WOOLWORTHS HOLDINGS LIMITED INTEGRATED ANNUAL REPORT 2023

Our Reporting Universe comprises the following reports, which are available on our website at <u>www.woolworthsholdings.co.za</u>

OUR REPORTING U	NIVERSE	WHAT YOU CAN FIND IN THESE REPORTS	KEY REGULATORY AND REPORTING FRAME	WORKS
INTEGRATED • 2023 Integrated Report REPORT		Our Integrated Report communicates how our strategy, governance, and performance created value for our stakeholders in the current year, and will continue to do so over the short, medium and long term. This Report focuses primarily on the requirements of current and prospective investors, including debt providers; however, when read with the following reports, the interests of all stakeholders are addressed.	 International Integrated Reporting Framework Companies Act of South Africa (71 of 2008), as amended (Companies Act) JSE Listings and Debt Listings Requirements King IV™ Report on Corporate Governance (King IV™ Report) United Nations (UN) Sustainable Development Goals (SDGs) 	INTEGRATED (IR) JSE KING IV SDG
 FINANCIAL REPORTS 2023 Group Annual Financial Statement 2023 Analyst Presentation booklet and webcast 		Our financial reporting provides information relating to the Group's financial position and performance. These reports are of interest primarily to our equity and debt investors, credit rating agencies, regulators, and various other stakeholders. The information disclosed can be used to assess the Group's financial performance and strength, and includes risk and regulatory disclosures. The Analyst Presentation and accompanying webcast provide a summary of the financial results, as well as a strategic update and outlook and targets for the medium term.	 International Financial Reporting Standards (IFRS) Companies Act JSE Listings and Debt Listings Requirements 	SIFRS JS≣
SUSTAINABILITY • 2023 Good Business REPORT Journey (GBJ) Report		The GBJ is central to the Group's strategy and supports our vision to be one of the world's most responsible retailers. The GBJ Report addresses the complex and interconnected sustainability challenges and opportunities we face now and into the future. This includes how we create positive economic, societal, and environmental impacts, including those aligned with the UN SDGs. It is primarily of interest to existing and prospective investors, existing and prospective employees, NGOs, ESG rating agencies, and customers who associate with values-aligned companies.	 The Global Reporting Initiatives (GRI) Standards JSE Sustainability and Climate Disclosure Guidance Task Force on Climate-related Financial Disclosures (TCFD) UN SDGs King IV™ Report 	JSE TCFD SDG
GOVERNANCE REPORT INCORPORATING THE SOCIAL AND ETHICS AND REMUNERATION REPORTS • Part of the 2023 Integrated Report, with extracts published separately online		Our Governance Report details our Group's governance structures, processes, and policies, as well as our Group's approach to ethics, integrity, transparency, accountability, and remuneration. The disclosures aim to demonstrate how our good governance enhances value creation. The reports are of interest to a broad range of stakeholders, including investors, ESG rating agencies, employees, regulators, suppliers, and members of society.	 King IV[™] Report The GRI Standards Companies Act JSE Listings and Debt Listings Requirements Other applicable laws, regulations, and best practice principles 	GRI JSE
NOTICE OF AGM AND SUMMARISED GROUP RESULTS • Notice of AGM • Summarised Group results • Shareholding disclosures • Shareholder calendar • Proxy form		The Notice of AGM and supporting information is intended for shareholders who want to participate in the Group's AGM. In addition, the Notice of AGM provides the summarised Group results for the 2023 financial year.	 JSE Listings and Debt Listings Requirements Companies Act King IV™ Report 	SING IV®

OUR INTEGRATED REPORTING PROCESS

Our Integrated Annual Report suite is drafted by senior members from Group Strategy and Investor Relations, Governance, Risk and Compliance, Human Resources, Good Business Journey, and Finance teams who are engaged and well-versed in the various reporting requirements.

Our reports are informed by detailed management and Board reports, interviews with management, and stakeholder engagements.

HOW WE APPROACH OUR REPORT WITH INTEGRATED THINKING

Integrated thinking enables us to create and preserve value as we fulfil our purpose of adding quality to life. We apply materiality to determine the scope and content of our report to include issues which the Board and management consider to be material to our Group, and which could impact our future ability to create and sustain value. It ensures that the reports we publish provide stakeholders with useful information to make informed decisions.

We identify material matters through engaging with various stakeholders, as outlined on pages 41 to 46, obtaining input from our businesses, assessing our risks and opportunities in our operating environment, and engaging with the WHL Exco and the WHL Board. The material matters, as described on pages 53 to 54, inform our strategies, as outlined on pages 62 to 72, as well as our short-, medium-, and long-term targets to which we hold ourselves accountable in delivering our strategies.

SCOPE OF THE REPORT

The report provides a consolidated view of the Group's performance for the 52 weeks ended 25 June 2023. The scope of this report incorporates the financial reporting boundary of the Group – the financial performance relating to the Group, our wholly owned subsidiaries, associates, Woolworths Financial Services (WFS), which is accounted for as an equity-account joint venture, and our operations throughout South Africa, the rest of Africa, Australia, and New Zealand.

COMPARABILITY

The Group manages its retail operations on a 52-week basis. The 2024 financial year will have a 53rd week. This happens approximately every six years in order to align the trading and reporting calendars. Therefore, our statutory financial results for the 2024 financial year will be prepared on a 53-week basis.

BOUNDARY OF THE REPORT

The boundary of the report extends beyond our Group to include the material issues, risks, opportunities, and outcomes arising from the external environment, the retail landscape, other organisations, and stakeholders, including but not limited to, employees, customers, suppliers, business partners, and communities, which can significantly impact our ability to create value over the short, medium and long term.

Except for the sale of the David Jones business, the scope and boundary of this report are largely similar to those of last year. The entire shareholding of David Jones was disposed of in the current year, and the segment has been reported as a discontinued operation in the financial results.

REPORTING FRAMEWORK

We are committed to integrated reporting and have adopted the International Integrated Reporting Council's International <IR> Framework ('The Framework'). In addition, the report is aligned to the requirements of the King IVTM Report. In compiling the report, we have further considered information included in previous reports, internal management and Board reports, and legislative reporting requirements, including the Companies Act and JSE Listings Requirements and Debt Listings Requirements. Other reporting frameworks applied include The Global Reporting Initiatives Standards and the International Financial Reporting Standards, where they are relevant to sustainability and financial reporting, respectively.

FORWARD LOOKING STATEMENTS

Certain statements in this report may constitute forward-looking statements, which, by their nature, involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Group's control. The directors, therefore, advise readers to use caution in interpreting these types of statements in the report.

APPROVAL OF REPORTS

The Board acknowledges its responsibility for ensuring the integrity of the Integrated Annual Report. The content of this report is consistent with the indicators used for our internal management and Board reports. The Board has considered the operating context, stakeholder engagement, material issues, strategy, and our value creation model, and is confident that it provides an accurate, fair, and balanced view of the Group and its prospects over the short, medium, and long term.

The 2023 WHL Integrated Annual Report was approved by the Board on Wednesday, 27 September 2023.

H. Brody

Chairman; Independent

Non-executive Director

L. Bam
Independent

Independent Non-executive Director

D Kneale

Independent Non-executive Director

R. Bagattini

Executive Director; Group CEO



Independent Non-executive Director



S. NgumeniExecutive Director;
Group Chief Operating Officer

MSIST

N. Moholi

Lead Independent Director; Independent Non-executive Director

M alla

R. Collins

Independent Non-executive Director B. Earl

Independent Non-executive Director

T. Skweyiya

Independent Non-executive Director

C. Thomson Independent

Non-executive Director

REPORT ASSURANCES

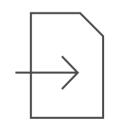
- Integrated Annual Report: Financial content aligned to AFS; reviewed by directors and management but not externally assured
- Financial information: Extracted financial content and audited AFS with an unmodified opinion expressed
- Non-financial performance metrics: Accredited service providers and agencies have verified certain metrics, including carbon footprint and BBBEE rating; management has put in place internal controls and risk and compliance programmes for other metrics as appropriate and where relevant

NAVIGATING OUR REPORT

NAVIGATING OUR REPORT

In commitment to our Good Business Journey, this report is only available digitally. It is interactive and can be navigated using the tools depicted below:





Useful links for more detail



More information on the web

CLICK TO DOWNLOAD OR UPDATE

OUR CAPITALS OF VALUE CREATION

The Framework has identified six forms of capital that impact either the creation or diminution of value in a business: financial, manufactured, intellectual, human, social and relationship, and natural capitals. In alignment with the Framework, our report discusses how we use or impact these capitals in our business activities to create value for our stakeholders, their interdependencies, and the considered trade-offs we make between them, with specific detail on pages 33 to 37. We have defined the capitals and how they relate to our business as detailed below:

FINANCIAL CAPITAL

Funding received from providers of capital and debt and the financial resources available to the Group

MANUFACTURED CAPITAL The infrastructure, including physical stores, distribution centres, and digital platforms

throughout southern Africa, Australia, and New Zealand, that enables us to provide differentiated in-store and digital customer journeys

INTELLECTUAL CAPITAL

The skills, knowledge, and the enabling systems, processes, intellectual property, and brands that provide us with a competitive advantage

HUMAN CAPITAL

Our employees' skills, capabilities, experience, training, and development which allow us to successfully execute our strategy and meet our customers' wants and needs

SOCIAL AND RELATIONSHIP CAPITAL

The relationships we have with our stakeholders, including our customers, suppliers, business partners, communities, and other stakeholders

NATURAL CAPITAL

Natural resources actively and responsibly managed in our direct operations and our influence on the responsible use of these resources in the supply chain

OUR STAKEHOLDERS

We have numerous stakeholder groupings which either directly or indirectly impact throughout our Group and our related business activities. We believe that strong, sustainable stakeholder relationships form the foundation of our ability to create shared value in the short, medium, and long term, and that these relationships are key to a more sustainable and successful business and future. We discuss our stakeholders' needs, wants, and expectations and how we incorporate these into our value-creation process throughout this report, with a summary on pages 40 to 46. Our stakeholders are denoted with the icons below:



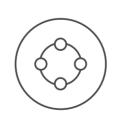
Customers



Suppliers



Shareholders



Communities and other



Academic institutions



Employees



Media



Debt funders



Industry organisations



Government and regulators

OUR STRATEGY

We have identified eight strategic Group themes which respond to feedback from stakeholder engagement, the material issues identified, and the associated risks and opportunities.

