WOOLWORTHS HOLDINGS LIMITED

REMUNERATION REPORT

2022

As extracted from the 2022 Integrated Annual Report

START

OUR 'JUST WAGE' - DEMONSTRATING THE DELIBERATE INTENT TO REDUCE THE REMUNERATION GAP WITHIN THE SOUTH AFRICAN SOCIO-ECONOMIC ENVIRONMENT.

OUR REMUNERATION REPORT

ON BEHALF OF THE BOARD, I AM PLEASED TO PRESENT THE GROUP'S REMUNERATION POLICY AND THE IMPLEMENTATION REPORT.

CHAIRMAN'S REPORT

The Group trades on two continents – Africa and Australasia – each with its own opportunities and challenges. In developing a remuneration policy and implementing relevant practices, the committee requires to balance these differing demands in order to attract, motivate, and retain employees.

Timelines to address these needs are also different. The needs on the African continent are more long term in nature and go to the very heart of addressing the inequalities of a continent where the remuneration gap is significant, while the challenges in Australia are more short term in nature, with c.70% of store sales in H1 unable to trade due to being in a form of lockdown. This has made for robust committee deliberations in terms of a remuneration policy which is relevant and adaptable in all the countries in which the Group trades.

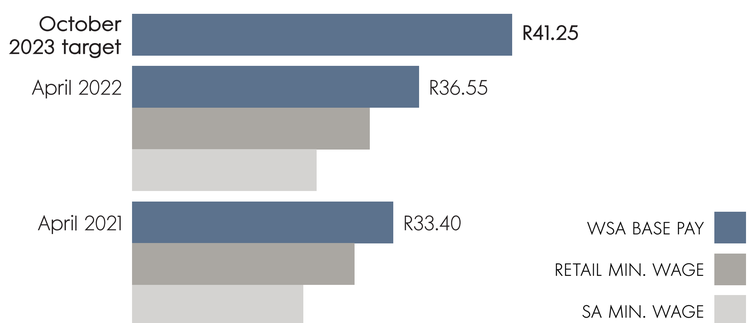
The Group's remuneration policies also attempt to support and align to strategies which support the Group's intent to become one of the world's most responsible retailers and the principles of fair, transparent, and responsible remuneration.

FAIR AND RESPONSIBLE REMUNERATION

WOOLWORTHS SOUTH AFRICA - 'JUST WAGE'

We commenced with the concept of a 'just wage' in 2019, a wage which would recognise the critical need to address the disposable income of our store staff and to reduce the remuneration gap in the context of the socio-economic environment in South Africa. One of the intents of the 'just wage' is to deliberately move away from the minimum wage legislative requirements to providing a living wage to our more than 20 000 store staff. Last year, we made a commitment to invest an additional R120 million over a three-year period to adjust WSA's hourly base pay from R33.40 to R41.25 in 2023 – a 23.5% increase.

We are pleased that, effective 1 April 2022, our hourly rate now is R36.55 – 21.0% above the Retail sector minimum wage, and 57.6% above the SA minimum wage. A further adjustment as per our normal salary review cycle is effective in October 2022.



R41.25
Target hourly rate by October 2023

E4E FUND

R1.5M **flood assistance for KZN store employees**

EMPLOYEES FOR EMPLOYEES FUND

In South Africa, the Employees for Employees (E4E) Fund is another intervention to deal with the impact of an unequal society. The Covid pandemic highlighted the need to provide immediate relief to employees who found themselves in a situation where they needed access to financial relief in order to recover from a disaster or unexpected event. What makes this fund special is that it is our own employees who donate some of their guaranteed pay to the fund in order that their colleagues are able to access financial relief when a hardship arises. Pleasingly, more than R3.8 million has been donated to the fund by employees since 2020, and during the year R1.5 million was donated by the E4E Fund for the specific intention to assist our employees who suffered devastating consequences in the aftermath of the April 2022 floods in KwaZulu-Natal.

WHAT MAKES THIS FUND SPECIAL IS THAT IT IS OUR OWN EMPLOYEES WHO DONATE SOME OF THEIR GUARANTEED PAY TO THE FUND IN ORDER THAT THEIR COLLEAGUES ARE ABLE TO ACCESS FINANCIAL RELIEF WHEN A HARDSHIP ARISES

In Australia, the E4E Fund has been established to assist employees who require financial assistance as a result of natural disasters or urgent cost of living needs.

Our fair pay barometer is a key component when the committee considers fair and responsible remuneration across the Group. It is a visible reminder in ensuring that we are conscientised to fair pay across race, gender and status levels. The fair pay barometer on page 106 highlights the outcomes of this intent.

SHAREHOLDER ENGAGEMENT

Post the publication of the FY2021 Remuneration Report, the chairmen of the Board and the Remuneration Committee, together with the Group Company Secretary, engaged with key shareholders on the Group's Remuneration Policy and practices applied in the financial year.

As a committee, we have found the feedback from these engagements very useful in reflecting back on the views of key shareholders on topics relevant to remuneration policies and practices adopted by the Group. Over the years, we have addressed, and continue to address, universal concerns and suggestions. Dedicated remuneration workshops were held in FY2021 and FY2022 to consider what enhancements should be applied for the FY2023 policy.

It was reassuring that shareholders gave us a vote of confidence by way of positive non-binding advisory votes for the FY2022 policy and the FY2021 implementation reports by 88.03% and 75.39%, respectively.

REMUNERATION POLICY ENHANCEMENTS FOR FY2023

APPLICABLE TO THE CORPORATE SHORT-TERM PERFORMANCE BONUS

As the economy is on a more stable trajectory post the pandemic crisis, the bonus pools for the Corporate STI bonus scheme have been in the main restored to 100%. This follows three years of reduced bonus pools in order to manage the balance between incentivising and motivating employees with the implementation of strategy, and recognising that our shareholders were experiencing low returns on their investment.

During the period FY2019 – FY2022, the mechanics of the STI were maintained, but the bonus pools for the three subsidiaries were reduced, depending on the external trading conditions in which they were operating. In general, the bonus pools for WSA and CRG were reduced to 50%, while DJ was reduced by two-thirds.

In recognition of applying an equitable balance between employees and shareholders, and noting that the WHL dividend has mainly been restored, the bonus pools for WSA and CRG have been reinstated to 100% for FY2023. Given that there is still much to be done in restoring the profits of David Jones, the DJ pool has increased from 32% in FY2022 to 50% in FY2023.

Reinstatement of bonus pool to

100% **WSA and CRG**

50% **DJ**

APPLICABLE TO THE LONG-TERM SHARE INCENTIVE SCHEMES

INTRODUCTION OF MINIMUM SHAREHOLDING REQUIREMENT (MSR)

MSR has been a consistent topic for discussion since FY2019. The committee believes that while the Group was going through a period of non-vesting of the LTI schemes it would have been inappropriate to implement MSR. However, the backdrop is now suitable for implementation of MSR and it will further entrench the alignment of management and shareholders in generating meaningful shareholder return in the long term. It will also serve to enhance personal investment and accountability for individual areas of the business to deliver to our medium-term targets. More details can be found on page 100 of the Remuneration Policy section.

MSR IMPLEMENTED EFFECTIVE FY2023 FOR GROUP CEO AND DIRECT REPORTS.

INCLUSION OF ESG METRICS IN THE PERFORMANCE CONDITIONS OF FY2023 PERFORMANCE SHARE PLAN (PSP) AWARDS

Since 2005, the Group has been committed to the Good Business Journey – a programme which guides the Group in doing business in a fair and responsible way, reducing the usage of our natural resources and making a positive impact on the social environment in which the Group operates. By including ESG measures as one of the performance conditions, we have now linked the GBJ 2025+ strategy and progress against targets into the Remuneration Policy.

The committee has adopted a scorecard approach to include ESG measures and targets aligned to the GBJ 2025+ goals in the PSP performance conditions. The measures and their weightings are:

- 10% to address environmental and sustainability issues - reducing plastic usage and bringing WSA FBH production back to SA
- 10% to address the societal issues of employment equity and transformation – particularly relevant in the context of more than 67% of our profit being derived from South Africa and the African continent

ESG METRICS:

- ***IMPROVEMENT IN BBBEE LEVEL***
- ***ALL STORES, IN ALL COUNTRIES, TO BE PLASTIC SHOPPING BAG FREE***
- ***BRING PRODUCTION OF 1 MILLION FBH UNITS PER YEAR BACK TO SA***

Country Road, Summer 2022

REMUNERATION OUTCOMES RESULTING FROM THE 2022 FINANCIAL YEAR PERFORMANCE

GUARANTEED PAY

After a year of zero salary increases for executive directors and all management levels in the Group, in South Africa a 4.4% increase was awarded to management levels and 4.18% to executive directors. For a number of years, the guaranteed pay increases in our annual October review have been generally set at higher levels for more junior employees than those for more senior levels. This principle continues to be applied as WSA store staff received an increase of 100bps higher than management to 5.4% (supporting our principle of fair and responsible pay and our 'just wage' strategy). In Australia, management received a 2.66% increase, and store increases are determined by the DJS Enterprise Agreement.

+5.4%

increase awarded to WSA store staff

SHORT-TERM VARIABLE REMUNERATION

The Group's financial performance was mixed in FY2022, with a 9.7% increase in aHEPS to 380.9 cents per share. CRG achieved performance higher than on-target, WSA achieved between threshold and on-target and, although DJ's performance improved, the committee, at the outset, agreed to exercise discretion and award A$3.0m as a discretionary bonus pool for DJ employees.

