

WOOLWORTHS HOLDINGS LIMITED

# TERMS OF REFERENCE

*of the Social and Ethics Committee*

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# TERMS OF REFERENCE OF THE SOCIAL AND ETHICS COMMITTEE

## 1. CONSTITUTION

- 1.1 Social and ethics committees are founded in accordance with the Companies Act No 71 of 2008, as amended ("Act"), and best practice governance principles as recommended in the King IV™ Code. Collectively these prescripts establish companies as corporate citizens with rights, obligations and responsibilities towards society and the natural environment on which society depends. The statutory mandate of a social and ethics committee in terms of the Act, encompasses a monitoring responsibility and a reporting responsibility and the King IV™ Code recommends that companies govern their ethics (organisational ethics) and social performance (responsible corporate citizenship).
- 1.2 The WHL Social and Ethics Committee ("SEC" or "Committee") has been established to give effect to the requirements of the Act and King IV™ recommendations to the extent set out in these Terms of Reference. In addition, the Committee oversees the Group's compliance and legal responsibilities.
- 1.3 The Committee is constituted as a standing committee of the WHL Board to perform the statutory duties in terms of section 72(4) of the Act, read with Regulation 43 of the Companies Regulations and as a Committee of the Board to perform all other duties assigned to it by the Board as set out in these Terms of Reference.
- 1.4 The Committee shall report to stakeholders in terms of its statutory responsibilities and to the Board on all other duties assigned to it by the Board.
- 1.5 The deliberations of the Committee do not reduce the individual or collective responsibilities of the Board members with regard to their fiduciary duties and responsibilities, and they must exercise due care, skill and diligence.
- 1.6 These Terms of Reference are subject to the Act, as amended, the Company's Memorandum of Incorporation, the JSE Listings Requirements and any other laws or regulations (which take precedence over the Terms of Reference in the event of a conflict). In addition, the principles recommended in the King IV™ IV Code are incorporated as relevant to the Company.

## 2. COMPOSITION

- 2.1 The Chairman, who must be an independent non-executive director, and members of the Committee shall be nominated by the Nominations Committee and appointed by the Board. The Committee shall comprise of at least three members, the majority of whom shall be independent non-executive directors.
- 2.2 The Nominations Committee reviews the Committee's composition and membership annually.
- 2.3 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.
- 2.4 Invitations to attend the Committee meetings shall be extended to:
  - the Group People Director;
  - the Head of Corporate Affairs Woolworths South Africa;
  - the Chairman of the Woolworths Trust;
  - the Director: Governance, Risk and Compliance and Group Company Secretary; and
  - any other senior executives and professional advisors as deemed appropriate.
- 2.5 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not vote on resolutions or form part of the quorum for Committee meetings.
- 2.6 A quorum of the Committee shall be a majority of members.
- 2.7 In the absence of the Chairman, the members present may nominate and elect one of their members to chair the meeting, provided the member is an independent non-executive director.
- 2.8 The Group Company Secretary shall be the secretary to the Committee.

## 3. ROLE OF THE COMMITTEE

The role of the Committee is to:

- 3.1 assist the Board in setting the tone for an ethical organisational culture by overseeing the Group's conduct and approach and ensuring that the manner in which the business is conducted supports the Group's intent to be a responsible corporate citizen. In addition, the Committee carries out the statutory duties in terms of the Act; and
- 3.2 oversee that the Group has an effective compliance programme covering compliance risk management, health and safety and high-risk regulatory compliance areas.

## 4. MANDATE IN RESPECT OF SUBSIDIARIES

The Committee is appointed to act on behalf of WHL and its subsidiaries. This authority applies to all the WHL subsidiaries insofar as it relates to governance best practices and Group-wide ethical standards. The Committee shall act as a statutory committee of the South African subsidiaries with a Public Interest score above 500 calculated in terms of the Act. It will act on all matters that are significant for the Group including as Committee of the Australian and African entities to the extent the laws of the countries are in line with international laws and governance as contemplated in the United Nations Global Compact ("UNGC") as well as OECD rules on corruption.

The Committee will incorporate feedback from Woolworths South Africa ("WSA") and Country Road Group into the agendas of the Committee's meetings.

## 5. RESPONSIBILITIES

The Committee shall operate within the Board's delegation of authority.

In discharging its responsibilities to the Board and shareholders, the Committee will:

- 5.1 oversee and report on organisational ethics, the Group's responsible corporate citizenship; sustainable development (excluding those matters within the remit of the Group's Sustainability committee) and stakeholder relationships including the approval of a stakeholder engagement strategy;
- 5.2 assist the Board in discharging its responsibility regarding the approval, implementation, and monitoring of policies and practices that facilitate the Group's responsible corporate citizen credentials, ensuring that the Group operates in a sound and ethical manner;

### Responsible Corporate Citizen responsibilities:

- 5.3 review and ensure the Group's adoption of the UNGC principles in the area of human rights, labour, environment and anti-corruption;
- 5.4 review the Group's policy on anti-corruption in accordance with the OECD requirements;
- 5.5 review the Group's policy on the promotion of equality and prevention of unfair discrimination in the Group;
- 5.6 review the Group Whistleblower Policy and the processes by which concerns about possible wrongdoing may be raised confidentially, ensuring that the processes allow balanced and fair investigation and appropriate follow up action;
- 5.7 review feedback on the Group's corporate social responsibilities;
- 5.8 monitor the risks relating to social and ethics matters;
- 5.9 monitor the Group's consumer relationships ensuring that its advertising, sponsorship and public relations practices are aligned with relevant legislation and Group policy;
- 5.10 report back to shareholders on an annual basis;

