WOOLWORTHS HOLDINGS LIMITED

GOOD BUSINESS JOURNEY REPORT

2022 STAKEHOLDER ENGAGEMENT

OUR STAKEHOLDERS

We are committed to developing and maintaining quality relationships with our stakeholders to create shared value for all in the short, medium, and long term.

Our philosophy is to engage authentically, openly, and inclusively with our stakeholders, enabling us to better understand them, benefit from their insights, focus on their priorities, and address their concerns. It also allows us to seek areas of potential partnership, mitigate risks to the business, and create mutual trust and respect. This is integral to the ongoing daily management of the Group, and key to identifying the material issues that could significantly impact our performance and sustainability.

Our stakeholders, their interests, and their level of influence in our operations vary according to geographical location, business area, and the nature of their interest. The manner, level, and extent of our engagements are driven by their influence, interests, expectations, and concerns. These relationships are depicted in the accompanying graph.

THE ROLE OF STAKEHOLDER ENGAGEMENT

Our stakeholder engagement programme helps the Group better navigate the complex regulatory, legislative, and political landscape, and provides ongoing insights, develops goodwill ambassadors, holds us accountable to our promises, and ultimately ensures our sustainability. This is particularly true when we need to adapt and react quickly to rapidly evolving social, technological, and environmental events, which we can identify through regular and constructive stakeholder engagement.

The Board is committed to strong, ethical, and transparent stakeholder engagement. Our management teams are empowered by the Board to ensure that we remain accessible to our stakeholders, and that we identify, monitor, and address their needs and concerns as well as the related material issues, risks, and opportunities. The Board receives regular reports from these stakeholder engagements, with the Social and Ethics Committee conducting annual stakeholder engagement self-assessment reviews.



CUSTOMERS

Our customers are at the heart of everything we do and provide us with our main source of revenue. We embed our customer insights into all our business decisions to best meet their wants and needs.



SHAREHOLDERS AND DEBT FUNDERS

Our shareholders and debt funders provide us with the sources of capital we require to continue operating and servicing our communities. They comprise 54 745 shareholders, R11.8 billion in shareholders' funds, and R18.7 billion net gearing (including lease liabilities) but R229 million net cash (excluding lease liabilities), which enables business continuity and growth.



EMPLOYEES

The passion, commitment, talent, and knowledge of our 44 129 employees are key enablers of our strategy, and are fundamental in allowing us to meet our customers' wants and needs. Our people are also deeply invested in the success of the business, and are some of our most influential brand ambassadors.



SUPPLIERS

The relationships we have with our suppliers are a key competitive advantage for us, and integral to our business. Their exceptional and often exclusive products help us to meet the wants and needs of our customers.



GOVERNMENT AND REGULATORS

We are passionate about building a thriving society, and engage with government and regulators to honour national priorities and contribute towards global sustainable development goals.



COMMUNITIES

The relationships we have with and within our communities are critical – they create an enabling business environment, and provide the pipeline for future customers and employees.



THE MEDIA

Our media interactions provide us with the opportunity to positively influence stakeholders' perceptions and to highlight our difference, including our differentiating GBJ.



INDUSTRY ORGANISATIONS

Where relevant, we provide commentary and advice to industry organisations on emerging issues, and address topics of mutual concern. In turn, this optimises the opportunities for the Group.



ACADEMIC INSTIUTIONS

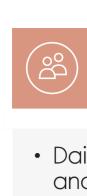
We are committed to facilitating interactions between business and academia.

OUR GBJ PLAYS AN IMPORTANT ROLE IN STAKEHOLDER ENGAGEMENT. WE ENDEAVOUR TO MEET THE DEMANDS OF OUR CURRENT STAKEHOLDERS WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO ALSO FULFIL THEIR WANTS AND NEEDS.



LEVEL OF INTEREST IN WHL ACTIVITIES

The table on the next two pages depicts the needs, expectations, and concerns of our material stakeholders and how we have created value for them in the current year.