LONG-TERM VARIABLE REMUNERATION

ALLOCATIONS FOR THE 2023 FINANCIAL YEAR

A review of the most appropriate measures to apply for the PSP allocations for FY2023 was discussed by the committee. Consideration was given to maintaining the existing performance conditions as used in FY2022 – aHEPS growth, relative aHEPS growth, and ROCE. An unintended consequence of using relative aHEPS growth as a performance condition is that only two companies of the retail peer group (seven in total) have the same financial year-end as the Group – creating ambiguity in the calculation.

With trading more normalised, a need to remove the ambiguity mentioned above, and an intent to simplify the LTI measures, the committee agreed to replace relative aHEPS with ESG measures for the August 2022 PSP allocations. The committee also took the opportunity to relook at the weightings and revised aHEPS and ROCE to a 40% each weighting and ESG allocated a 20% weighting. More information on the details of the ESG measures are discussed above.

VESTING OF ALLOCATIONS MADE IN THE 2019 FINANCIAL YEAR AND TESTED IN THE 2022 FINANCIAL YEAR

The PSP allocations awarded in FY2019 have a three-year performance period (FY2019 – FY2022). These allocations, and the vesting thereof, were heavily impacted by the disappointing financial performance due to the Covid-19 pandemic. Following a decision made by the committee not to adjust any LTI targets in FY2020 and FY2021, the targets for FY2022 equally remained unchanged since they were set. Vesting details can be found on page 109.

DELIVERY OF STRATEGIC OBJECTIVES

The financial position of the Group has significantly improved over the last eighteen months, and in particular the substantial reduction of Group debt, the repatriation of R1.0bn from David Jones to South Africa, the recommencement of dividends to shareholders, and the commencement of a cost-savings project.

In recognition of the achievement of the Group FD, and the importance of his retention and to deliver to key strategic objectives, the committee approved an additional variable remuneration award during the year. The award comprised a cash payment of R1.2m and RSP shares to the value of R13.2m. The RSP shares have a three-year performance period, with vesting conditional on the achievement of specific sustainable savings and value driven by the Investment Optimisation project, the introduction of a capital allocation framework, and the improvement of WSA FBH profitability. The performance conditions for this award are outlined in more detail in the Implementation Report on page 109.

ACCESS TO INFORMATION AND ADVISORS

The committee continues to make use of independent external advice on remuneration trends and market benchmarks. This information is updated every two years. During the year, Bowmans provided an update on local and global remuneration trends and a bespoke review of ESG metrics included in long-term remuneration schemes. PWC provided specific benchmarking data on non-executive directors' fees. Executive director remuneration advice was provided by DG Capital, and for the Australian operations, Mercer.

REGULATORY COMPLIANCE

The Remuneration Policy (pages 99 to 103) and the Implementation Report (pages 105 to 112) will be tabled as non-binding advisory shareholder resolutions at the AGM on 23 November 2022. We invite any shareholder wishing to engage with the Board on either the Remuneration Policy and/or the Implementation Report to do so via email at Governance@woolworths.co.za. If 25% or more of the shareholders do not endorse either resolution at the AGM, the Board will invite dissenting shareholders to engage with the committee on their concerns.

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

David Kneale
Chairman of the Remuneration and Talent Management Committee

THIS REPORT IS STRUCTURED AS FOLLOWS:

AT A GLANCE
High level summaries of our Remuneration Policy and the Implementation Report

ACCESSIBLE HERE

REMUNERATION POLICY
More detailed information on our 2022 financial year Remuneration Policies and practices applicable to the executive directors and other staff. Will be voted on at the AGM on 23 November 2022

ACCESSIBLE HERE

IMPLEMENTATION REPORT
Detailed information on how we have implemented the Remuneration Policy based on the Group's performance in 2022. Will be voted on at the AGM on 23 November 2022

ACCESSIBLE HERE

SHAREHOLDER SUPPORT

Significant improvement in shareholders' approval for the Group's remuneration policies and practices

POLICY
88.03%
FY2022 Remuneration Policy

OUTCOMES
75.39%
FY2021 Implementation Report

2022 NON-EXECUTIVE DIRECTORS' FEES

97.94%

2023 PROPOSED NON-EXECUTIVE DIRECTORS' FEES

+5.25%

ENHANCEMENTS MADE TO FY2023 REMUNERATION POLICY

CORPORATE SHORT-TERM INCENTIVE SCHEME

Bonus pools adjusted to reflect post-pandemic economic climate

WSA	from **50%**	to 100%
CRG	from **50%**	to 100%
DJ	from **32%**	to 50%

MINIMUM SHAREHOLDER REQUIREMENT INTRODUCED

Five-year holding period to achieve limits

GROUP CEO
200%

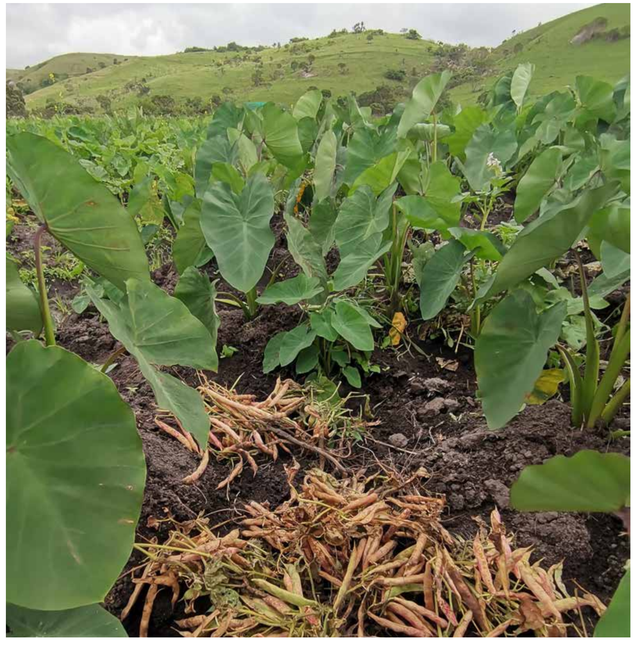
WHL EXCO
100%

EXEC DIRECTORS
150%

GBJ 2025+ MEASURES NOW INCLUDED IN LTI SCHEMES

SUSTAINABILITY AND ENVIRONMENTAL
10%

TRANSFORMATION
10%



REMUNERATION OUTCOMES

BASED ON THE 2022 FINANCIAL YEAR PERFORMANCE

GROUP PERFORMANCE

STRATEGIC DELIVERY **ON TRACK**

+11.0%
aPBT growth

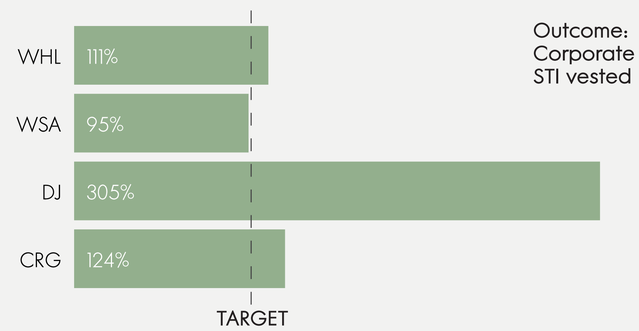
380.9CPS
aHEPS

16.8%
ROCE

1.6X
Net debt:EBITDA including lease obligations

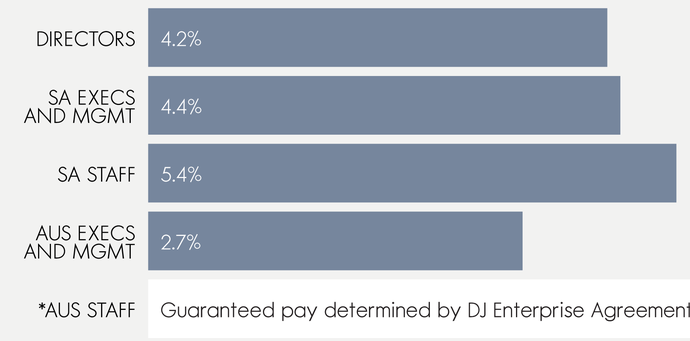
CREDIBLE SHORT-TERM PERFORMANCE

Linked to FY2022 performance

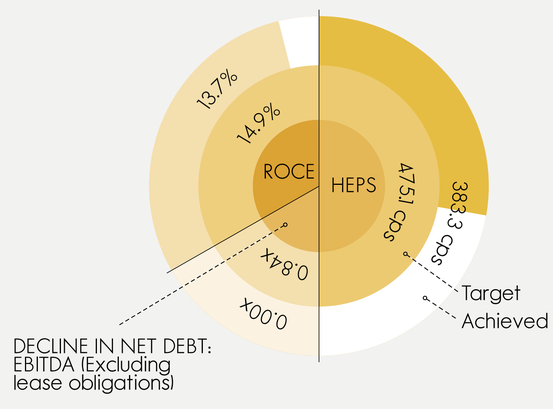


INFLATION-LINKED GUARANTEED PAY

Increase effective 1 October 2021



THREE-YEAR LONG-TERM INCENTIVE PERFORMANCE IMPACTED BY COVID



SINGLE-FIGURE REMUNERATION

Executive directors' remuneration earned or accrued based on FY2022 performance and unvested long-term share awards

	Guaranteed pay R'000	Short-term incentives R'000	Vested long-term incentives* R'000	Single-figure remuneration R'000
2022**	33 273	24 257	19 756	77 286

* Includes market value of vested shares and dividends received on unvested shares
** Z Rylands excluded as resigned as Executive Director effective 1 October 2021