We remain confident that our strategies will deliver future-fit businesses that will return long-term profit growth and create sustainable value for all our stakeholders, and are relentlessly focused on their successful execution. Our strategies are discussed in more detail on pages 60 to 72 and referenced within our report with the following icons:



Leading and iconic Food business



Fashion turnaround and growth in Beauty and Home



Unlock and create value in our Australian businesses



Data-driven decision making



Elevated omnichannel experience



and operational excellence





WHL





Our vision is to be one of the world's most responsible retailers.

Woolworths Holdings Limited (WHL) is one of the top companies listed on the JSE Stock Exchange.

WHL is uniquely diversified in both geography and category.
Our businesses provide trusted, high-quality, and predominantly private-label brands that leverage our significant intellectual property and innovation capabilities, which have been built over decades.

WHL

WOOLWORTHS SA

WOOLWORTHS FASHION, BEAUTY AND HOME

WOOLWORTHSFOOD

WOOLWORTHS FINANCIAL SERVICES

COUNTRY ROAD GROUP WITCHERY TRENERY

COUNTRY ROAD POLITIX

WİWCO

R73.2BN

Turnover and concession sales

R5.5BN

Adjusted profit before tax



Our Good Business Journey is embedded in everything we do and is a key differentiator for our Group.

ADJUSTED EBIT BY CATEGORY

43.5% 55.0%

Food

Apparel, Beauty and Homeware 1.5%

Financial Services

ADJUSTED EBIT BY GEOGRAPHY

1354

Store locations in 13 countries

38 732 73.6%

Africa

26.4%

Australia



OUR PURPOSE, VISION, AND VALUES

OUR PURPOSE

ADDING QUALITY TO LIFE

Exceptional quality in every product we sell and every experience we deliver, to our customers and our people

OUR VISION

TO BE ONE OF THE WORLD'S MOST RESPONSIBLE RETAILERS

Reflects our passionate commitment to doing good business, for our customers, our people, and our planet

OUR VALUES

Our values inform and underpin the way we do business across our Group. From values-based leadership to passionate brand advocacy, we seek to embed our values across all dimensions of our business.

CUSTOMER OBSESSED

means that in our world, the customer always comes first

INSPIRATIONAL

says we are always looking ahead and taking the lead

BEING RESPONSIBLE

is about doing the right thing – always value with values

COLLABORATIVE

means we are one team working together

QUALITY

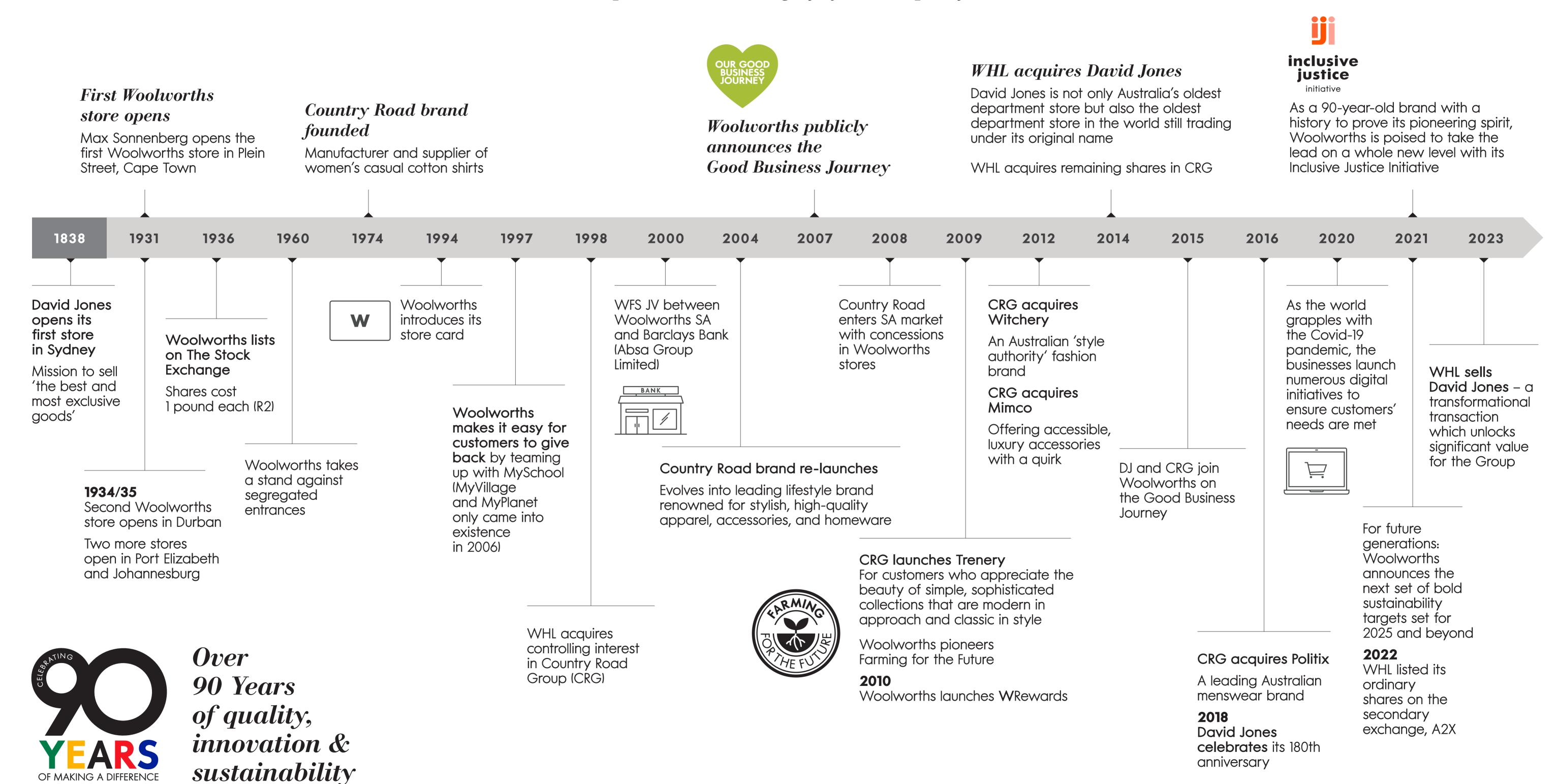
is the heart of our business. We are committed to quality in whatever we do, wherever we do it



OF MAKING A DIFFERENCE

OUR HISTORY

Our Group is built on a rich legacy of trusted, quality brands.



OUR GOOD BUSINESS JOURNEY

We have a vision to be one of the world's most responsible retailers; this requires us to make a profound and positive impact on the lives of our employees, the communities in which we operate, and the broader environment.



2007

GBJ programme officially launches

2008

Beauty Without Cruelty approves the entire Woolworths private label range of cosmetics and toiletries. In 2019, the WBeauty range becomes vegan



2009

Woolworths Farming for the Future and Fishing for the Future programmes launch

2010

Woolworths becomes the first South African company to become a member of the Roundtable on Sustainable Palm Oil



2011

WHL Group is named as one of the 16 Sustainability Champions in the Developing World by the World Economic Forum



2012

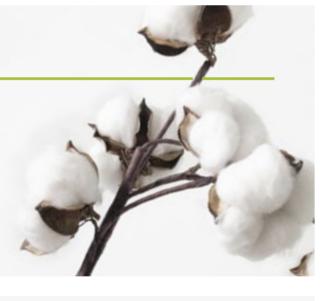
Partnership between Woolworths and the World Wide Fund for Nature South Africa (WWF-SA) launchs, the first initiative of its kind for African retail

2013

Woolworths joins SEDEX, a unique, innovative, notfor-profit web-based platform that helps companies to manage ethical supply chain risk. Country Road Group and David Jones subsequently join too

2014

Woolworths joins the Better Cotton Initiative, followed by Country Road Group in 2016



2015

WHL Group joins Canopy and the Leather Working Group, and Woolworths joins the Round Table on Responsible Soy

2016

GBJ strategy is rolled out to Country Road Group and David Jones, and for the first time, group-wide goals to 2020 are announced

2017

WHL Group becomes the first retailer to sign up to the EP100 initiative to double energy productivity by 2020, a target which we significantly outperformed

2018

WHL Group launches new packaging commitments to phase out single-use plastic shopping bags, and to ensure that all our packaging is reusable or recyclable



2019

WHL Group becomes the first African retailer to have an approved science-based target, and the first African company to sign up to the Ellen MacArthur Foundation's New Plastics Economy Global Commitment

2020

R3.5BN

WHL Group exceeds its five-year goal to contribute to our communities across Africa, Australia, and New Zealand



2023

WHL becomes a foundation member of the Ethical Trading Initiative, an alliance of companies, trade unions, and NGOs working together to collectively promote respect for workers' rights in supply chains

2021

Launches refreshed Group GBJ strategy, Vision 2025⁺, with group-wide goals to 2025 and beyond



CHOBAL COMPACT

2022

WHL becomes the first South African retailer to sign up to the UN Women's Empowerment Principles

OUR GROUP

Our Group consists of two omnichannel trading divisions, targeting mid- to upper-income customers who value quality, innovation, value, and sustainability.

