meeting.

OVERSIGHT

- AUDIT COMMITTEE
- SOCIAL AND ETHICS COMMITTEE
- SUSTAINABILITY COMMITTEE
- NOMINATIONS COMMITTEE
- REMUNERATION AND TALENT MANAGEMENT COMMITTEE
- RISK, INFORMATION AND TECHNOLOGY COMMITTEE
- BOARD

[USEFUL LINKS FOR MORE DETAIL](#)

PRINCIPLE 9

The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercising of authority and responsibilities.

APPLICATION

The Board's policy is for formal Board and committee assessments to be conducted annually, alternating between internally facilitated evaluations and independent externally led evaluations. An internally facilitated Board and committee effectiveness evaluation was conducted in 2022. 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™, with no significant areas for improvement.

Performance evaluations for the executives (excluding the Group CEO, whose evaluation is conducted by the Nominations Committee) are conducted by the Remuneration and Talent Management Committee according to a formally approved process. The Nominations Committee evaluates directors who are required to retire at the Company's Annual General Meeting in terms of the Memorandum of Incorporation, and nominates for election or re-election to the Board those who are eligible in terms of the Board's policies relating to individual performance, independence, diversity, and tenure limits. The Nominations Committee also reviews the performance of each member of the Audit Committee prior to nominating a director for appointment to the Audit Committee at the Annual General Meeting.

OVERSIGHT

- NOMINATIONS COMMITTEE
- BOARD
- SHAREHOLDERS PARTICIPATING IN THE ANNUAL GENERAL MEETING

GOVERNING STRUCTURES AND DELEGATION (CONTINUED)

PRINCIPLE 10

The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercising of authority and responsibilities.

APPLICATION

The Group governance framework provides clarity by clearly delineating roles and areas of accountability, and recognises the independent roles and duties required to effectively govern the Group. The framework is supported by specific roles, each clearly delineated to ensure the effective exercising of authority and execution of responsibilities.

In addition, the Board Charter clearly delineates the roles of the Board, Chairman, and Group Chief Executive Officer, who are accountable and report to the Board while also serving as the main link between management and the Board. The Group Chief Executive Officer is responsible for the implementation and execution of approved strategy, policy, and operational planning. The Group Chief Executive Officer is not a member of the Remuneration and Talent, Audit, or Nominations Committees and attends meetings of these committees by invitation.

The Nominations Committee is responsible for overseeing succession planning for the Group Chief Executive Officer, executive management, and other key positions to provide continuity of leadership. Succession planning is reviewed annually to ensure planning for the long term, as well as unforeseen situations. The committee is, in addition, responsible for assessing the Group Chief Executive Officer's performance against certain financial and non-financial KPIs annually, and for reporting to the Board in this regard. Disclosures in this regard are included in the Remuneration Report.

The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority. Matters reserved for the Board and matters delegated to management are contained in the Delegations and Limits of Authority frameworks, which are reviewed regularly.

The Group Company Secretary provides professional and independent guidance on corporate governance and the legal obligations of the Board and its committees. The Board has assessed the competence and expertise of the Group Company Secretary (Chantel Reddiar) and is satisfied that she has the appropriate qualifications, experience, and competence to carry out the duties on behalf of a public company. In accordance with the governance practices relating to company secretaries as advocated by King IV™, the Group Company Secretary is not a director and is deemed by the Board to be suitably independent. The Group Company Secretary has unfettered access to the Board but maintains an arm's-length relationship with directors.

OVERSIGHT

-  NOMINATIONS COMMITTEE
-  REMUNERATION AND TALENT MANAGEMENT COMMITTEE
-  BOARD

USEFUL LINKS FOR MORE DETAIL

GOVERNANCE FUNCTIONAL AREAS

PRINCIPLE 11

The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

APPLICATION

The Board treats risk as integral to its decisions and the manner in which it executes its duties. The Board sets the tone and direction for the way in which risk management is approached and addressed in the Group.

The Risk, Information and Technology Committee, which comprises all directors, oversees and directs management's implementation of an effective policy, framework, and plans for risk management and compliance. As the ultimate custodian of risk governance, the Board ensures that the Group's risk management approach is well embedded within the business plans. As such, a formalised and integrated system is used to analyse risks and opportunities at both strategic and operational levels, as well as identifying the risk exposure in relation to delivery and execution of the Group strategy.

The Board Charter reflects the Board's accountability for the overall risk management and risk governance processes, and specifies that the Board has delegated the management of risk to the Risk, Information and Technology Committee. Similarly, the Risk, Information and Technology Committee's Terms of Reference set out the committee's responsibilities for risk management and compliance, as well as management's duty to provide frequent updates to the committee on all risk-related activities.