REMUNERATION POLICY FOR THE 2023 FINANCIAL YEAR

(TO BE VOTED ON AT AGM ON 23 NOVEMBER 2022)

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

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

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

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

FAIR AND RESPONSIBLE REMUNERATION

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

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

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

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

WOOLWORTHS SOUTH AFRICA 'JUST WAGE'

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

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

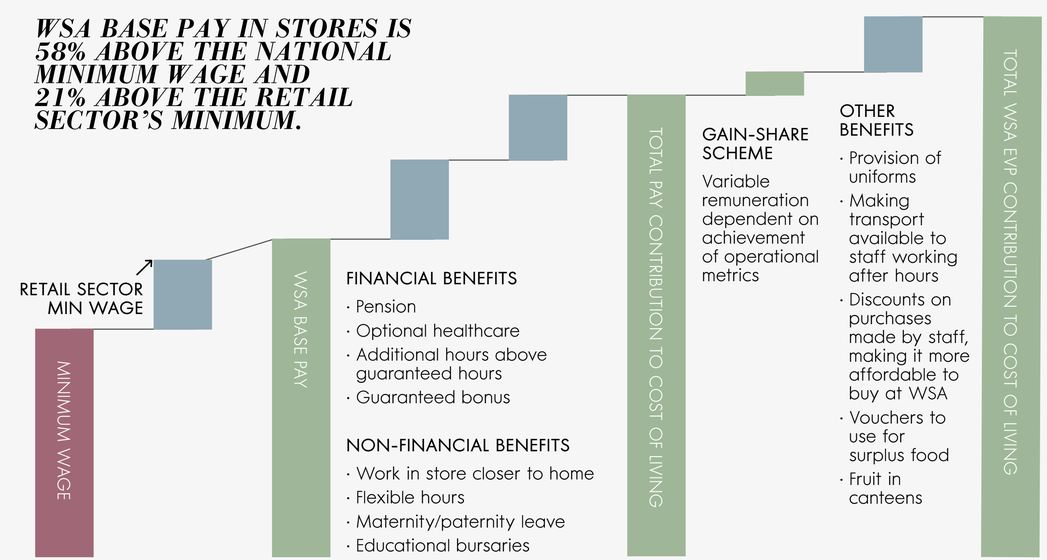
One of the principles that guides the Group's policy on fair and responsible remuneration is: 'consideration given to minimum wage legislative requirements and living wage'. The International Labour Organisation (ILO) defines a living wage as the amount necessary to meet the reasonable needs of a worker with a family of average size to live a decent life. Quantifying this accurately is the subject of much debate.

On the premise that the minimum wage is the legislated level of remuneration for an employee's qualification and following the principle of fair remuneration, Woolworths South Africa has developed strategies to remunerate our staff a 'just wage'. In thinking through this strategic journey towards a WSA 'just wage', our key consideration has been the socio-economic context of the majority of staff employed in our retail stores.

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

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

WSA BASE PAY IN STORES IS 58% ABOVE THE NATIONAL MINIMUM WAGE AND 21% ABOVE THE RETAIL SECTOR'S MINIMUM.



LEGISLATED MINIMUM WAGE AT 1 MARCH 2022 IS R23.19 PER HOUR

REMUNERATION FRAMEWORK

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

REMUNERATION			
GUARANTEED PAY		VARIABLE PAY	
Benchmarked against applicable retail and non-retail companies within geographic locations to ensure that GP is competitive and attracts and retains the required level of experience and expertise required for the Group		Short- and long-term incentives with the opportunity to earn additional financial rewards over performance periods of between one and five years	
BASE PAY	BENEFITS	SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES
Market-related salary tailored to roles and performance	Market-related benefits including pension/ superannuation, healthcare, vehicle allowances, and discounts on purchases	Annual performance bonus paid on the achievement of one-year financial targets and strategic objectives Employees in the Group participate in a STI scheme appropriate to the level and role that they perform in the Group Gain-share and commission-based incentive schemes are in place for store and distribution centre employees	Share schemes designed to incentivise Group CEO, executive directors, and designated management levels across the Group on delivery of long-term strategic goals aligned with shareholder expectations: Performance Share Plan (PSP) Restricted Share Plan (RSP)

MALUS AND CLAWBACK PROVISIONS

Malus and clawback provisions have been effective for all Corporate STI and long-term share scheme awards made from 1 July 2019 to the Group CEO, executive directors, and Exco members of operating entities.

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

These provisions enable the committee to recover variable remuneration awards made to a participant based on a trigger event, caused by the participant, which leads to loss or damage incurred by the Group.

MINIMUM SHAREHOLDING REQUIREMENT (MSR)

MSR has been adopted as part of the Remuneration Policy with effect from 1 September 2022. It will apply to the Group CEO, executive directors and other members of the Group's Exco.

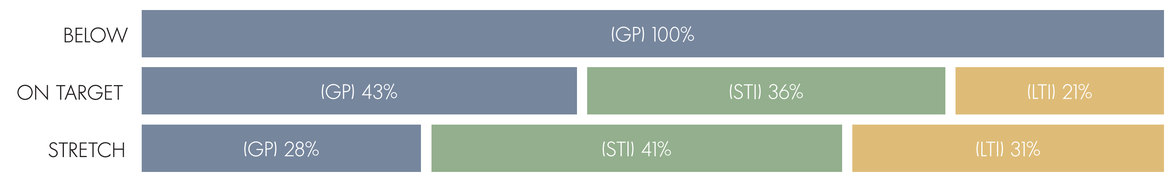
Participants will have a period of five years in which to reach the MSR % of GP requirements by 'pledging' a portion of long-term share allocations due to vest to MSR. These shares will become restricted and may only be disposed of when the MSR % is achieved and maintained. The Group CEO will be required to hold 200%, executive directors 150% and Group Exco members 100% of their respective TCoE.

REMUNERATION MIX

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

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

AGGREGATE EXECUTIVE DIRECTORS (INCLUDING GROUP CEO)



Below level assumes GP only, no vesting of annual LTI allocations, and no STI payments

On-target level assumes GP, 50% vesting of annual LTI allocations, and on-target STI performance

Stretch level assumes GP, 100% vesting of annual LTI allocations, and stretch STI performance

SERVICE CONTRACTS AND NOTICE PERIODS

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

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

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

DISCRETION

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

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

Discretion is not exercised in the calculation of the performance conditions for the short- and long-term incentive schemes. In the event that the committee exercises its discretion, this will be disclosed in the reports.

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

ALIGNMENT TO STRATEGY

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

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

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

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

ALIGNMENT TO INTEGRATED BUSINESS PLAN

The three-year Integrated Business Plan (IBP) is the mechanism used by the Group to quantify the financial impact of the strategic focus areas.

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

FINANCIAL PERFORMANCE

INTEGRATED BUSINESS PLAN (3 YEARS)	INCLUDED IN	PERFORMANCE CONDITIONS		
		BALANCED SCORECARD	SHORT-TERM INCENTIVES (1 YEAR)	LONG-TERM INCENTIVES (3-5 YEARS)
SALES		●		
aEBIT		●	●	
Operating profit margin %		●		
aHEPS				●
ROCE		●		●
EBITDA				●
Net debt				●

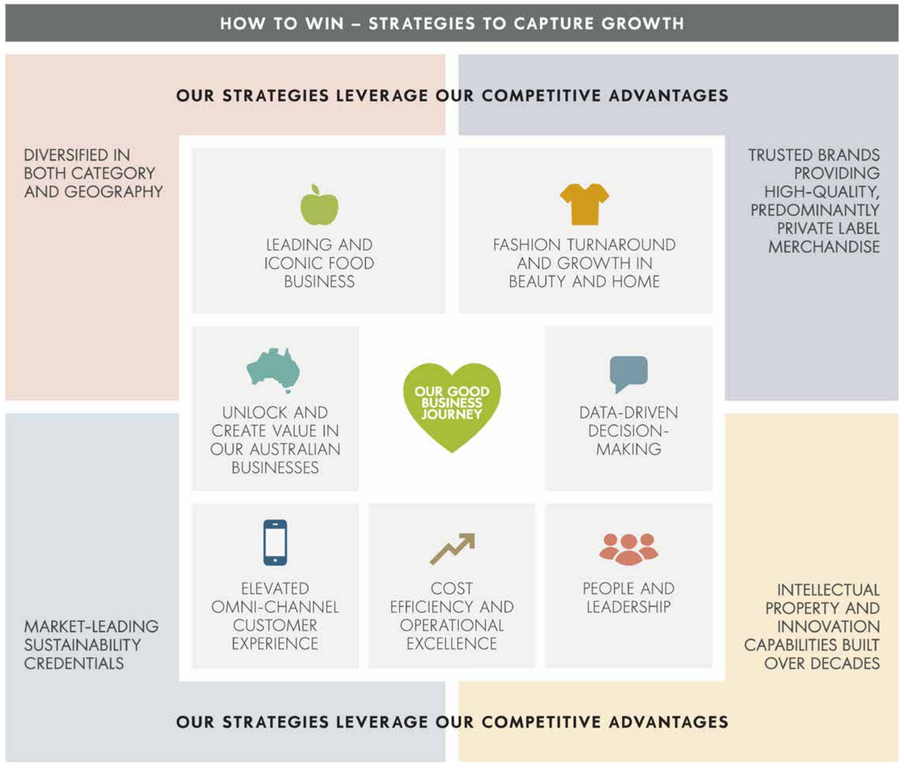
INTEGRATION OF GROUP CEO'S AND EXECUTIVE DIRECTORS' VARIABLE REMUNERATION WITH STRATEGIC FRAMEWORK

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

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

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

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



REMUNERATION POLICY FOR 2023 FINANCIAL YEAR

REMUNERATION POLICY APPLICABLE TO THE 2023 FINANCIAL YEAR

The table alongside sets out the components of the remuneration framework to be applied by the committee in the 2023 financial year for the Group Chief Executive Officer (Group CEO), executive directors and key senior executives (execs).