Woolworths South Africa comprises Fashion, Beauty, and Home (FBH) and Food businesses, and Country Road Group is an Australian house of brands, including the Country Road, Witchery, Trenery, Mimco, and Politix brands.

Each company provides customers compelling loyalty benefits and valuable communications through dedicated loyalty programmes which are key to building customer engagement and loyalty and driving personalisation, customer acquisition, frequency, and spend.

Financial services are offered for WSA customers through Woolworths Financial Services (WFS), a joint venture with Absa Group Limited.

WOOLWORTHS

Fashion, Beauty and Home

OFFERING:

Predominantly trusted, quality wardrobe essentials, edited and relevant fashion, beauty, and homeware, and highly selected third-party brands complementing customers' shopping experience

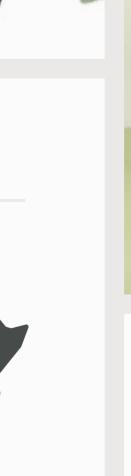


BASED IN:

South Africa and trading in South Africa and a further 10 countries in Southern Africa

432 000m²

trading space across 268 store locations





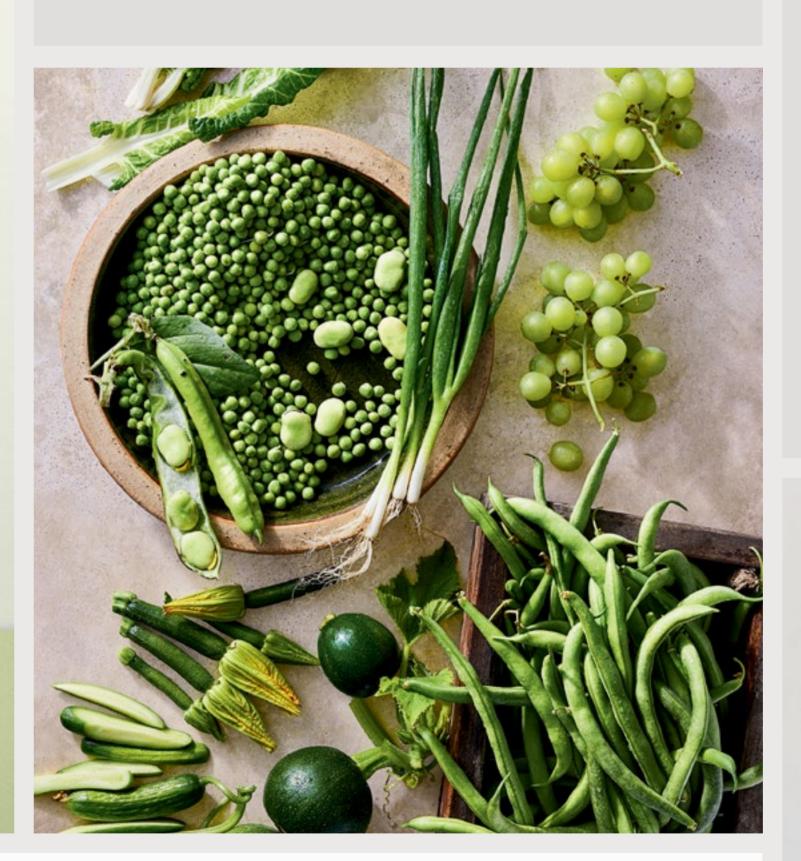
28.6%
Group aEBIT

4.3%
Online sales
contribution,
with sales fulfilled from
dedicated distribution
facility, available for
home delivery and
Click-and-Collect

Food

OFFERING:

Largely private-label range of quality, innovative, and sustainable food products, and customers' most wanted brands, allowing them to complete their shop with us



3.2M
Active loyalty members, tracking 88% of revenue

32 675 Employees 86.2%
Targets achieved on sustainability scorecard

60.0%

Group turnover and concession sales

43.5% Group aEBIT

BASED IN:

South Africa and trading in South Africa and a further 6 countries in Southern Africa

278 000m² trading space across 479 store locations





COUNTRY ROAD GROUP

OFFERING:

Private-label, stylish, high-quality apparel, accessories, footwear, and homeware

BASED IN:

Australia and trading in Australia, New Zealand, and South Africa

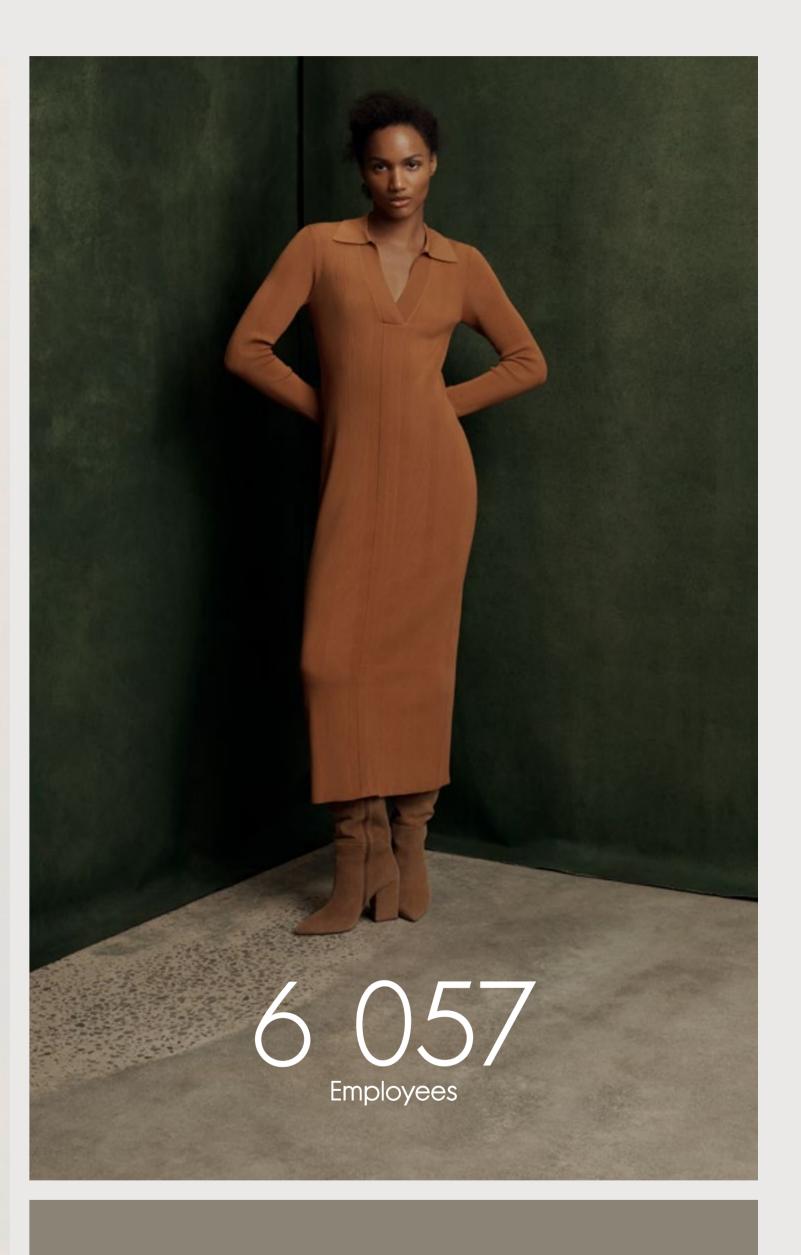
98 000 m² trading space across 607 store locations

19.8%
Group turnover and concession sales









80.0%
Targets achieved on sustainability scorecard

WHL

GOVERNANCE COVERNANCE

CLICK ON BOX TO GO TO THAT SECTION

OUR CHAIRMAN'S REPORT



The performance of the Group throughout this year has been exceptional. Our talented and committed teams have traded the business hard and well in all our markets. In addition, our executive leadership was able to navigate the highly complex divestment of David Jones (DJ).

Last year, the business started to gain momentum and showed improved overall performance coming out of the COVID-19 pandemic. However, Australian inflation began recording highs not experienced in nearly three decades, resulting in high interest rates and weakening demand. The team was able to successfully navigate these challenges and concluded a timeous, suitable and accretive disposal of DJ, while at the same time robustly trading the rest of our businesses throughout 2023, driving very good structural progress across all businesses being Food, Fashion, Beauty, and Home (FBH) and Country Road Group (CRG). Overall, we have had an outstanding year, delivering on all key goals.

LOOKING AHEAD

Some of the Board's key priorities relate primarily to shaping the kind of company we should be in the future, and how we fit into a lower growth environment. However, our first priority is to be steeped in judicious capital management, which is being embedded across the Group and will continue to secure WHL's shareholder value.