Our risk approach has a dedicated focus on emerging risks and opportunities in the radically changing world of retail. Sound management of risks enables us to anticipate and respond to changes in the operating context, as well as make well-considered decisions under conditions of uncertainty. The Group Risk Framework is reviewed annually to ensure it remains fully aligned with evolving business needs and our governance responsibilities.

The Group risk function facilitates an annual top-down review of risks with the Board and Group executives. A similar exercise is performed with each of our businesses and business units identifying and assessing their risks, measuring them against defined criteria, and considering the likelihood of occurrence and the potential business impact. These risk perspectives are combined to create a consolidated Group risk profile that facilitates oversight over the Group's material risks.

The Group level risk exposures are measured against formalised risk appetite statements that are further aligned to the Group strategic objectives. Risk appetite and tolerance are core considerations for our risk response plans, as they consider the relationship between the potential impact of key risks and the effectiveness of mitigating controls or management actions. The Group's key risks for the year under review are described in detail in the Integrated Annual Report, and readers are invited to review the Group's risk methodology and mitigating controls by reviewing the report. The Board receives independent assurance on the effectiveness of risk management from the Internal Audit Function.

OVERSIGHT

-  RISK, INFORMATION AND TECHNOLOGY COMMITTEE
-  BOARD

GOVERNANCE FUNCTIONAL AREAS (CONTINUED)

PRINCIPLE 12

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

APPLICATION

The Board exercises ongoing oversight over the governance of technology and information and, in particular, oversees that it results in the strategic leveraging of information as an asset to sustain and enhance the Group's intellectual capital, protection of the privacy of personal information, continual monitoring of security of information, and protection of the integrity for information. The Board has delegated authority to the Risk, Information and Technology Committee for setting the approach for technology governance (including adoption of appropriate frameworks and standards) and managing related information and technology risks. During the year, the Risk and Compliance Committee's responsibilities were adjusted to add further emphasis to the committee's information and technology governance responsibilities, given the increasing strategic importance of digital and data in the business. The Committee's name was also changed to Risk, Information and Technology Committee to reflect the change of emphasis. To open up capacity on the Risk, Information and Technology Committee for this, the committee's compliance-related functions will be consolidated with those currently performed by the Social and Ethics Committee.

Information and technology are integral components of the risk management process, and where key risks are identified, the necessary assurance is obtained on the effectiveness of internal IT controls, including outsourced information and technology services.

Key technology risks are managed and reported to the Board through the Risk, Information and Technology Committee. The establishment of appropriate information and technology governance policy, framework and strategy has been delegated to management.

OVERSIGHT

- RISK, INFORMATION AND TECHNOLOGY COMMITTEE
- BOARD
- INFORMATION MANAGEMENT COMMITTEE

The role of the Information Management Committee, as constituted by management, is to proactively manage the Group's information in a way that supports the business by setting and achieving its strategic objectives in compliance with policy guidelines as approved by the Board.

The role of the Information Management Committee is supplemented by the appointment of Chief Information Officers for both the South African and Australian operations. The Chief Information Officers report to the Group Chief Operating Officer, who interacts regularly with the Board and executive management on strategic matters. The Information Management Committee is further supported by the appointment of a Group Data and Analytics Officer ('GDAO') to drive the business strategy and take advantage of artificial intelligence (AI) and machine learning (ML) technologies, as well as leveraging the Group's data assets. The GDAO's role includes the provision of capabilities to lead the business through transformational programmes and enable the use of advanced analytics, which are governed through the Information Management Committee, its frameworks and policies. The GDAO provides the appropriate balance and separation of technology and information governance.

Major information and technology investments, expenditure, and projects are governed in terms of the Delegations and Levels of Authority frameworks and are reviewed at the monthly meetings of Investment Committees in South Africa and Australia. The Risk, Information and Technology Committee monitors IT investments and expenditure by means of the IT Governance Report tabled quarterly at committee meetings, details of which are subsequently reported to the Board.

[USEFUL LINKS FOR MORE DETAIL](#)

PRINCIPLE 13

The governing body should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

APPLICATION

The Board is ultimately responsible for overseeing the Group's compliance with laws, as well as the non-binding rules, codes, and standards that have been adopted to ensure the Group continues to operate ethically and as a good corporate citizen. Responsibility for compliance management was previously delegated to the Risk, Information and Technology Committee; however, from the new financial year this now falls under the Social and Ethics Committee's remit.