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

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

GUARANTEED PAY

BASE SALARY

PURPOSE AND LINK TO STRATEGY
Market-related level of remuneration with consideration for specific requirements of the role

MECHANICS
Reviewed annually against retail peer companies in South Africa, Australia and other countries in which the Group trades, respectively

Market conditions, company performance, internal comparability, individual performance, and responsibility are taken into consideration

Includes performance against financial and non-financial objectives and individual behaviour against Group values

No obligation to increase base salary

OPPORTUNITY AND MAXIMUM LIMIT
Base salary reviewed in context of company and Group performance, in-country CPI, and affordability

PERFORMANCE CONDITIONS
Adjustments influenced by individual performance metrics aligned with strategy and behaviours to Group values

OTHER BENEFITS

PURPOSE AND LINK TO STRATEGY
Benefits and allowances of a compulsory and non-compulsory nature appropriate to the market and contributing to wellbeing of employees in line with EVP

MECHANICS
Benefits include:

- retirement funding, superannuation
- healthcare
- motor vehicle allowance and vehicle leasing options
- product discount on purchases made in the Group's stores
- other benefits as per specific country

OPPORTUNITY AND MAXIMUM LIMIT
Some benefits and the quantum of benefits will vary according to the Group's subsidiaries and the market in which they trade

PERFORMANCE CONDITIONS
n/a

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

OTHER INCENTIVE SCHEMES (EXCL CORPORATE STI)

Gain-share and commission schemes available to store and supply chain employees appropriate to their employer company

Cash payments may be made monthly, quarterly or biannually dependent on the scheme

NO OF PARTICIPANTS
19 284

REMUNERATION POLICY

PSP ALLOCATIONS

STI CALCULATIONS

FAIR AND RESPONSIBLE PAY BAROMETER

SHORT-TERM INCENTIVES

SHORT-TERM INCENTIVE SCHEME

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

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

The target is determined annually in advance

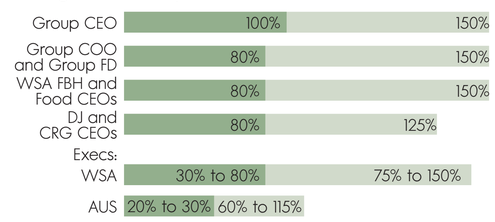
Financial STI calculated as follows:

- **Group CEO:** 100% based on Group performance
- **Group COO and Group FD:** 100% based on Group performance
- **DJ, CRG CEOs:** 50% based on Group performance and 50% based on respective company performance
- **WSA CEO FBH and WSA CEO Food:** 20% Group, 30% WSA and 50% FBH or Food
- **Execs:** 20% based on Group performance with remaining 80% based on line of sight to company and/or specific business area performance

Strategic objective measures are specific to each employee

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

OPPORTUNITY AND MAXIMUM LIMIT
On-target and stretch performance of GP:



PERFORMANCE CONDITIONS

- 60% Financial target (aPBT or aEBIT), gatekeeper of 93% applied at company level only
- 40% Strategic objectives, gatekeeper of 80% of aPBT or aEBIT applied

PAYMENT CYCLE
Payments made annually in September

MALUS AND CLAWBACK

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

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

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

NO OF PARTICIPANTS
3 454

LONG-TERM INCENTIVES

PERFORMANCE SHARE PLAN

PURPOSE
Motivate employees to achieve three-year strategy aligning shareholder and executive interests

MECHANICS
Participants are entitled to the delivery of conditional awards in shares after three years from date of grant provided that certain performance conditions are met

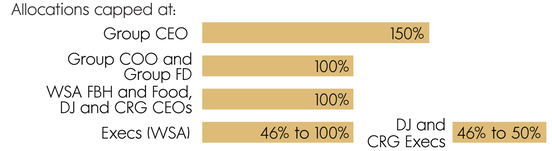
Vesting occurs subject to the achievement of performance conditions over the three-year performance period

Vesting occurs on a linear scale in accordance with agreed threshold and stretch targets

Participants receive a payment settled in equity on vesting equal to the value of dividends that would have been paid on the vested shares during the vesting period

OPPORTUNITY AND MAXIMUM LIMIT
Grants are made annually at the discretion of the committee based on GP at grant date.

Allocations capped at:



PERFORMANCE CONDITIONS
Executive directors, Group Execs, operating entity Excos:

- Annual allocation with 100% based on financial performance conditions and weightings as below

Senior management:

- Annual allocation with 50% based on financial performance conditions and 50% based on individual performance (IPM)

PERFORMANCE CONDITIONS	WEIGHTING	MEASUREMENT	VESTING
aHEPS growth	40%	3-year CAGR of HEPS > SA CPI	• threshold 30%: SA CPI +1% each year • target 100%: SA CPI +4% each year
ESG	20%	Scorecard approach incorporating climate, sustainability, employment equity and transformation	• Transformation target 100%: BBBEE level 4, including specific EE targets • Environmental target 100%: 1m FBH units per annum back to SA production, all stores plastic shopping bag free
ROCE	40%	ROCE performance > WACC from integrated business plan	• threshold 30%: WACC +1% • target 100%: WACC +3%

MALUS AND CLAWBACK
Malus and two-year clawback provisions apply to Group CEO, executive directors and Excos of operating entities

MINIMUM SHAREHOLDING REQUIREMENT
Group CEO 200%, Group COO and FD 150%, WHL Exco 100%

To meet MSR requirements within a five-year period from 1 July 2022

OTHERS
Rules governing cessation of employment, change in control, and delisting as per scheme rules aligned with King IV™ recommendations

Classified as a JSE Schedule 14 scheme

NO OF PARTICIPANTS
816

RESTRICTED SHARE PLAN (RSP)

PURPOSE
Retain and motivate employees who are key to the delivery of the Group's long-term strategy

Enables the recruitment of key executives to address value forfeited on resignation from a previous employer

MECHANICS
Participants allocated the unrestricted delivery of shares after a three- to five-year period from the date of grant or shorter period at the discretion of the committee

Vesting and ownership to participants occurs on condition that the participant is still in the employ of the Group on the expiry of the agreed vesting period and applicable performance conditions are achieved

Staggered vesting occurs from year three to year five. The committee has the discretion to amend vesting periods where appropriate

Participants are entitled to receive dividends during the vesting period

RSP allocations are not awarded to Australia-based employees

OPPORTUNITY AND MAXIMUM LIMIT
Awards subject to committee discretion to determine the minimum and maximum award of GP at the grant date

Allocations are limited to the Group CEO, Executive Directors, Group Exco members, and selected management

PERFORMANCE CONDITIONS
100% vesting on condition that the participant is still in the employ of the Group at the vesting dates and the achievement of IPM rating or agreed performance conditions

For executive directors, where RSPs are applicable, vesting is either based on performance conditions as highlighted below or specific agreed deliverables being achieved

MALUS AND CLAWBACK
Malus and two-year clawback provisions apply to Group CEO, executive directors and Excos of operating entities

MINIMUM SHAREHOLDING REQUIREMENT
Group CEO 200%, Group COO and FD 150%, WHL Exco 100%

To meet MSR requirements within a five-year period from 1 July 2022

OTHERS
Dividends are repaid if the performance conditions are not met

Shares are purchased on the open market and held by a third party in escrow until unrestricted ownership passes to participants

Rules governing cessation of employment, change in control, and delisting as per scheme rules aligned with King IV™ recommendations

NO OF PARTICIPANTS
103

NON-EXECUTIVE DIRECTORS

REMUNERATION POLICY APPLICABLE TO THE 2023 FINANCIAL YEAR

The table alongside sets out the remuneration policies applied by the Group for the 2022 financial year for non-executive directors.

These policies are also applicable for the 2023 financial year and form the underlying basis for the directors' fees tabled for shareholder approval at the AGM to be held on 23 November 2022.

EMOLUMENTS

FEES	BENEFITS
CHAIRMAN, LEAD INDEPENDENT DIRECTOR, AND DIRECTORS A market-related fee to attract and retain experienced and diverse non-executive directors	MECHANICS Non-executive directors receive product discounts on purchases made in WHL Group stores No other benefits are provided Non-executive directors do not participate in any STI or LTI schemes
COMMITTEE MEMBERSHIP The fees reflect the additional responsibilities taken through the membership of Board committees. Committee chairmen receive a higher amount	
MECHANICS An annual fee structure. Directors are required to provide input on an ongoing basis throughout the year, not merely confined to attendance at meetings International directors not based in South Africa earn directors' fees commensurate to market-related fees in their respective jurisdictions and paid in the currency of their respective country Fees reflect the time commitment, demands, and responsibilities of the role Audited non-executive directors' fees for the 2022 financial year are shown on page 113	
OTHER All travel and accommodation expenses are settled by the Company Fees are reviewed annually against retail peer companies in South Africa, Australia, and the United Kingdom Proposed fees are based on independently benchmarked data Executive directors propose fees to the Remuneration and Talent Management Committee which, in turn, recommends the fees to the Board for final approval by shareholders Fees are paid quarterly in arrears in cash	

SERVICE CONTRACTS

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

PROPOSED NON-EXECUTIVE DIRECTORS' FEES

The proposed fees were independently benchmarked in FY2021 in line with our standing practice of conducting benchmarking every two years.