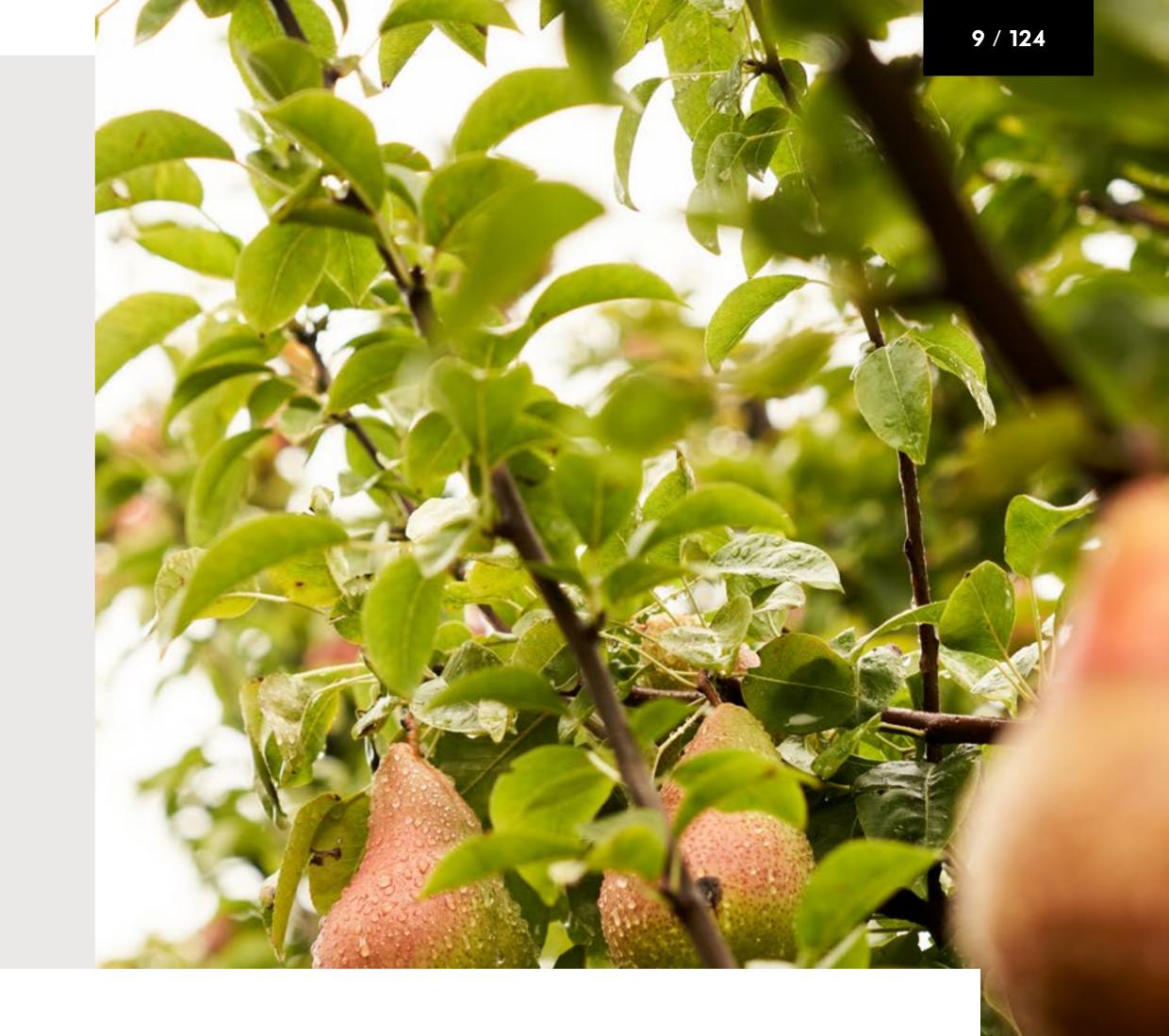
Our best growth opportunities remain those aligned to the core of our business. We are, therefore, focused on playing the fields in which we're the acknowledged industry leader and doing what we do best. For this reason, we will not drift much away from our immediate adjacencies. Woolworths is known for quality, has significant Brand resonance and pricing power across the majority of our segments, and can, therefore, capitalise best in such areas.

Furthermore, we will be keeping the values and principles of our Good Business Journey at the heart of everything we do, as it is the value set that drives us.

CRG is performing well and provides a good balance to the Group's portfolio. Having a thriving business in the Southern African

market and also a meaningful part of our business exposed to the highly developed Australian market, brings with it a positive set of dynamics. The benefits to the Group are twofold. First, it provides us with a more diverse portfolio, and healthy portfolios result in balanced growth. Second, we are able to benchmark our offerings and people to the top-end of high quality, and a more refined fashion offer overall. This is, therefore, also good for our South African fashion business, customers, and staff, as it provides aspirational but accessible offerings in our Southern African stores, with meaningful crosspollination and inspiration between FBH and CRG.

In our stores and across digital, we focus on creating valuable and aspirational touch points which are welcoming in look and feel and innovative. We aspire to always sell relevant, quality products through the seasons, and to offer delightful direct and online interactions throughout the omni experience. We are not perfect and sometimes do disappoint our loyal customers, and, therefore, fast service recovery is an important priority as well.



AGILITY, OUR PEOPLE, AND OUR ROLE IN A LOW-GROWTH ECONOMY

Fitting into a low-growth economy, where there is a great deal of socio-economic transformation, doesn't mean that opportunities don't exist, but we need to be vigilant and agile and, therefore, geared to grasp them. We must be 'in-touch', able to adapt and innovate, and be very conscious of price points. This is well illustrated in the ongoing innovation of our Everyday WList, which represents consistent, competitive everyday pricing on 500 items across the Food spectrum. We've increased the basket of everyday essentials that our customers need, from chicken to long-life milk, to ensure that our customers can find value in items in their everyday shop, in a tough economic climate. Our innovative W Edit store model, furthermore, exemplifies this in-touch adaptability. These highly curated and smaller-format stores enable us to expand our footprint into the convenience space, as well as new markets, allowing us to become more accessible to more customers, and in a more profitable way.

The highly curated and smaller format WEdit stores enable us to expand our footprint into the convenience space, as well as new markets, allowing us to become more accessible to more customers, and in a more profitable way.

INTERNAL DRIVERS FOR SUSTAINABLE GROWTH

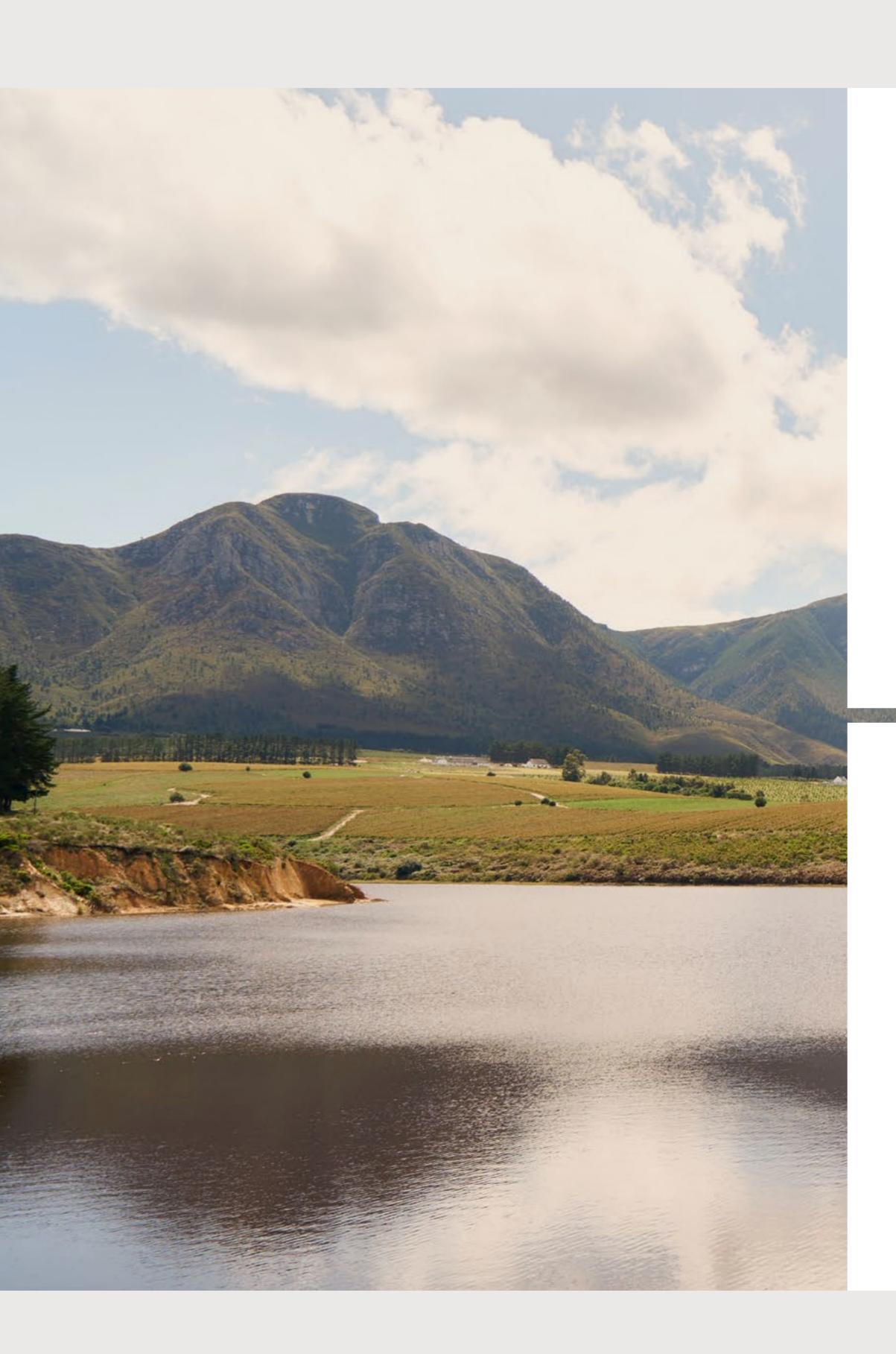
There are essential internal drivers that are key to attaining our ambitious operational and financial goals. Talent development is the most fundamental. We have made significant advancements in this area, and it has been a top priority for Roy and the team, who have developed a new approach to ensure that our people are geared not just for incremental growth, but also for the Group's long-term sustainable and prosperous future. Our leadership teams are identifying key talent in the business and helping them develop into our future leaders. We look for smart people who will make us move fast and forward, and who really understand the context of our business, the social and business environment, as well as internal dynamics. This may mean taking people from one part of the business and moving them around so that they get exposure across the business. To really develop people, we need to create programmes through which our top talent are able to learn in the boardroom, while also learning on the job in our teams.

In my previous chairman's reports, I spoke about agility, which in our business has three essential considerations: quality, speed, and timing to market, or timing of adaptation and change. Designing our organisation for agility is an area Roy and the team have put a lot of thought into, and it is still evolving. Our absolute commitment to quality must live in the same universe, where speed to market is increasingly critical. It is a paradox that requires the organisational culture and its structures to be designed around this interplay. This is an area that we have struggled with in the past, but I am delighted to say that it is getting the emphasis that it deserves.