The Social and Ethics Committee is responsible for ensuring that the compliance framework provides the appropriate level of oversight to ensure compliance with the laws, regulations, non-binding rules, codes, and standards applicable to the businesses. The Group Compliance Policy, the oversight of which now falls within the remit of the Social and Ethics Committee, is reviewed annually. The Policy provides a framework for monitoring and risk management. Legislative and regulatory compliance is monitored by management through the Group's Risk, Compliance and the legal teams. The Compliance Department assists the businesses with implementation of applicable laws and other regulatory requirements, presents formal and refresher training and awareness programmes, and conducts monitoring exercises on high-risk legislation in accordance with the approved compliance monitoring framework.

Compliance is integrated as a key component of organisational culture and is entrenched through training, refresher training, and specialised targeted training for select business units. The compliance team designs training material. In South Africa, training is offered via the Governance Academy's digital channels, which reach beyond head office employees to stores and distribution centres. In Australia, compliance training is offered face-to-face and via the digital channels available to the businesses in that region.

The Social and Ethics Committee will receive quarterly reports from the Compliance teams which provide regulatory updates, compliance monitoring feedback, any regulatory complaints, progress on training and awareness initiatives aligned to key legislation, and updates on special projects. The Internal Audit Function annually reviews the effectiveness of the internal controls intended to ensure compliance with laws, rules, codes, and standards, in order to provide assurance to the Board that these are sufficiently robust to fulfil the intended compliance purpose.

There were no instances of material regulatory breaches, litigation, or fines incurred during the year under review.

OVERSIGHT

- RISK, INFORMATION AND TECHNOLOGY COMMITTEE*
- BOARD

* This oversight will move to Social and Ethics Committee in the new financial year.



Mimco, Summer 2022

GOVERNANCE FUNCTIONAL AREAS (CONTINUED)

PRINCIPLE 14

The governing body should ensure that the organisation remunerates fairly, responsibly, and transparently, so as to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term.

APPLICATION

The Board, with the assistance of the Remuneration and Talent Management Committee, approves the Remuneration Policy, which articulates and gives effect to fair, responsible, and transparent remuneration that aims to achieve the Group's strategic objectives and to attract, motivate, retain, and reward employees and executive management. The policy is aligned with the Group's Employee Value Proposition (EVP) and is regularly reviewed to ensure that it remains appropriate for the Group's business model and operations. A fair and responsible pay barometer has been implemented to monitor the guaranteed and variable remuneration across the Group's operations in South Africa, the rest of Africa, Australia, and New Zealand in relation to gender, race, and job levels.

The Remuneration Report, published as part of the Integrated Annual Report, comprises three components: a Chairman's introduction, the Remuneration Policy, and an Implementation Report which contains details of all remuneration paid to executive management and non-executive directors during the reporting period. The Remuneration and Talent Management Committee regularly reviews the Remuneration Policy to ensure that it remains appropriate for the Group's business model and operations, in addition to benchmarking it with market-specific best practice. Non-executive directors' fees are benchmarked on an annual basis and advice is obtained from external independent consultants. The fees are proposed by management and are recommended to shareholders for approval by the Remuneration and Talent Management Committee and the Board.

The Group has continued to apply the King IV™ recommendation with regard to including the Remuneration Policy and the Remuneration Implementation Report in its Integrated Annual Report. In addition, shareholders are provided with the opportunity to exercise non-binding advisory votes on both the Policy and Implementation Report at the Company's Annual General Meeting.

Post the publication of the Notice of Annual General Meeting for 2021, and in keeping with the Company's policy of continuing dialogue with key stakeholders on critical corporate governance matters, the Group Company Secretary invited key stakeholders to one-on-one meetings to discuss the resolutions that would be tabled for approval at the Annual General Meeting. In addition, the Chairman and Lead Independent Director, together with the Group Company Secretary, conducted virtual engagements with key stakeholders at the end of 2021, to receive details of any key concerns. While no key concerns were raised, certain stakeholders remained of the view that a minimum shareholding requirement be implemented and some enquired as to when ESG performance conditions would be introduced for the long term incentive scheme. The Remuneration and Talent Management Committee deliberated on these issues and details of the changes have been incorporated into the 2022 Remuneration Policy and Implementation Report.

OVERSIGHT

- BOARD
- REMUNERATION AND TALENT MANAGEMENT COMMITTEE

PRINCIPLE 15

The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

APPLICATION

The Board has adopted a combined assurance model that has been designed and implemented to effectively cover significant risks and material matters through a combination of assurance service providers and functions appropriate for the Group. The Board has delegated oversight of the combined assurance model to the Audit and Risk, Information and Technology Committees to enable an effective internal control environment; ensure the integrity of information used for internal decision-making by the Board, its committees and management, and to support the integrity of external reports. The combined assurance model is based on the King IV™ 'Three Lines of Defence' approach, which differentiates between assurance providers or functions that own and manage risks (first line), risk oversight function or internal non-independent assurance functions (second line), and independent assurance providers (third line).