Three comparator groups have been used for the benchmarks:

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

Given global inflationary trends and foreign exchange fluctuation, the fees payable to non-executive directors based in the United Kingdom and Australia were independently benchmarked during the year. This supports our aim to attract high calibre non-executive directors who bring international expertise and are remunerated comparatively to their respective international regions.

The outcome of this benchmarking reflects that our internationally based non-executive directors' fees have lagged behind the market in some respects. Higher than inflation increases may be warranted in the future if the current trends continue.

The Board has proposed a fee increase of 5.25% (exclusive of South African VAT), which is in line with management's increases, from 1 January 2023 as shown in the table below:

	Current approved fees (R'000)	Proposed fees (R'000)	% Increase
Chairman	2 345.6	2 468.8	5.25
Lead Independent Director	828.8	872.3	5.25
South Africa-based director	438.5	461.5	5.25
United Kingdom-based director (paid in £)	£79.4	83.5	5.25
Australia-based director (paid in A$)	A$136.0	143.1	5.25
Audit Committee chairman	377.8	397.6	5.25
Audit Committee member	207.1	218.0	5.25
Nominations Committee chairman	195.0	205.2	5.25
Nominations Committee member	121.8	128.2	5.25
Remuneration and Talent Management Committee chairman	255.9	269.4	5.25
Remuneration and Talent Management Committee member	134.0	141.0	5.25
Risk and Information Technology Committee chairman	255.8	269.3	5.25
Risk and Information Technology Committee member	134.0	141.0	5.25
Social, Ethics and Compliance Committee chairman	207.1	218.0	5.25
Social, Ethics and Compliance Committee member	121.8	128.2	5.25
Sustainability Committee chairman	207.1	218.0	5.25
Sustainability Committee member	121.8	128.2	5.25
Treasury Committee chairman	255.8	269.3	5.25
Treasury Committee member	135.4	142.5	5.25
Hourly rate for additional services	R5 847	R6 140	5.25

PEER GROUP USED FOR BENCHMARKING:

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

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

WOOLWORTHS HOLDINGS SHARE TRUST

The Woolworths Holdings Share Trust is overseen by two independent non-executive directors acting as trustees. The Trust administers the utilisation of shares for the Group's long-term incentive share schemes. The Trust Deed and share scheme rules are compliant with the Johannesburg Stock Exchange Limited (JSE) listing requirements. Shares and grants may not be awarded or exercised during a closed or prohibited period. The Group's closed period runs from two weeks prior to the financial interim or year-end date to the date on which the financial results are announced on the JSE.

JSE-APPROVED SCHEDULE 14 SHARE SCHEMES

The Company repurchased 27.4 million of its own shares from 9 June 2022 to 7 July 2022. In terms of the PSP scheme rules and the JSE listing requirements, the number of unvested awards issued to participants has been reduced to ensure participants are entitled to the same proportion of the issued share capital of the Company as that to which they were previously entitled to prior to the repurchase. The maximum award to any one participant has also been reduced.

The maximum number of shares available for utilisation for JSE Schedule 14 schemes is 82 785 293 (85.0 million prior to adjustment), representing 8.1% of the issued share capital as at 26 June 2022.

Grants awarded in terms of JSE Schedule 14 schemes:

- in any one financial year may not exceed 250% of an employee's guaranteed pay
- in aggregate, an employee may not hold more than 12 369 097 (12.7 million prior to adjustment) awards

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

RSP SCHEME

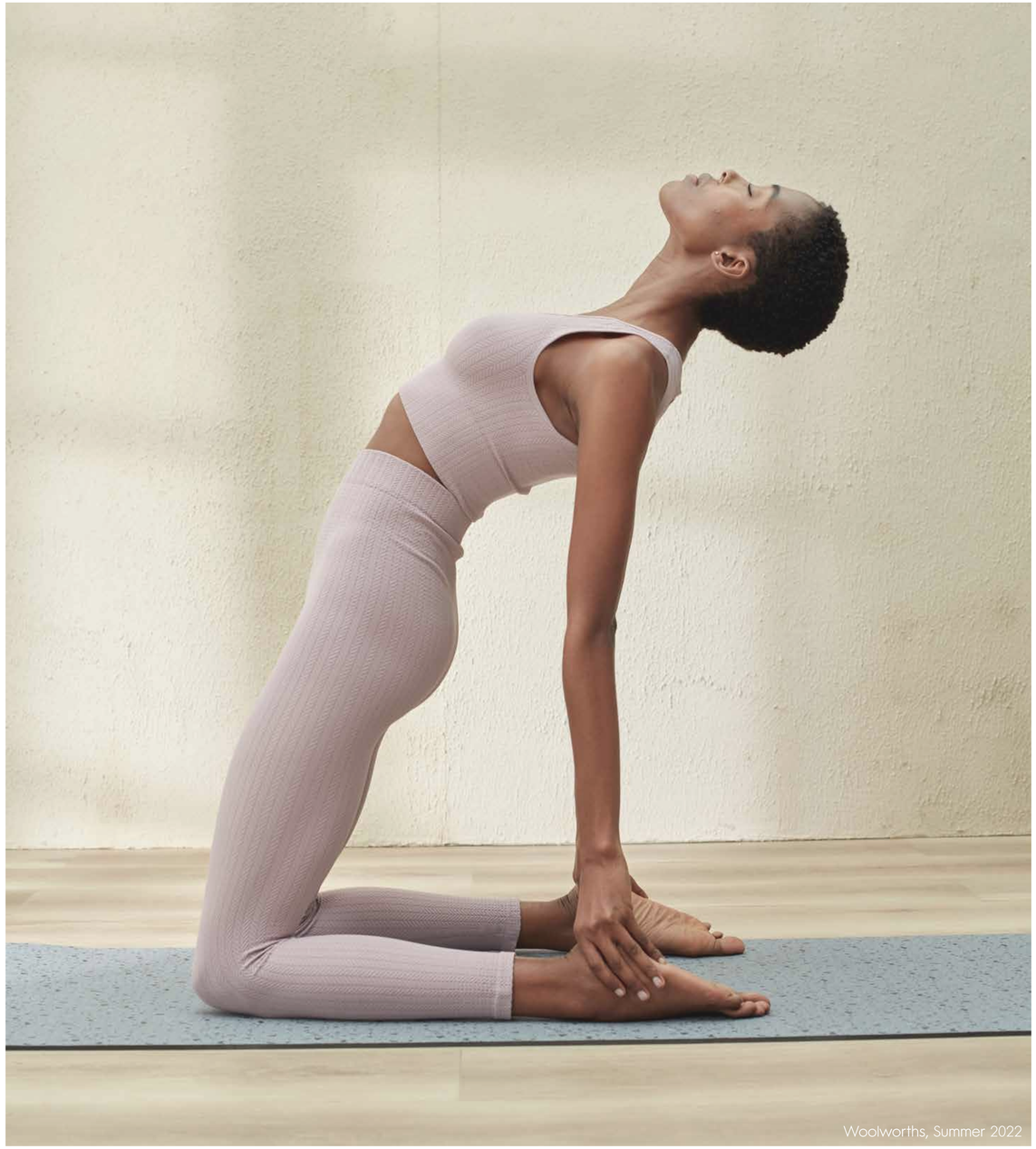
The Restricted Share Plan scheme was introduced in 2009, primarily for retention of selected employees. It is not a JSE Schedule 14 scheme and therefore there are no restrictions on the number of RSP shares awarded to an employee in any financial year or the aggregate held by an employee.

919 267 RSP shares were allocated to participants during FY2022.

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

UTILISATION OF SHARES FOR LTI SHARE SCHEMES

	JSE Schedule 14 Share schemes
Maximum available for utilisation	82 785 293
Available for utilisation/awarded at 27 June 2021	17 822 373
Allocations made to participants during the year	(4 630 390)
Exercised	-
Lapsed/forfeited	2 902 687
Reduction as a result of share repurchase	198 864
Available for utilisation/awarded at 26 June 2022	16 037 330



Woolworths, Summer 2022

IMPLEMENTATION REPORT
FOR THE 2022 FINANCIAL YEAR ENDED 26 JUNE 2022

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

COMPLIANCE WITH THE REMUNERATION POLICY

The Remuneration and Talent Management Committee monitored the implementation of the Remuneration Policy throughout the year and is of the view that the Group was in material compliance with the 2022 Remuneration Policy as set out in the 2021 Integrated Annual Report. Downward discretion was exercised by the committee to cap the Corporate STI payments to an agreed % of EBIT, for CRG. No circumstances warranted the application of any malus or clawback provisions.

FAIR AND RESPONSIBLE REMUNERATION

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

The Group continues to make significant progress in terms of managing 'the ethics of pay'. The barometer shown on the following page explains the application for the 2022 financial year and a three-year average from 2019 – 2021.

Trenery, Summer 2022

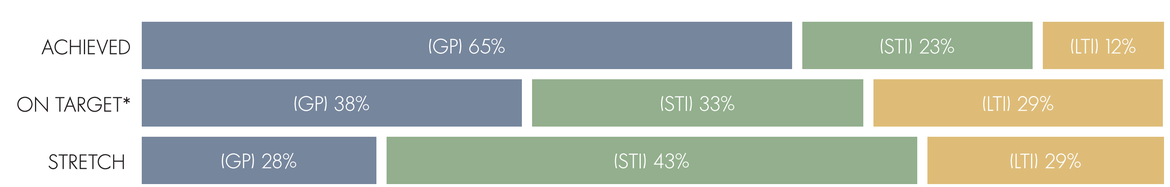
GROUP CEO AND EXECUTIVE DIRECTORS

REMUNERATION MIX

The chart below represents the actual aggregated remuneration mix for the Group CEO and executive directors achieved for the year ended 26 June 2022. It should be compared to the potential remuneration mix based on the Remuneration Policy shown on page 100.