OUR COMMITMENT TO A THRIVING FUTURE

A company's role in society is very different to what it was twenty years ago, and at Woolworths, being a responsible business has set us apart. The absolute cornerstone of all that we do is our Good Business Journey. Our commitment to sustainability began, in its current guise, fifteen years ago and has its genesis in the Food business and goes back decades, not because of pressure from our shareholders or customers, but because it was the right thing to do. It's part of our vision of being one of the world's most responsible retailers. We aim to ensure that every product we sell is responsibly sourced, from a people and a planet perspective. We entrench sustainability in every aspect of our business, from the way we develop and source our products, to how we run our stores and direct operations, and the way we engage with our customers and communities. We forge the right partnerships with suppliers, farmers, and NGOs to ensure a more sustainable, resilient, and inclusive value chain. And we set ourselves ambitious, long-term targets that are designed to stretch us. In retail sustainability, there is no doubt that we lead from the front.







Our Inclusive Justice Initiative (IJI) is our more recently launched commitment to shape a world in which everyone feels they belong. This initiative starts with our own people, and through IJI, we commit to embracing and celebrating diversity, fostering meaningful inclusivity, and striving for belonging for everyone. Last year, the Group committed to the United Nations Women's Empowerment Principles, a set of principles that offers guidance to businesses on how to advance gender equality and women's empowerment in the workplace, marketplace, and community. Our teams have done impressive work entrenching these principles into our business, from how we recruit to how we accommodate and advance women equitably. We have also progressed our Just Wage Initiative, a commitment to actively move away from minimum wage legislative requirements to providing a living wage. Our store staff now earn 21% above the retail sector minimum wage and 57% above the South African minimum wage. These are just a few of the projects we are implementing, with many more in the pipeline, to enhance the well-being of our employees, customers, and communities.

By advocating for the marginalised, as part of our IJI value set, we help create access to meaningful participation for many in our society who are left on the fringe. We appreciate that everyone may not always agree with our point of view on diversity and inclusion, but we will hold true to our commitment to be equitable, fair, respectful, and inclusive in our approach.

During the year, we welcomed Lwazi Bam, who joined the Board on 1 May 2023. We also bid farewell to Phumzile Langeni, who sadly had to step down from the Board on 31 December 2022 due to an unexpected increase in her personal business commitments. Lwazi is a valuable addition to our Board and Audit Committee and brings a wealth of business leadership and corporate finance skills. Lwazi has extensive expertise across various industries gained from his 29-year tenure at Deloitte. Our Board's experience and skill sets, in our view, are healthy and appropriate; however we are mindful of our voluntary targets for Black and female representation on the Board and continue to consider this in any new appointments. We will continue to expand our knowledge and insights through our ongoing Board development activities and focus on executing the Board's extensive workplan for the year - more details on this are provided in the following pages.

Thank you to the Board, Roy, and the executive team, as well as our staff, suppliers, and service providers, for their passion, unwavering commitment, and hard work over the past year. I am proud to be working with you for this magnificent, world-class company. Finally, thank you to our customers for your support and loyalty during the year.



EFFECTIVE LEADERSHIP

The Board is committed to leading the Group effectively and practising high standards of governance to promote sustained value creation for all our stakeholders. Leading by example and with integrity, the Board plays a vital role in shaping and embedding our corporate culture and steering us in fulfilling our purpose.

In the process of setting the strategic direction and monitoring the Group's operational activities and performance, the Board ensures an appropriate balance between the Group's interests as a responsible corporate citizen and the legitimate needs and expectations of stakeholders, balancing the relationship between the resources we use and affect and potential trade-offs inherent in strategic decision-making. We remain committed to obviating the negative impacts while creating positive impacts by leveraging our governance culture and market-leading sustainability credentials.

These ambitions are realised by having a well-structured Board and deeply embedded governance principles throughout the Group.

Details of our Board composition for the year under review are set out on the next page, and further commentary on the Board's approach to governance is provided in the section that follows.

THE BOARD



Hubert Brody (59) South African

Chairman Independent Non-executive Director Chairman of the Nominations Committee

Joined the Board in 2014



South African

Joined the Board in 2013 and resigned with effect from 30 June 2023 (post the reporting period)



Nombulelo (Pinky) Moholi (63) South African

Lead Independent Director Independent Non-executive Director

Joined the Board in 2014



Christopher Colfer (54) $\overline{Canadian}$

Independent Non-executive Director





Roy Bagattini (60) South African

Executive Director and Group Chief Executive Officer, Chairman of WSA and CRG Boards

Joined the Board in 2020

Retiring by rotation at the 2023 AGM and is available for re-election



David Kneale (69) British

Independent Non-executive Director Chairman of the Remuneration and Talent Management and Risk, Information and Technology Committees

Joined the Board in 2019





Thembisa Skweyiya (50) South African

Independent Non-executive Director Chairman of the Social and Ethics Committee

Joined the Board in 2019





Belinda Earl (61) British

Independent Non-executive Director Chairman of the Sustainability Committee

Joined the Board in 2019



Clive Thomson (57) South African

Independent Non-executive Director Chairman of the Audit and Treasury Committees

Joined the Board in 2019

Retiring by rotation at the 2023 AGM and is available for re-election



Reeza Isaacs (54)

Executive Director and Group Finance Director



Joined the Board in 2019





Rob Collins (52) British

Independent Non-executive Director

Joined the Board in 2022



Lwazi Bam (52) South African

Independent Non-executive Director

Joined the Board in May 2023 and did not attend any meetings during the reporting period

Standing for election at the 2023 AGM



Sam Ngumeni (55) South African

Executive Director and Group Chief Operating Officer

Joined the Board in 2014

Retiring by rotation at the 2023 AGM and is available for re-election



Chantel Reddiar (47) South African

Group Company Secretary

Appointed in 2016

FORMER DIRECTORS **DURING FY2023**

Phumzile Langeni Independent Non-executive Director, resigned 31 December 2022



BOARD SKILLS & EXPERIENCE

GOVERNANCE PRINCIPLE

Our non-executive directors are selected to ensure the Board composition remains appropriate to the Group's strategic priorities and growth ambitions. The Board and Nominations Committee consider the skills, qualifications, industry knowledge, experience, technical expertise, business acumen, and diversity attributes in making Board appointments.

62%

GLOBAL RETAIL

Retail industry experience at a high executive level, including experience in or exposure to digital commerce and innovation and the operation of supply chains and distribution models in large, complex organisations.

100%

FINANCIAL LITERACY

High-level experience in financial accounting and reporting, internal financial and risk controls, corporate finance and/or restructuring, and corporate transactions, including ability to probe the adequacies of financial and risk controls.

100%

STRATEGIC THINKING

Clear ability to identify and critically assess strategic opportunities and threats across the value chain. Ability to develop and oversee implementation of successful strategies to achieve sustainable value creation and to critically assess and challenge performance against agreed strategic planning objectives.

77%

SUSTAINABILITY AND ENVIRONMENT

Experience in managing and driving environmental and social responsibility initiatives in large organisations. A developing or working knowledge of biodiversity loss and climate change and/ or insight into responsible sourcing strategies to minimise supply chain impacts on the environment.

85%

REMUNERATION AND PEOPLE MANAGEMENT

Experience in developing and implementing remuneration policy with linkage between performance and value creation, and in managing talent and executive succession at a high executive level in a large organisation.

100%

BUSINESS LEADERSHIP

Experience serving on boards of publicly listed or large companies and senior leadership experience in a large, complex organisation or publicly listed company.

100%

GOVERNANCE

Knowledge of governance practices and trends, as well as global codes of governance. Experience in implementing and practising high standards of governance in a publicly listed or large organisation.

100%

RISK AND OPPORTUNITY MANAGEMENT

Experience in overseeing a group-wide integrated risk management process. Experience in monitoring the implementation of appropriate risk management frameworks and procedures and controls. Understanding of cybersecurity risks and best-practice approaches to cybersecurity risk management.

46%

DIGITAL AND DATA INNOVATION

Expertise and/or experience in the adoption and implementation of digital technologies, including opportunities to leverage digital technology for business advantage.

Understanding the use of data and analytics to drive performance.

Hubert Brody Pinky Moholi Roy Bagattini Lwazi Bam Christopher Colfer Rob Collins Belinda Earl Reeza Isaacs David Kneale Phumzile Langeni Sam Ngumeni Thembisa Skweyiya Clive Thomson

BOARD COMPOSITION

During the 2023 financial year

Independent non-executive directors

Executive directors

GOVERNANCE PRINCIPLES

- Appointments are formally conducted in line with the Appointment of Directors and Board Diversity Policies
- The Board comprises a majority of independent non-executive directors
- The independence of our non-executive directors is assessed annually
- Independence assessments are based on the King IV™ independence criteria, and the requirements of the Company's Memorandum of Incorporation (MOI)