The Risk, Information and Technology Committee considers the completeness of the risks covered by the model, and the Audit Committee reviews the level of assurance obtained over the risks. Internal Audit forms an integral part of the combined assurance model as an independent assurance provider. Specifically, Internal Audit provides a written assessment of the design, implementation, and effectiveness of the Group's system of internal controls and internal financial controls, as well as the effectiveness of the risk management function, on an annual basis.

The scope and approach of the Internal Audit plan, approved by the Audit Committee, is informed by the strategy and the risks facing the Group. The committee reviews the resources and skills of the Internal Audit Function on an annual basis to ensure they are adequate to provide the necessary assurance requirements to the committee. The Head of Internal Audit and Fraud attends all Audit and Risk, Information and Technology Committee meetings. The Audit Committee evaluates the expertise, resources, and experience of the finance function, as well as that of the Group Finance Director, annually, and reports back on the outcome to the Board. At subsidiary level, subsidiary management boards assess the expertise and experience of the respective Chief Financial Officers on an annual basis and provide feedback to the Group's Audit Committee.

The Board, assisted by the Audit Committee, assumes responsibility for the integrity of the Integrated Annual Report and ensures that it fairly represents the integrated performance of the Group. The Integrated Annual Report includes information from the Group's financial statements and the Good Business Journey Report, including commentary to provide sufficient information on material matters affecting the Group, its stakeholders, and the communities in which it operates.

The Board is satisfied that the combined assurance model is effective and sufficiently robust for it to place reliance on the combined assurance underlying the statements that the Board makes concerning the integrity of the Group's external reports.

OVERSIGHT

- AUDIT COMMITTEE
- RISK, INFORMATION AND TECHNOLOGY COMMITTEE
- BOARD

USEFUL LINKS FOR MORE DETAIL

STAKEHOLDER RELATIONSHIPS

PRINCIPLE 16

In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the organisation over time.

APPLICATION

The Board assumes responsibility for the governance of stakeholder relationships and is assisted with this by the Social and Ethics Committee. The Board recognises that a broad range of stakeholders have an interest in the Group, its products, activities, and initiatives, and that these simultaneously have an impact on stakeholders. Accordingly, the Group's operations should create value for all stakeholders who may have an impact on, or influence, the Group's operations.

The Social and Ethics Committee is responsible for the Group stakeholder engagement strategy, and the respective management teams in the Group have been delegated responsibility for managing and implementing the formal stakeholder engagement framework across the Group. Management is required to proactively deal with stakeholder relationships as part of the day-to-day operations and in a manner that ensures value creation for the Group and its stakeholders.

Given its importance to the Group, stakeholder engagement remains a key focus area, particularly as society recovers from the effects of Covid-19 and we work towards gaining a deeper understanding of our stakeholders' legitimate needs and expectations. With this in mind, management undertook an extensive internal review of the Group's approach to stakeholder engagement, which resulted in the development of a Stakeholder Management Strategic Framework, inclusive of a Policy Framework and country-specific guidelines. Implementation of the policy and the related guidelines will give our teams who are involved in these important engagements the opportunity to adapt their ways of working to be more receptive and responsive to evolving social, technological, and environmental events.

The degree of corporate transparency and communication is considered with reference to the relevant legal requirements and the maintenance of the Group's confidential information. Contracts and agreements entered into by the companies in the Group include dispute resolution clauses.

The relationship between WHL and its subsidiaries is governed in accordance with the Group governance framework, which aims to promote strategic alignment across the Group and facilitates efficient decision-making at the appropriate levels. The governance framework deals with governance matters as is appropriate for the Group, and makes provision for the delineation of roles and areas of accountability, recognising the independent roles and duties required to effectively govern the Group and the delegation of certain responsibilities of the Board (without abdicating accountability) to committees, subject to agreed reporting arrangements.

The major operating subsidiaries, namely, Woolworths South Africa, David Jones and Country Road Group, are separate legal entities, each with a separate board operating according to independently defined responsibilities and authority as set out in their respective Memoranda of Incorporation and Board Charters. The governance framework makes provision for the extent to which policies of the Board are adopted by subsidiary companies in the Group, as well as the reporting arrangements between the Group Board/committees and the boards of subsidiary companies.

OVERSIGHT

 SOCIAL AND ETHICS COMMITTEE

 BOARD

USEFUL LINKS FOR MORE DETAIL

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.