### Duties in respect of inclusiveness, including transformation

- 5.11 review and recommend to the Board the targets for B-BBEE contributor level rating for WSA, including the scorecard component targets;
- 5.12 review and approve the appointment of a verification agency and annually review the report and certificate issued by the verification agency;
- 5.13 review the overall budget and internal capacity to facilitate the transformation strategy;
- 5.14 recommend to the Board B-BBEE external communications in relation to the transformation strategy;
- 5.15 monitor the Group's compliance with all country-specific legislation;
- 5.16 monitor the Group's compliance with the Employment Equity Act, Skills Development Act and the B-BBEE Act in the South African context;
- 5.17 review the Employment Equity plans and reports submitted to the South African Department of Labour;
- 5.18 review progress against the B-BBEE and Inclusive Justice Initiative scorecards;
- 5.19 review the B-BBEE compliance report for publication on the Group's website;
- 5.20 monitor progress in relation to the promotion of gender diversity and the elimination of gender-based income differentials across the Group;

### Duties in respect of employee value creation

- 5.21 monitor employees' freedom of association and effective recognition of the right to collective bargaining;
- 5.22 monitor the Group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions across the Group;
- 5.23 monitor adherence to the Group's ethical standards by employees and other relevant stakeholders through, among others, periodic independent assessments;
- 5.24 review the impact assessment of the training programmes, the ROI on learning and development across the Group; and
- 5.25 review an analysis of the income differentials and the progress to close any gaps in respect of the South African subsidiaries.

### Compliance management responsibilities

In addition to the other compliance responsibilities referred to, the Committee will:

- 5.26 review the adequacy of the compliance monitoring plan and policy, including the adequacy and effectiveness of process and controls that are in place to ensure regulatory compliance;
- 5.27 receive compliance monitoring reports from the Director: Governance, Risk and Compliance and Group Company Secretary on the level of regulatory compliance, including any compliance breaches;
- 5.28 review health and public safety reports to monitor adequacy of the Group's initiatives;
- 5.29 assess if the Compliance function is sufficiently resourced in order to provide adequate assurance; and
- 5.30 review internal audit's assurance on the effectiveness of compliance management.

## TERMS OF REFERENCE OF THE SOCIAL AND ETHICS COMMITTEE (CONTINUED)

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### 6. DELEGATED DUTIES

- 6.1 The Committee has delegated certain of its functions relating to sustainable development in the context of natural capital to the Sustainability Committee; remuneration aspects to the Remuneration Committee; and contributions to the development of communities and record of donations and charitable giving has been delegated to the Woolworths Trust.
- 6.2 Feedback on the above matters is provided to the Committee by the relevant Committee chairmen and the chair of the Woolworths Trust, as appropriate.
- 6.3 One or more members of the Committee should be members of the aforementioned committees to facilitate effective functioning of the SEC.

### 7. MEETINGS OF THE COMMITTEE

- 7.1 Committee meetings shall be held three times a year, unless agreed otherwise with the Committee Chairman. The Committee Chairman shall report on key matters addressed by the Committee at each Board meeting.
- 7.2 Additional meetings may be held at the request of the Chairman, or any member of the Committee or Board as required.
- 7.3 All directors of the Board are entitled to attend the Committee meetings.
- 7.4 Minutes of Committee meetings shall be distributed timeously.
- 7.5 Committee papers shall, other than under exceptional circumstances, be forwarded to each member of the Committee no fewer than seven days prior to the date of the meeting.
- 7.6 Members of the Committee shall declare any conflict of interest in respect of matters on the agenda and such declarations will be managed as deemed necessary.
- 7.7 The Chairman of the Committee shall attend the Annual General Meeting of the Company and be prepared to respond to any shareholder questions on the Committee's activities.

### 8. AUTHORITY OF THE COMMITTEE

- 8.1 The Committee shall have authority to:
  - 8.1.1 access any information it needs to fulfil its responsibilities;
  - 8.1.2 seek independent advice at the Company's expense; and
  - 8.1.3 investigate matters within its mandate.
- 8.2 The Committee shall have the ability to consult with and receive the full cooperation of any employee where necessary to fulfil its responsibilities.

### 9. REMUNERATION OF MEMBERS

Non-executive members of the Committee shall be paid such remuneration in respect of their appointment as recommended by the Board and approved by shareholders. The Committee Chairman shall, in addition to remuneration as a member, receive further remuneration as recommended by the Board and approved by shareholders.

### 10. REVIEW OF TERMS OF REFERENCE

The Committee shall review the Terms of Reference annually, to ensure that they remain consistent with its statutory duties and the Board's objectives and responsibilities. The Terms of Reference may be amended as required, subject to the approval of the Board.

### 11. EVALUATION OF THE COMMITTEE'S PERFORMANCE

The Committee shall ensure that a formal process, as recommended by the Nominations Committee and approved by the Board, is followed for evaluating the performance of the Committee, at least every second year.

**Approved by WHL Board  
August 2023**