DIVERSITY

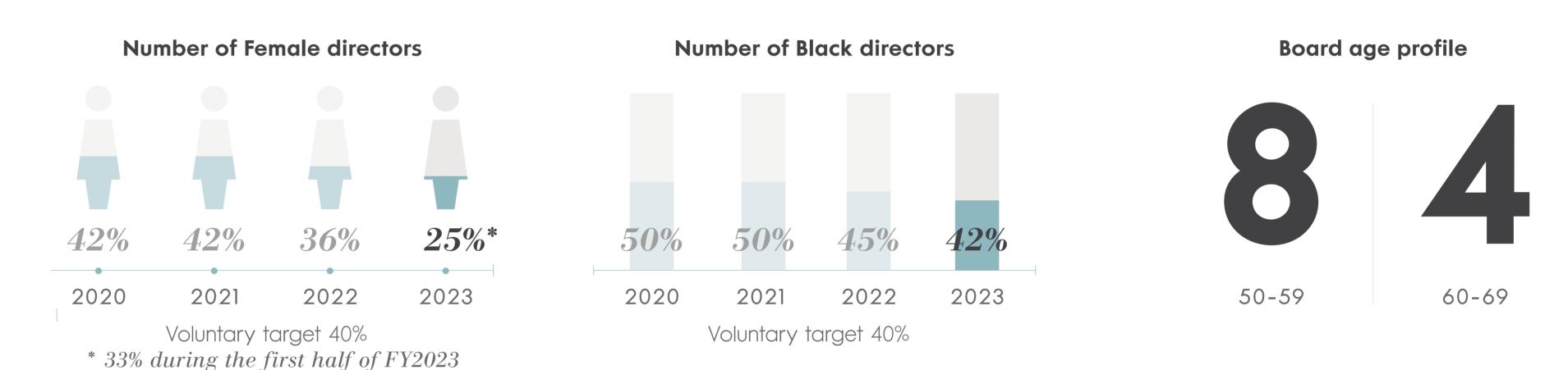
GOVERNANCE PRINCIPLES

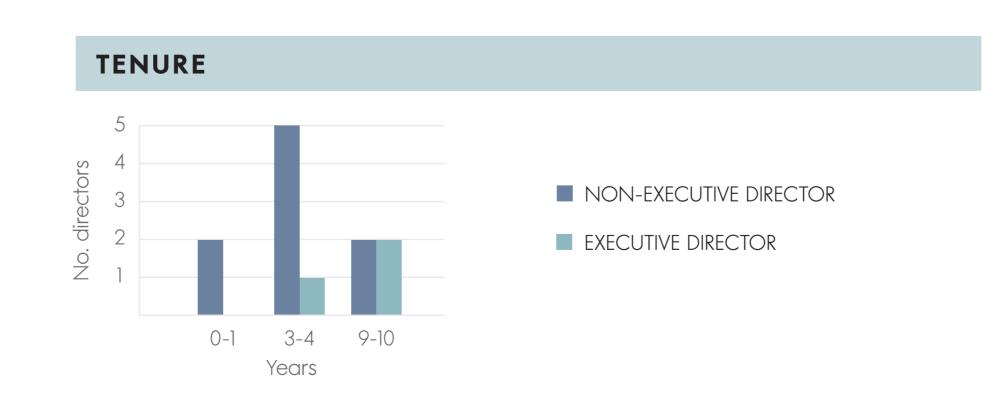
- The Board believes that its effectiveness is driven by the diversity attributes of its members, as well as their integrity and independence
- The Board's voluntary race and gender targets are to maintain female and Black member representation at 40% each, subject to interim variations
- The Board's aspirational goal is to achieve 50% female and Black member representation*
- The voluntary targets and aspirational goals are taken into consideration in the Board's succession planning

*NOTE ON THE BOARD'S ASPIRATIONS

When the Board revised its voluntary race and gender targets in 2020 from 33% to 40%, it also set an aspirational target to achieve 50% female and Black member representation on the Board. Even though we have fallen short of certain of the targets this year, the Board remains committed to advancing Black and female representation on the Board and has retained the 50% target as an ongoing aspiration.

Our Board's effectiveness is driven by the diversity, integrity, and independence of its members.





GOVERNANCE PRINCIPLES

- Non-executive directors are subject to a nine-year tenure limit, which may be extended in exceptional circumstances after a robust independence assessment in accordance with the MOI
- Executive directors do not have a tenure limit but are required to retire at the age of 63 and are eligible for early retirement from the age of 55
- All directors are subject to retirement by rotation every three years and may, subject to continued eligibility in terms of the MOI and Board policy, make themselves available for re-election

BOARD FOCUS AREAS IN 2023

The Group commenced FY2023 with a strong balance sheet, improved liquidity, and significantly reduced debt. Conversely, the Group is facing serious external challenges, given the prevailing economic volatility and geopolitical instability along with rising inflation and interest rates.

In South Africa, the complexities of low economic growth, social insecurity, and rolling power outages (loadshedding) have added to the volatility. In addition, customer behaviour is in a state of change, driven by online and in-store optionality and heightened sensitivity to environmental, social, and ethical concerns. The Board acknowledges that in this context, the Group's growth journey must be predicated on operational excellence and execution, cost efficiencies, and innovation. Given these themes and the key focus areas outlined in our 2022 Integrated Report, the following areas received amplified focus during the year:

STRATEGIC FOCUS AREAS IN 2023 UNLOCK AND ELEVATED CREATE VALUE IN OMNICHANNEL CUSTOMER OUR AUSTRALIAN EXPERIENCE **BUSINESSES** WSA FASHION COST EFFICIENCY TURNAROUND AND OPERATIONAL AND GROWTH IN EXCELLENCE BEAUTY AND HOME LEADING AND PEOPLE AND ICONIC WSA LEADERSHIP FOOD BUSINESS DATA-DRIVEN GOOD BUSINESS DECISION-MAKING **JOURNEY**

STRATEGY EXECUTION

Against the macroeconomic and socio-political background described, which is also recognised as one of the Group's material risks, the Board deliberated on and provided input into the strategic focus areas for the year. Subsequently, the Board approved the Group's Integrated Business Plan (IBP), which is a rolling three-year plan that is also used to quantify the financial impact of the strategic focus areas.

Progress against the strategy was reviewed at each quarterly Board meeting based on the Group scorecard. The scorecard includes key metrics to quantify progress made on executing operating plans aligned to the strategic focus areas, and the Board monitors and deliberates on performance relative to the strategic focus areas at Group and operating entity levels. In addition, the Board undertakes biannual deep-dive strategy reviews in November and May, where items for discussion are guided by, and mapped against, the Company's strategic priorities and the top risks and opportunities. Where appropriate, key initiatives are reprioritised in line with operational realities – for example, the sale of David Jones at the end of March 2023 has necessitated the realignment of certain key functions and rationalisation of the cost structure to exclude David Jones. These considerations, as well as the effect of the significant value unlock on the Group's capital allocation ambitions, were key areas of discussion for the Board at the strategy deep-dive in May 2023.

The Board has also focused on the Group's key risks and opportunities and their potential impact on strategy execution. Through its collective membership of the Risk, Technology and Information Committee, which meets quarterly, the Board ensures that accountability for overseeing the key risks is clearly assigned and actively executed. In addition, the committee convened an annual strategic risk workshop, which was held in May 2023, for the purpose of formulating the Group's FY2024 risk profile. The Board took cognizance of the Group's existing risk profile, the Group Exco's risk analysis and proposals, the strategy presentations, relevant economic data for South Africa, Africa, and Australia, as well as global, local, and industry views on risks. Going forward, the focus will remain on the principal risks, with more time being set aside to consider the longer-term risk horizon in the context of the Group's growth journey.

For more on the Group's risk management process and principal risks, refer to pages 47 to 52 of this Report.

OUR PRINCIPAL RISKS

- ▲ 1. Macroeconomic and socio-political environment
- ◆ 2. Material cybersecurity incident
- 3. Reset the Food business to maintain and grow its market leadership position
- 4. Sustain and improve current Fashion, Beauty and Home performance
- ◆ 5a. Unlock and create value in David Jones (replaced by 5b during the year)
- ◆ 5b. Execution of the Country Road Group/ David Jones IT separation
- upskilling of talent
- ◆ 7. Delivery of a differentiated omnichannel ◆ 12. Sourcing and supply chain capability customer experience
- 8. Investing in building our brands
- 9. Knowing and growing our customer base
- 10. Delivery of our strategic and financial obligations
- ▲ 6. Attraction, retention, development, and ♦ 11. Becoming a digitally enabled and datadriven organisation

 - 13. Drive and elevate our Good Business Journey as a core business imperative



BOARD AND EXECUTIVE SUCCESSION

Board succession planning is an ongoing key focus area of the Board. The Nominations Committee undertook a considered review of the depth of skills and expertise on the Board, as well as director tenure, in line with the committee's terms of reference. Key priorities emerging from the review were the tenures of Hubert Brody and Pinky Moholi, who each reach their nine-year terms on the Board this year, and ongoing succession planning, given that the majority of non-executive directors are midway through their terms.

In considering the tenure of the Board leadership, the committee reflected on the current operating context and the momentum of the strategic Growth Blueprint under Hubert's leadership. It further took Hubert's particular skill set, which is highly suitable on the Board, into account. The committee and the Board were unanimous that it would be in the Group's best interests for Hubert to remain as Board Chairman for at least a further year to ensure continuity in overseeing progress on the Group's agreed objectives.

The committee and Board further agreed that, given the valuable role that Pinky serves as the Lead Independent Director, her tenure be extended post-2023, subject to the Board's annual independence assessment.

Tenure extensions are permitted in accordance with WHL's MOI, provided that a deeper and more robust independence assessment is conducted annually to ensure the director's independence has not been compromised in any way. This approach is also supported by best-practice guidelines.

The committee is also focusing on identifying future skills and experience requirements in line with the Group's strategic trajectory and Board priorities, including its race and gender diversity, which is currently below the Board's voluntary targets. Given that a number of non-executive directors were appointed at the same time or in quick succession of each other in 2019, a long-term strategic Board renewal plan will negate potential disruption as director tenures expire.

Regarding executive succession, the committee undertook a detailed review of the Group CEO's succession plan for all executive leadership roles, including that of the Group CEO. Senior management succession has been reviewed by the Remuneration and Talent Management Committee. These reviews focused on the depth of skills, experience in key executive and senior management roles, high performance individuals, and potential development gaps. The committee also considered the initiatives in progress to invest in and retain top talent, as well as to grow talent internally to ensure continuity in the execution of the Group's growth strategy and to prevent any disruption or instability following leadership changes.