The achieved remuneration mix varies from the potential mix due to the 2019 PSP allocations' performance conditions only partially vesting.

AGGREGATE EXECUTIVE DIRECTORS (INCLUDING GROUP CEO)



* On target reflects the reduced bonus pool of 50%

	% INCREASE
Group CEO and executive directors	4.16

SENIOR EXECUTIVES AND MANAGEMENT	
South Africa	4.40
Australia	2.66

STAFF	
South Africa	5.40
Australia	1.88

GUARANTEED PAY

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

Pay increases are effective on 1 October each year. Following a year of zero percent increases for the Group CEO, executive directors, senior executives and management in South Africa and Australia, inflation-linked increases were awarded effective 1 October 2021. The Group continues to address and reduce the pay gap between management and staff by awarding staff higher percentage increases than management.

The guaranteed pay (included in single-figure remuneration) of executive directors is shown on page 110.

SINGLE-FIGURE REMUNERATION

FAIR AND RESPONSIBLE PAY BAROMETER

SOUTH AFRICA

2022				AVG 2019-2021		
DIFFERENTIATED ANNUAL SALARY INCREASES*						
4.40% MANAGEMENT	5.40% STORE STAFF	7.00% SUPPLY CHAIN STAFF		3.65% MANAGEMENT	5.94% STORE STAFF	9.60% SUPPLY CHAIN STAFF
ANNUAL SALARY INCREASES BASED ON GENDER*						
4.36% MANAGEMENT	4.44%	5.37% STORE STAFF	5.40%	3.641% MANAGEMENT	3.66%	6.03% STORE STAFF	5.87%**
ANNUAL SALARY INCREASES BASED ON RACE*						
MANAGEMENT				MANAGEMENT		
4.48% AFRICAN	4.51% INDIAN	4.28% COLOURED	4.26% WHITE	3.77% AFRICAN	3.57% INDIAN	3.78% COLOURED	3.49% WHITE
STORE STAFF				STORE STAFF		
5.40% AFRICAN	5.37% INDIAN	5.39% COLOURED	5.43% WHITE	5.95% AFRICAN	5.87% INDIAN	5.93% COLOURED	5.80% WHITE
SHORT-TERM INCENTIVES *% of Group aPBT*						
1.74% MANAGEMENT	0.93% STORE STAFF	0.10% SUPPLY CHAIN STAFF		1.46% MANAGEMENT	1.01% STORE STAFF	0.19% SUPPLY CHAIN STAFF
Total: 2.77%						

** increase effective 1 October 2021*
*** percentages represent the higher proportion of female vs male employees*

REST OF AFRICA

2022						
DIFFERENTIATED ANNUAL SALARY INCREASES*		ANNUAL SALARY INCREASES BASED ON GENDER*				SHORT-TERM INCENTIVES *% of Group aPBT*	
5.50% MANAGEMENT	5.50% STORE STAFF	5.43% MANAGEMENT	5.49%	5.06% STORE STAFF	5.26%	0.08% MANAGEMENT	0.04% STORE STAFF
						Total: 0.11%	
AVG 2019-2021							
5.44% MANAGEMENT	3.49% STORE STAFF	2.56% MANAGEMENT	8.38%	2.43% STORE STAFF	3.94%**	0.03% MANAGEMENT	0.07% STORE STAFF

EXECUTIVE DIRECTORS INCLUDING GROUP CEO

2022	AVG 2019-2021
DIFFERENTIATED ANNUAL SALARY INCREASES*	
4.16%	4.51%
SHORT-TERM INCENTIVES *% of Group aPBT*	
0.42%	0.01%

AUSTRALIA AND NEW ZEALAND

2022			AVG 2019-2021	
DIFFERENTIATED ANNUAL SALARY INCREASES*				
2.66% MANAGEMENT	1.88% STORE STAFF		1.03% MANAGEMENT	2.71% STORE STAFF
ANNUAL SALARY INCREASES BASED ON GENDER*				
2.75% MANAGEMENT	2.66%	1.98% STORE STAFF	1.86%	0.98% MANAGEMENT	1.05%**	2.70% STORE STAFF	2.71%
SHORT-TERM INCENTIVES *% of Group aPBT*				
2.13% MANAGEMENT	1.21% STORE STAFF		1.73% MANAGEMENT	0.94% STORE STAFF
Total: 3.34%				

SHORT-TERM INCENTIVES (STI)

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

- Financial performance targets are agreed annually in advance
- A gatekeeper of 93% of each company's aEBIT is required for threshold performance
- Budgeted pre-incentive profit is applied as the trigger for on-target performance
- Incentives are calculated at business unit level (per company)
- Achievement of financial performance occurs on a linear vesting from >93% onwards. Vesting in excess of 100% of financial performance is calculated by adding 20% of excess profit into the bonus pool.

THE CONSTRUCT OF THE CORPORATE STI SCHEME IS SHOWN BELOW:

FINANCIAL COMPONENT (60%) + **STRATEGIC OBJECTIVES COMPONENT** (40%) × **INDIVIDUAL PERFORMANCE** = **RESULTANT STI BONUS VESTING**

Group performance multiplier	+	Company performance multiplier	+	Business unit performance multiplier
0% to 100%		0% to 100%		0% to 100%

Objective #1	Objective #2	Objective #3	Objective #4
0% to 100%	0% to 100%	0% to 100%	0% to 100%

INDIVIDUAL PERFORMANCE
80% to 120%

Group CEO, Group COO, and Group FD: 100% based on Group performance; Group Exco and operating entity execs:
50% – 75% based on Group performance
50% – 25% based on company and specific business unit performance

Strategic objectives related to the transformation of the Group.

All roles based on each individual's IPM.
An individual's IPM rating is a multiplier of both financial and strategic objective components. The rating determines the opportunity to increase the potential Corporate STI payment or may reduce it.

FINANCIAL PERFORMANCE FOR 2022 FINANCIAL YEAR AND STI VESTING

On an audited 52-week basis, the Group achieved aPBT of R5.1 billion.

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

The analysis of the financial performance targets and achievements shown opposite demonstrates that the Group and all companies except WSA, who were marginally below, achieved on-target performance within the parameters mentioned above.

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

FINANCIAL PERFORMANCE TARGETS

		On-target (R'mill)	Achieved (R'mill)	% Achievement
GROUP aPBT	aPBT/aEBIT AS PER AUDITED ACCOUNTS pre-IFRS 16 and pre-STI payments	>4 747	5 282	111.3
WSA aEBIT		>4 448	4 245	95.4
DJ aEBIT		<A$(16)	A$16	305.4
CRG aEBIT		>A$88	A$109	124.5

DISCRETION EXERCISED BY COMMITTEE FOR 2022 CORPORATE STI SCHEME

In determining the bonus pools for FY2022, the committee exercised its discretion to maintain the WSA and CRG pools at 50% of those used prior to the pandemic. The DJ pool was reduced to 32%.

For FY2022, the committee exercised discretion from the parameters of the STI scheme as follows:

- DJ payment capped at A$5.0 million, including an additional A$2.0 million in acknowledgment of DJ actual profit achieved
- CRG bonus pool capped at 6.2% of aEBIT
- Reeza Isaacs was awarded a special STI bonus of R1.2 million over and above his FY2021 amount

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

CORPORATE STI VESTING

		R BAGATTINI	R ISAACS	S NGUMENI
GUARANTEED PAY	A$1.0m	R6.9m	R6.9m	R8.3m
Corporate STI payment	A$0.9m	R4.9m	R3.9m	R4.8m

ROY BAGATTINI - GROUP CHIEF EXECUTIVE OFFICER

	Financial	Strategic
WEIGHTING	60%	40%
PERFORMANCE	upper quartile	mid-upper quartile

FINANCIAL PERFORMANCE
The Group achieved aPBT of R5.2bn*, above the STI stretch target

STRATEGIC PERFORMANCE
- Capital plan and restructure of Group balance sheet
- Strategic reset of DJ, CRG and FBH
- Digital and data transformation
- Talent, culture and succession

REEZA ISAACS - GROUP FINANCE DIRECTOR

	Financial	Strategic
WEIGHTING	60%	40%
PERFORMANCE	upper quartile	mid quartile

FINANCIAL PERFORMANCE
The Group achieved aPBT of R5.2bn*, above the STI stretch target

STRATEGIC PERFORMANCE
- Australia balance sheets and stand-alone financing facilities for CRG and DJ
- Cost-out targets across the Group
- Capex discipline and investments in digital and online

SAM NGUMENI - GROUP CHIEF OPERATING OFFICER

	Financial	Strategic
WEIGHTING	60%	40%
PERFORMANCE	upper quartile	mid quartile

FINANCIAL PERFORMANCE
The Group achieved aPBT of R5.2bn*, above the STI stretch target

STRATEGIC PERFORMANCE
- The Group's digital and data strategy
- Value-accretive data insights initiatives
- Refreshed supply chain strategies

* pre-IFRS 16 and pre-incentives

LONG-TERM INCENTIVES

ALLOCATIONS DURING THE 2022 FINANCIAL YEAR

ANNUAL ROLLING ALLOCATIONS

The annual rolling PSP allocations, and their performance conditions, awarded to the executive directors as approved by the Remuneration and Talent Management Committee, are shown below. In terms of his employment agreement Roy Bagattini's annual allocations may be either RSP or PSP shares. The Remuneration and Talent Management Committee elected to award RSP shares to Roy Bagattini for FY2022 and therefore no PSP shares were awarded to Roy.