CUSTOMERS



SHAREHOLDERS AND DEBT FUNDERS

EMPLOYEES



SUPPLIERS

HOW WE **ENGAGE** WITH THEM

- Daily interactions in physical stores, on digital platforms, and on social media channels
- Regular focus groups and surveys

- · Regular trading updates, notifications, announcements, and presentations
- Appropriate meetings, calls, and correspondence
- Participation in broker-hosted conferences and roadshows
- Group-led roadshows
- Targeted investor engagements to highlight our difference, e.g. annual GBJ presentation
- Annual General Meeting engagement

- Daily, informal interactions and regular, formal one-on-ones and team engagements in normal course of business
- Annual performance reviews and development process
- Bi-annual one-on-one engagements on performance, career, and development
- Business and strategy updates
- Special purpose forums, including IJI panel discussions and GBJ Week
- 'OpenDoor' email account giving direct access to CEO
- Various digital and social platforms and online media

- Frequent interactions and collaborations in the normal course of business
- Annual supplier conferences
- Regular reviews and assessments through supplier audits and scorecards to ensure ethical practices
- Development of small, black-owned businesses in SA, and artisans globally

THEIR NEEDS, EXPECTATIONS, AND CONCERNS

- Quality products at great value with exceptional service
- Convenient and seamless experience
- Community contribution
- Packaging and plastic reduction
- Ethical sourcing and supply chain transparency
- Efficient use of resources
- Customer health, safety, and wellbeing
- Protection of data

- Consistent returns on their investment
- Strong corporate governance
- Management of economic, social, and environmental risks
- Transparent and comprehensive reporting

- Employment and job security
- Fair remuneration
- Diversity and inclusion
- Training and development
- Employee community involvement

Employee health, safety, and wellbeing

• Enterprise and Supplier Development

• Timely payment, and fair and favourable terms

Fair and ethical sourcing

THE VALUE WE CREATE FOR THEM

- Ensuring appealing, quality, innovative products are responsibly sourced, and readily and seamlessly available, with excellent service
- Ongoing investment in price and convenience, without compromising on quality
- Building strong relationships through rewarding loyalty programmes, with loyalty sales of 89%, 87%, 47%, and 78% in FBH, Food, DJ, and CRG, respectively
- Providing opportunities to support schools and other charities through our MySchool MyVillage MyPlanet programmes, with more than 8 000 causes supported by 1.3 million customers in South Africa
- Offering customers ways to keep products in circulation through various partnerships, such as Glam Corner in DJ
- Responsible access to credit via WFS in WSA and Amex in DJ

- Responsibly investing capital for long-term sustainability as evidenced by paying down debt to significantly strengthen our balance sheet
- Ensuring adequate funding to meet financial obligations and business activities while actively managing level of debt and liquidity, refinancing interest rates and counterparty risks as demonstrated by repatriating more than R1bn from DJ to SA, with a further R0.5bn planned post year-end, and resuming dividend payment, with payout ratio of 70%
- Continuing to align financial decisions to sustainability strategy, with more than 80% of WSA debt now sustainability-linked
- ROCE of 16.8%, improved by 1.9ppt from LY

- Providing opportunity to be part of a purpose-led organisation that is anchored in values, where they can do valuable work
- · Recognising the value of employees with fair and responsible remuneration of R11.7bn in FY2022 (FY2021: R11.4bn)
- Investing R169.1m (FY2021: 82.9m) in training and development
- Supporting a hybrid model of working from home and from the office
- Promoting diversity, inclusion, social justice, and equality, enabled by our Inclusive Justice Initiative
- · Providing opportunities for workplace-giving initiatives, such as the Employee for Employee Fund, and other volunteering programmes

Mutual growth and close integration, particularly the

- smaller local suppliers who we support as part of the Supplier Development Programme
- Assisting suppliers to contribute positively towards their communities and the environment through various sustainability initiatives, such as sustainable fishing and farming programmes, and responsible sourcing of key commodities

- **MATERIAL ISSUES**
- Our trade performance
- Consumer spending and behaviour
- Digital world and cyber
- Responsible retailing

- Our trade performance
- Our business transformation
- Responsible retailing

• People, talent management, and change

- Our trade performance
- Responsible retailing

STRATEGIC **THEMES**

- · Unlock and create value in our Australian businesses
- Fashion turnaround and growth in Beauty and Home
- Leading and iconic Food business
- Data-driven decision-making
- Elevated omni customer experience
- Our GBJ