NON-EXECUTIVE DIRECTOR APPOINTMENT PROCESS AND INDUCTION

During the year, the Nominations Committee led the recruitment and appointment of two non-executive directors, Rob Collins and Lwazi Bam, who joined the Board on 1 October 2022 and 1 May 2023, respectively. The process is designed to ensure that the search for and appointment of our non-executive directors is thorough and inclusive and focuses on achieving the required balance of skills and experience with a variety of perspectives to facilitate constructive deliberations and balanced decision-making.

Appointments are formally conducted in line with the Appointment of Directors and Board Diversity Policies, which set out appointment and diversity parameters. The Policies also include principles to ensure a clear balance of power and authority is maintained at Board level, with collective decision-making to prevent dominance and any individual director from having unfettered powers. The policy also includes criteria to assess a candidate's independence and whether the candidate has any conflicts that cannot be managed satisfactorily. In addition, the demands of a candidate's other professional commitments are assessed to ensure the candidate has sufficient time and capacity to effectively execute his/her duties.

Induction of new directors focuses on supporting them in meeting their statutory obligations and gaining insight into our Group's strategic priorities. The induction programme includes engagements with the executive and management teams who are responsible for the day-to-day management of the businesses and a comprehensive immersion into the Group's operations. Visits to all key operations (stores, distribution centres, and head offices) across South Africa and one-on-one meetings with key levels of management are arranged. Similar visits and introductions are arranged in Australia, which take place as and when Board meetings are held there following the director's appointment.

The Appointment of Directors and Board Diversity Policies are available on our website, www.woolworthsholdings.co.za.

OUR PEOPLE STRATEGY

The Board appreciates the immensely valuable role that our people play in enabling the effective execution of our strategies. The Board also recognises the importance of upweighting our Employee Value Proposition and embedding a high-performance culture with greater levels of accountability. During the year, the Board focused on the findings of management's holistic review of the Group people strategy, taking into account the needs of the Group, an external scan of global and local environments, and emerging people trends. This culminated in the development of a comprehensive people strategy to be executed over a three-year period, and the refresh of the former Employee Value Proposition into a more holistic People Value Proposition (PVP). The PVP, known as 'Our People Way', is an integrated framework focusing on leadership, talent and development, performance management, inclusivity, remuneration, and wellbeing.

The Board appreciates the immensely valuable role that our people play in enabling the effective execution of our strategies.



Our PVP provides an important frame of reference and anchor for the ongoing development of our people strategy and unifies our internal stakeholders in the shared vision to become the employer of choice in retail. The Board keeps abreast of progress regarding this important initiative through regular feedback from the Remuneration and Talent Management and Social and Ethics Committees, the Group CEO, and Group People Director.

At the talent workshop convened by the Remuneration and Talent Management Committee in November 2022, attended by all Board members, feedback was given on the biannual talent review process conducted in respect of talent at senior levels. The outcomes provided deeper insights into the talent landscape, highlighted gaps and development needs, and informed appropriate investment in talent development. Feedback was also given on progress in relation to defining 'Our Leadership Way' and refreshing the performance management system as 'Our Performance Way' (both components of the PVP). Our Leadership Way focuses on building leadership capacity to effectively execute the strategy, achieve business growth, and deliver greater alignment between customer and employee experiences.

WHL

KEY BOARD DISCUSSIONS AND MATTERS APPROVED IN 2023

In addition to the focus areas mentioned above, the Board has continued to support, challenge, and actively engage with executive leadership on governance, risk, and financial accountability. During the reporting period, the Board held scheduled quarterly meetings, with Board calls held six-weekly in between. Two scheduled meetings were held to approve the FY2022 Annual Financial Results and the FY2023 Interim Financial Results.

Director attendance at Board and committee meetings during the reporting period are set out in the table alongside, which excludes the Board and committee calls.

Quarterly Board meeting agendas regularly included detailed feedback by Board committee chairmen on the key matters dealt with by the committees, as well as recommendations on policy amendments. In addition, business updates were provided by the Group CEO as well as Group Exco members (who attend Board meetings to present their updates). The updates covered financial performance, progress on performance against the key performance indicators, stakeholder matters, competitor analyses, key risks and opportunities, governance matters, and key people matters. There were also presentations by the Group Finance Director and interim Chief Financial Officer on our financial results, forecasts and Treasury reports covering balance sheet efficiency and gearing metrics, debt covenants, liquidity, refinancing and hedges. Key discussions and approvals are covered on the next page.

BOARD ATTENDANCE FOR THE YEAR UNDER REVIEW

Strat – Strategy **AC** – Audit Committee

NomCo – Nominations Committee **R&IT** – Risk, Information and Technology Committee **R&TMC** – Remuneration and Talent Management Committee **SEC** – Social and Ethics Committee

SC – Sustainability CommitteeTC – Treasury Committee

Name of director	Date of appointment	Designation	Overall Attendance	BOARD	STRAT	AC	NOMCO	R & TMC	R&IT	SEC	SC	TC	Directors standing for election/ re-election
Hubert Brody	01/07/2014	Chairman & Independent Non-executive	100%	4/4	2/2	-	3/3	4/4	4/4	3/3	2/2	4/4	-
Nombulelo Moholi ¹	01/07/2014	Lead Independent Non-executive	100%	4/4	2/2	-	3/3	4/4	4/4	3/3	2/2		-
Roy Bagattini	17/02/2020	Executive	100%	4/4	2/2	-	-	-	4/4	3/3	2/2	4/4	Re-election
Lwazi Bam²	01/05/2023	Independent Non-executive	-	-	-	-	-	-	-	-	-	-	Election
Christopher Colfer	01/07/2019	Independent Non-executive	100%	4/4	2/2	3/3	3/3	4/4	4/4	-	-	-	-
Rob Collins ³	01/10/2022	Independent Non-executive	100%	3/3	2/2	-	-	-	3/3	-	-	-	-
Belinda Earl	01/07/2019	Independent Non-executive	100%	4/4	2/2	-	-	-	4/4	-	2/2	-	-
Reeza Isaacs ⁴	26/11/2013	Executive	100%	4/4	2/2	-	-	-	4/4	-	-	4/4	-
David Kneale	11/03/2019	Independent Non-executive	100%	4/4	2/2	-	3/3	4/4	4/4	-	-	-	-
Phumzile Langeni ⁵	01/04/2022	Independent Non-executive	100%	2/2	1/1	1/1	-	-	2/2	-	-	-	-
Sam Ngumeni	12/02/2014	Executive	100%	4/4	2/2	-	-	-	4/4	3/3	2/2	-	Re-election
Thembisa Skweyiya	11/03/2019	Independent Non-executive	100%	4/4	2/2	3/3	-	-	4/4	3/3	2/2	4/4	-
Clive Thomson	19/08/2019	Independent Non-executive	100%	4/4	2/2	3/3	-	-	4/4	3/3	-	4/4	Re-election

Appointed as Lead Independent Director on 7 July 2023

^{2.} Appointed to the Board and the Audit and Risk, Information and Technology Committees on 1 May 2023 and was

unable to attend the meetings held in May 2023 due to pre-existing commitments.

3. Appointed to the Board and the Risk, Information and Technology Committee on 1 October 2022

^{4.} Resigned from the Board and the Audit, Treasury and Risk, Information and Technology Committees on 30 June 2023

^{5.} Resigned from the Board and the Audit and Risk, Information and Technology Committees on 31 December 2022

QUARTER 1

July to September 2022

- Approved the appointment of Pinky Moholi as Lead Independent Director
- Approved the 2022 annual financial results and final ordinary dividend to shareholders
- Approved the 2022 suite of annual reports comprising the Integrated, Good Business Journey, Social and Ethics and Remuneration Reports
- Considered and agreed the directors for re-election to the Board and the non-executive directors for election to the Audit Committee at the 2022 AGM
- Reviewed, discussed, and approved the Group FY2023 budget and integrated business plan refresh
- Reviewed the composition of Board committees and major subsidiary boards
- Reflected on the Board's performance and the performance of the Board committees during the past financial year and confirmed that the Board and committees had fulfilled their obligations under the Board Charter and committee terms of reference, respectively
- Approved amendments to the Board committees' terms of reference arising from the committees' annual review
- Considered value optimisation and capital allocation initiatives aligned with the WHL Growth Blueprint
- Received feedback on the various investor engagements held post the year-end results and investor road shows attended in the United States of America and United Kingdom
- Concluded the FY2022 share repurchase programme in July 2022

January to March 2023

- Approved the 2023 Interim Financial Statements and interim ordinary dividend to shareholders
- Considered the year-to-date business performance update
- Noted the development of a longer-term business solution to address the impacts of rolling power outages in South Africa (loadshedding)
- Considered potential value optimisation initiatives as well as progress on business development projects underway
- Received feedback from the Sustainability Committee chairman on the reprioritisation of the Group's energy plan in the context of the rolling power outages

QUARTER 2

October to December 2022

- Convened the Board's biannual strategy session and quarterly Board meeting (November 2022) in Australia for the first time post Covid
- Considered the business update on key strategic initiatives and performance relative to the Group Strategic Framework, and approved the updated on-demand strategy for WSA
- Considered potential value optimisation initiatives as well as updates on business development projects underway
- Approved the renewal of a major logistics contract for WSA
- Received an update on sustainability trends and an overview of key topics at the Conference of the Parties (COP) 27 Conference, with particular reference to climate change
- Received feedback on the annual Good Business Journey investor engagement session held in November 2022
- Received detailed feedback on shareholder engagement held by the Chairman, Lead Independent Director and Group Company Secretary with institutional investors prior to the 2022 AGM
- Approved the Company's secondary listing on the A2X
- Approved a further share repurchase programme of R1.0bn
- Held the Group's third virtual AGM in November 2022 and agreed the transition to a hybrid meeting format for the 2023 AGM
- Considered the terms of the transaction to dispose of WHL's entire shareholding in David Jones to Anchorage Capital Partners and authorised management to finalise the transaction on the terms approved by the Board
- Finalised the strategic risk profile at the annual strategic risk workshop
- Attended retail-focused immersion sessions in Sydney and Melbourne