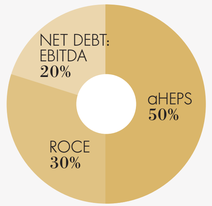
		RSP	PSP	
	Basis	Number	Number	Face value R'000
Roy Bagattini	150% of GP	390 491		24 150
Reeza Isaacs	100% of GP		110 128	6 585
Sam Ngumeni	100% of GP		131 197	7 844
TOTAL		**390 491**	**241 325**	**38 579**

WEIGHTINGS AND PERFORMANCE CONDITIONS			
Measure	Weighting	Threshold (30% vesting)	On target (100% vesting)
aHEPS	30%	aHEPS growth > CPI	aHEPS growth > CPI +2%
aHEPS relative to peer group	30%	3-year average growth => median	3-year average growth => upper quartile
ROCE	40%	ROCE > WACC +1.0%	ROCE > WACC +3%

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

All PSP allocations to executive directors and execs were made in line with the percentage allocations described in the Remuneration Policy table on page 102.

VESTING OF 2019 LTI ALLOCATIONS BASED ON FINANCIAL PERFORMANCE FOR THE PERIOD ENDING JUNE 2022



The performance conditions of the PSP August 2019 allocations were tested to determine if vesting had been achieved. The performance conditions are:

- 50% based on aHEPS growth of weighted CPI (SA and Aus) plus 5% per annum, for 100% vesting
- 30% based on 3-year average ROCE percentage achievement against targets from MTP
- 20% based on reaching net debt:EBITDA targets

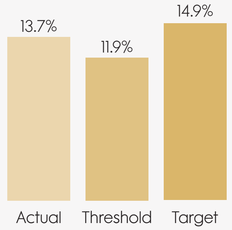
41.6% Partial vesting based on weighting of performance conditions

*Calculation: (50%*0%)+(30%*72%)+(20%*100%)*

LOWER DEBT LEVELS IMPROVES ROCE

72%

Average ROCE performance vesting



ALLOCATION OF RSP SHARES AWARDED TO GROUP FINANCE DIRECTOR

As discussed in the Committee Chairman's Report, Reeza Isaacs, the Group FD, was allocated an incentive retention award of RSP shares in December 2021. The award recognises his substantial contribution to the Group in support of the overall financial achievements realised by the Group and the need to retain him as a key driver of future key strategic objectives. Vesting is conditional on the achievement of specific targets and his continued employment in the Group.

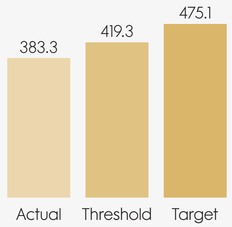
	RSP AWARD	
	NUMBER	FACE VALUE R'000
Reeza Isaacs	245 151	13 169

PERFORMANCE CONDITIONS	VESTING PERIOD
Conditional on the achievement of IPM deliverables with specific measures relating to: • Value creation opportunities for the Group • Sustainable Group wide cost-out initiatives • Capital allocation methodology and processes • FBH financial health	100% in year 3

COVID-19 IMPACTED THREE-YEAR HEPS

0%

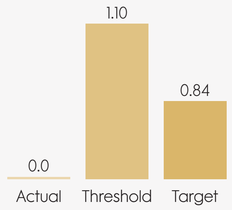
HEPS performance vesting



SIZEABLE REPAYMENT OF DEBT IN 2021

100%

Cash flow performance vesting



SINGLE-FIGURE REMUNERATION FOR THE YEAR ENDED 26 JUNE 2022 (AUDITED)

The Group discloses the single-figure remuneration paid to executive directors of Woolworths Holdings Limited in connection with the affairs of the Company and its subsidiaries during the year ended 26 June 2022 and comparatives for 27 June 2021.

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

		GUARANTEED PAY			SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES		SINGLE-FIGURE REMUNERATION
	Notes	Base salary R'000	Benefits (1) R'000	Total guaranteed pay (2) R'000	Performance bonus (3) R'000	Fair value of shares (4) R'000	Dividends received (5) R'000	Total remuneration R'000
2022								
Roy Bagattini	Aus$	1 015	11	1 026	862	-	-	1 888
Rand equivalent		11 162	119	11 281	9 482	-	-	20 763
Roy Bagattini	(6)	5 332	1 545	6 877	4 850	-	3 643	15 370
Reeza Isaacs	(7)	6 450	416	6 866	5 116	5 831	401	18 213
Sam Ngumeni		7 740	509	8 249	4 809	8 489	1 392	22 939
Zyda Rylands	(8)	2 264	104	2 368	535	-	220	3 123
		32 948	**2 693**	**35 641**	**24 792**	**14 320**	**5 656**	**80 409**
2021								
Roy Bagattini	Aus$	1 000	10	1 010	928	-	-	1 938
Rand equivalent		11 500	115	11 615	10 300	-	-	21 915
Roy Bagattini	(6)	5 127	1 248	6 375	5 000	-	-	11 375
Reeza Isaacs		6 249	394	6 643	5 091	4 291		16 024
Sam Ngumeni		7 417	472	7 889	7 277	6 585	-	21 751
Zyda Rylands		9 026	456	9 482	7 257	7 879	-	24 619
		27 819	**2 570**	**42 004**	**34 925**	**18 755**	**-**	**95 684**

NOTES

1. Benefits include retirement, healthcare, related benefits, long-service awards and discounts received on purchases made in WHL Group stores.
2. Guaranteed pay and other benefits: actual payments made in the financial year.
3. Short-term incentives: amounts accrued in the financial year relating to the financial performance against target for the year.
4. Fair value of shares: value of LTIP and/or RSP vesting of performance conditions based on the three-year period FY2019 – FY2022. Valued using the 30-day VWAP share price of WHL at 26 June 2022 of R54.40.
5. Dividends received during the financial year on all unvested RSP shares held during the year.
6. Roy Bagattini's remuneration is paid in Rands and Australian dollars to reflect the time and focus spent on the different geographies.
7. As discussed in the Committee Chairman's report, Reeza Isaacs was awarded R1.2m (disclosed in benefits) on recognition of his substantial contribution to the improved financial position of the group.
8. Zyda Rylands resigned as an Executive Director with effect from 30 September 2021. Accordingly, her remuneration is for a three-month period in FY2022 and twelve months in FY2021.

DIRECTORS' PARTICIPATION IN SHARE SCHEMES

Shares purchased and options granted to executive directors in terms of the Woolworths Holdings Share Trust which had not been exercised as at 26 June 2022 are set out below.

				As at 27 June 2021		Awarded		Forfeited		Sold or transferred			As at 26 June 2022			
Scheme	Award Date	Vesting Date	Expiry Date	Number	Price Rands	Number	Price Rands	Number	Price Rands	Number	Price Rands	Realisation value (1) Rands	Vested	Unvested	Total	Fair value (2) Rands
ROY BAGATTINI																
RSP	20 Feb 2020	20 Feb 2023	20 Feb 2025	1 432 537	37.87									1 432 537	1 432 537	77 930 013
	17 Sep 2020	17 Sep 2023	17 Sep 2023	663 356	35.05									663 356	663 356	36 086 566
	26 Aug 2021	26 Aug 2024	23 Aug 2024			390 491	61.85							390 491	390 491	21 242 710
TOTAL				2 095 893		390 491								2 486 384	2 486 384	135 259 289
TOTAL				**2 095 893**		**390 491**								**2 486 384**	**2 486 384**	**135 259 289**
REEZA ISAACS																
RSP	23 Aug 2018	23 Aug 2022	23 Aug 2023	217 036*	54.26					54 259	60.16	3 264 221		162 777	162 777	5 903 379
	06 Dec 2021	06 Dec 2024	06 Dec 2024			245 151	53.72							245 151	245 151	13 336 214
TOTAL				217 036		245 151				54 259		3 264 221		407 928	407 928	19 239 594
PSP	23 Aug 2018	23 Aug 2021	23 Aug 2021	115 248	51.09	7 904	59.79	98 521		24 631	61.89	1 524 413		-	-	
	29 Aug 2019	29 Aug 2022	29 Aug 2022	119 967	51.78									119 967	119 967	
	17 Sep 2020	17 Sep 2023	17 Sep 2023	187 168	35.18									187 168	187 168	10 181 939
	26 Aug 2021	26 Aug 2024	23 Aug 2024			110 128	59.79							110 128	110 128	5 990 963
TOTAL				422 383		118 032		98 521		24 631		1 524 413		417 263	417 263	16 172 902
TOTAL				**639 419**		**363 183**		**98 521**		**78 890**		**4 788 634**		**825 191**	**825 191**	**35 412 496**

* Vesting Aug 2021 25%, Aug 2022 25% and Aug 2023 50%.

NOTES
1. Realisation value based on taxable benefit at date of sale or transfer.
2. Fair value calculated based on 30-day VWAP at 26 June 2022 of R54.40 (2021: R54.28), 100% vesting probability for unvested PSP awards and 100% vesting for RSP awards.

DIRECTORS' PARTICIPATION IN SHARE SCHEMES

Shares purchased and options granted to executive directors in terms of the Woolworths Holdings Share Trust which had not been exercised as at 26 June 2022 are set out below.