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GBJ FOCUS AREAS













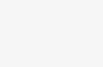
































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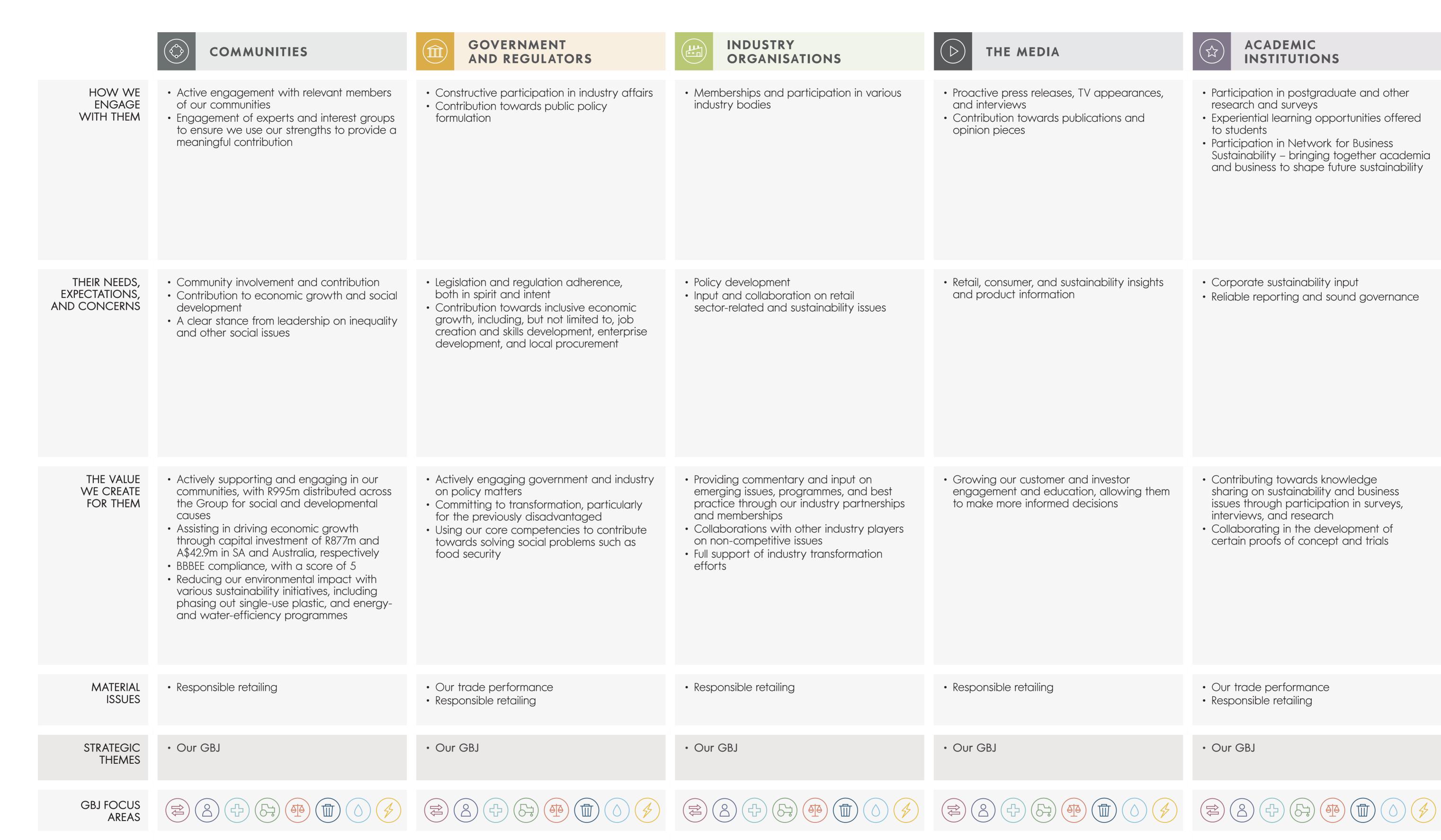


































To find out more about what we're doing, visit

For company-specific information, visit

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We appreciate any feedback on our Good Business Journey Report. Please contact GoodBusinessJourney@woolworths.co.za