				As at 27 June 2021		Awarded		Forfeited		Sold or transferred			As at 26 June 2022			
Scheme	Award Date	Vesting Date	Expiry Date	Number	Price Rands	Number	Price Rands	Number	Price Rands	Number	Price Rands	Realisation value (1) Rands	Vested	Unvested	Total	Fair value (2) Rands
SAM NGUMENI																
RSP	23 Aug 2018	23 Aug 2022	23 Aug 2023	371 971*	54.26					92 992	60.16	5 594 399		278 979	278 979	7 588 270
	17 Sep 2020	17 Sep 2023	17 Sep 2023	671 424	35.05									671 424	671 424	36 525 466
TOTAL				1 043 395						92 992		5 594 399		950 403	950 403	44 113 736
PSP	23 Aug 2018	23 Aug 2021	23 Aug 2021	131 680	51.09	9 031	59.79	112 568		28 413	61.89	1 741 770		-	-	
	29 Aug 2019	29 Aug 2022	29 Aug 2022	142 918	51.78									142 918	142 918	
	17 Sep 2020	17 Sep 2023	17 Sep 2023	222 976	35.18									222 976	222 976	12 129 894
	26 Aug 2021	26 Aug 2024	23 Aug 2024			131 197	59.79							131 197	131 197	7 137 117
TOTAL				497 574		140 228		112 568		28 143		1 741 770		497 091	497 091	19 267 011
TOTAL				**1 540 969**		**140 228**		**112 568**		**121 135**		**7 336 169**		**1 447 494**	**1 447 494**	**63 380 747**

* Vesting Aug 2021 25%, Aug 2022 25% and Aug 2023 50%.

NOTES
1. Realisation value based on taxable benefit at date of sale or transfer.
2. Fair value calculated based on 30-day VWAP at 26 June 2022 of R54.40 (2021: R54.28), 100% vesting probability for unvested PSP awards and 100% vesting for RSP awards.

NON-EXECUTIVE DIRECTORS' FEES AND EMOLUMENTS (AUDITED)

Emoluments paid to non-executive directors of Woolworths Holdings Limited in connection with the affairs of the Company and its subsidiaries during the year ended 26 June 2022 and comparatives for 27 June 2021 are set out below.

2022

	Notes	Directors' fees (1) R'000	Audit Committee member R'000	Nominations Committee member R'000	Remuneration and Talent Mgmt Committee member R'000	Risk and Compliance Committee member R'000	Social and Ethics Committee member R'000	Sustainability Committee member R'000	Treasury Committee member R'000	Benefits (2) R'000	Total non-executive directors' remuneration R'000
Hubert Brody		2 298	-	191	131	131	119	119	133	29	3 151
Zarina Bassa	(3)	605	151	89	145	177	-	-	99	44	1 310
Christopher Colfer		1 494	203	119	131	131	-	-	-	-	2 078
Belinda Earl		1 582	-	-	-	131	-	203	-	-	1 916
David Kneale	(4)	430	-	119	204	172	-	-	-	27	952
Phumzile Langeni	(5)	110	52	-	-	33	-	-	-	-	195
Nombulelo Moholi		430	-	119	131	131	119	119	-	56	1 105
Thembisa Skweyiya		430	203	-	-	131	203	119	133	25	1 244
Clive Thomson		430	370	-	-	131	119	-	251	41	1 342
		7 809	**979**	**637**	**742**	**1 168**	**560**	**560**	**616**	**222**	**13 293**

2021

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

NOTES
1. Directors' fees are exclusive of VAT.
2. Benefits are discounts received on purchases made in WHL Group stores.
3. Zarina Bassa retired from the Board effective 31 March 2022. She relinquished her position as Chairman of the Remuneration and Talent Management Committee effective 25 November 2021. Accordingly, her director's fees are prorated.
4. David Kneale assumed the role as Chairman of the Remuneration and Talent Management Committee effective 25 November 2021 and the Chairman of the Risk and Compliance Committee effective 1 April 2022.
5. Phumzile Langeni joined the Board effective 1 April 2022 and was appointed as a member of the Risk and Compliance and Audit Committees on that date.

GLOSSARY

ABBREVIATIONS USED IN THIS INTEGRATED ANNUAL REPORT

A

aPBT: Adjusted Profit Before Tax

aEBIT: Adjusted Earnings Before Interest and Tax

AGM: Annual General Meeting; Annual shareholder meeting held in terms of the Companies Act

B

BBBEE: Broad-Based Black Economic Empowerment; Legislation which aims to increase the participation of the majority of South Africans in the economy. Aims to redress the inequalities experienced under apartheid

BPS: Basis Points

C

CEO: Chief Executive Officer

COO: Chief Operating Officer

CPI: Consumer Price Index

CPS: Cents Per Share

CRG: Country Road Group; Wholly owned trading subsidiary of WHL based mainly in Australia. Owns the Country Road, Trenery, Mimco, Witchery and Politix brands

CSI/SD: Corporate Social Investment; Component of the BBBEE scorecard which encourages support of charitable and non-profit organisations

CTS: Cost to Sell; Expenses expressed as a percentage of turnover; also referred to as 'cost to operate'

D

DC: Distribution Centre; The Food and Fashion, Beauty and Home distribution centres

DJ: David Jones Proprietary Limited; Wholly owned, trading subsidiary of WHL based mainly in Australia

dtic: Department of Trade, Industry and Competition

E

EBIT: Earnings Before Interest and Tax

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation

EPS: Earnings Per Share; Profit earned for the period divided by the weighted average number of shares in issue

F

FBH: Fashion, Beauty and Home; An operating segment in Woolworths South Africa which aggregates clothing, footwear, accessories, homeware, beauty and cell phone product buying groups

FD: Group Finance Director

FTE: Full-time Equivalent; Number of hours worked by store staff equated back to a person working a 40-hour week

FY: Financial Year

G

GBJ: Good Business Journey; Woolworths Holdings Limited's programme to assist it in achieving its vision of becoming one of the world's most responsible retailers by managing the environmental, social and transformational activities of the Group

GP: Guaranteed Pay; Annual salary and benefits paid to employees

GRC: Governance, Risk and Compliance; Business unit which provides governance, risk, legal and compliance solutions to the business and the Board

H

HEPS: Headline Earnings Per Share; Key measurement of normalised profit per share in South Africa

HDSA: Historically Disadvantaged South Africans

I

IBP: Integrated Business Plan; Three-year financial and strategic plan

IPM: Integrated Performance Management; Performance appraisal mechanism to measure employees' achievement against performance goals and behaviours

J

JSE: Johannesburg Stock Exchange; Stock exchange in South Africa on which the Company is listed

K

KPI: Key Performance Indicator; Measurable value of performance against target which demonstrates how effectively the Group is achieving its key business objectives

L

LFL: Like-for-like; Used to compare sales in comparable stores i.e., those stores that are not new and have not had any extension or modernisation to them. Calculated on a 24-month period

LID: Lead Independent Director

LTI: Long-Term Incentive; Variable remuneration subject to the achievement of performance conditions. Generally a three-year period

LTIP: Long-Term Incentive Plan; Share scheme instrument allocated to employees in terms of long-term incentive scheme

LTO: Labour Turnover; Percentage of employees leaving the business over a defined period

M

MTP: Medium-Term Plan; Three-year financial strategic plan

O

OPEX: Operating expenses

R

ROCE: Return on Capital Employed

ROE: Return on Equity

ROS: Return on Sales; Profit after tax expressed as a percentage of Turnover

RSP: Restricted Share Plan; Share scheme instrument allocated to employees in terms of retention scheme

S

SARS: Share Appreciation Right Scheme; Share scheme instrument allocated to employees in terms of long-term incentive scheme

SEC: Social and Ethics Committee; A statutory committee in terms of the South African Companies Act which ensures that a company conducts business in a sound and ethical manner

SRI: Socially Responsibility Index; An index created by the JSE to measure the social responsibility criteria of companies listed on the JSE. The South African equivalent of the Dow Jones Index

STI: Short-Term Incentive; Variable remuneration subject to the achievement of performance conditions. Generally a one-year period

T

TCoE: Total Cost of Employment; Total salary and benefits of employees

V

VP: Variable Pay; Remuneration that varies according to the achievement or not of performance conditions

W

WACC: Weighted Average Cost of Capital

WFS: Woolworths Financial Services (Pty) Limited; A joint venture between Woolworths and Absa Group Limited that supports the Woolworths retail business by providing financial services to Woolworths customers through in-store cards, credit cards and personal loans

WHL: Woolworths Holdings Limited; Southern hemisphere retail Group that has been listed on the Johannesburg Stock Exchange Limited (JSE) since 1997. The Group trades through three operating subsidiaries, including Woolworths Proprietary Limited (Woolworths or WSA), David Jones Proprietary Limited (David Jones or DJ), and Country Road Group Proprietary Limited (Country Road Group or CRG). Woolworths Financial Services Proprietary Limited (WFS) is a joint venture with Absa Group Limited, which holds the controlling interest

WHST: Woolworths Holdings Share Trust; The Trust through which the shares allocated for the long-term incentive schemes are managed

WSA: Woolworths/Woolworths SA; A wholly owned trading subsidiary of WHL, mainly based in South Africa

Y

YES: Youth Employment Service; A CEO-led government initiative launched by President Cyril Ramaphosa aimed at providing one million youth with work experience and helping them gain valuable skills

12mma: 12-month moving average; Used to refer to average market share over a rolling 12-month period

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