QUARTER 4 | April to June 2023

- Approved the appointment of Lwazi Bam as an independent non-executive director and member of the Audit and Risk, Information and Technology Committees
- Considered the Group CEO's update on business performance relative to the Group Strategic Framework, as well as progress updates from business units on key strategic initiatives at the biannual strategy session in May 2023
- Received confirmation of the legal completion of the David Jones transaction at the end of March 2023 and feedback on the completion accounts process and IT separation
- Reviewed and discussed the results of the 2023 independent Board and Board committee evaluations
- Approved the expansion of the Midrand Distribution Centre
- Reviewed the Board Charter and Group delegations of authority matrix to ensure business relevance and alignment with organisational changes
- Approved further share repurchase programmes with a value of R1.5bn, as well as the appointment of a repurchase broker and programme mandate due to the Company entering a closed period



BOARD TRAINING AND DEVELOPMENT

In addition to the regulatory and governance updates during the year, the following Board development activities took place during the quarterly Board meetings in FY2023:

- Visits to operations and stores in South Africa and, in November 2022, visited stores in Australia for the first time since 2019 (prior to the pandemic). The visits provided opportunities for the Board to interact with management 'on the ground' in both geographies and build deeper insights into the businesses
- Visits to David Jones' flagship stores and immersion in the Country Road Group omnichannel operating model
- On-site visit to the Living Soils Community Learning Farm* in Stellenbosch, where the Board engaged with farmers and observed our sustainable Farming for the Future principles in operation (aligned with our GBJ sustainability initiatives)
- On-site visit at a Stellenbosch wine estate to showcase the estate's partnership with WCellar
- Immersion in the FBH ethical sourcing process
- Attended a dedicated climate change training session facilitated by external climate change specialists and academics from the Sustainability Institute and the Climate Risk Lab in the African Climate and Development Initiative based at the University of Cape Town
- Received insights from internal subject matter experts on key sustainability issues affecting the Group and the broader retail industry
- Presentation by investment analysts on shareholder/market perception of WHL
- Immersion in Woolworths Food product sourcing strategy
- Various forms of Board interactions to facilitate less formal engagement with management outside the boardroom

To provide the Board with further insights into global retail trends and trends in technology, data, and human capital management, a Board Bulletin is published quarterly on the Board's digital platform (Diligent), comprising curated content/articles by thought leaders and leading experts on the topics mentioned.

*An initiative operated and funded in partnership between Woolworths South Africa, Spier, and the Sustainability Institute, which aims to empower a new generation of farmers to produce nutritious food using eco-friendly regenerative farming methods, and to serve as a viable model for community-based food security and the sustainable development of local livelihoods that can be replicated all over South Africa.

2024 BOARD IMMERSION FOCUS AREAS

Ethical sourcing/responsible use of environmental resources in product development; climate/ESG/Inclusive Justice Initiative; marketing and brands; people/talent and succession; digitisation/Al/advanced analytics

2023 BOARD AND COMMITTEE EVALUATIONS

The Board's policy is to conduct effectiveness evaluations annually, alternating between external and internally facilitated evaluations. The 2023 evaluations were undertaken independently by The Board Practice during March 2023, with feedback provided at the Nominations Committee and Board meetings in May 2023. The overall sentiment was that the Board is cohesive, professional, is functioning well in challenging circumstances, and is discharging its duties fully. In addition, the following feedback was received:

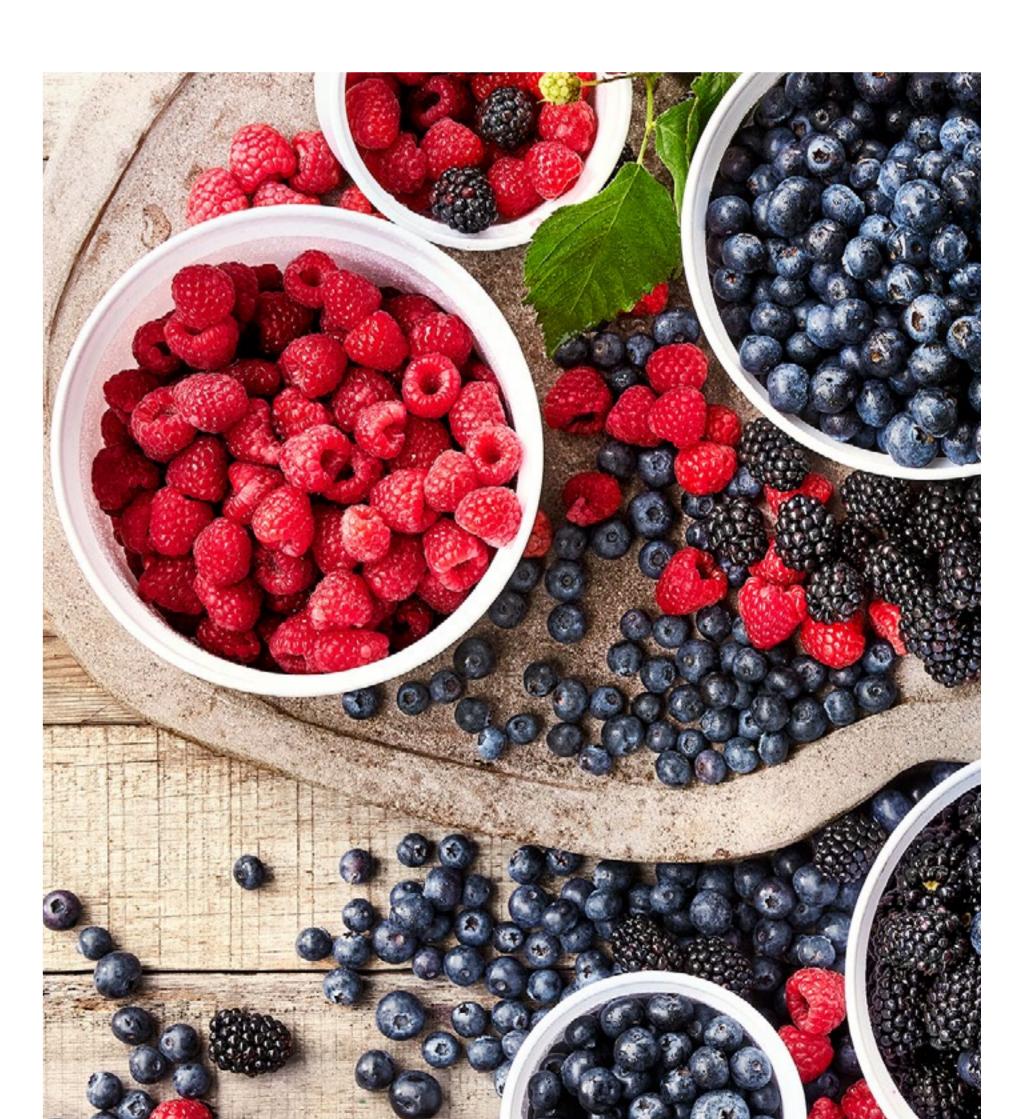
- Regarding Board composition and operation, the Board is seen to be skilled, both in breadth and depth, and diverse in many respects, such as the presence of retail, financial, and deep business skills, with good geographical representation. Recent additions to the Board have added certain critical skills. The size of the Board is considered to be appropriate under current circumstances. Board members are considered committed and acting with high integrity and in the interests of WHL at all times.
- From a Board leadership and structures perspective, Board members consider the Chairman effective, and there is a good 'high support-high challenge' relationship between him and the Group CEO. Both management and the Board are comfortable that the boundary between the work of the Board and that of management is appropriate, and management is empowered to execute the strategy as agreed with the Board. The Group CEO is considered to be highly effective and informs the Board of important developments, whether positive or negative. The Board committees are appropriately structured, function very effectively, and are critical support structures of the Board.
- Board meetings are well-led with appropriate agendas, and issues are fully ventilated before decisions are made. The information provided to the Board is of a high quality, and management is perceived to be open and transparent. Board and committee meeting packs are comprehensive but digestible, containing the right information. The cycle of Board and committee meetings over one week is effective, with sufficient time at Board meetings for committee feedback, which is thorough but succinct. The Board is clear that there are adequate checks and balances in Board governance at WHL.
- The strategy process is well developed, with clear plans presented to the Board by management. The strategy is seen as coherent and well-considered. The Board has appreciated the regular immersions (deep dives) and is in favour of more of these exercises, which also offer the Board a view of talent in the Group at levels below the Group Exco.
- Remuneration policy, structure, and processes are appropriate and regularly benchmarked. There are clear targets for the CEO and management with good metrics, and the CEO and management are held to account.
- Each of the Board committees is considered to have the required mix and depth of capability, skills, and experience to add value on key issues. They are also well-led to ensure focus on key matters, and highly effective in fulfilling and delivering value on their responsibilities/mandates.

GROUP COMPANY SECRETARY

Our Group Company Secretary, Chantel Reddiar, continued in her role as Board and committee adviser on governance matters. She is not a director of the Company and is deemed by the Board to be suitably independent in accordance with the relevant practices recommended by King IV™. In addition, the Board is satisfied that an arm's length relationship exists between it and the Group Company Secretary.

The Group Company Secretary is responsible for engaging with the Board Chairman and committee chairs on meeting topics, ensuring compliance with Board and committee governance, terms of reference, and relevant legislation and regulations. The Board has assessed Ms Reddiar's competence and expertise and is satisfied that she has the appropriate qualifications, experience, and competence to perform the duties on behalf of a public company. In addition, feedback from the 2023 Board effectiveness evaluation describes the Company Secretary as very effective, and the function serves the Board well in all aspects of its work.

In addition to the company secretarial functions, the Group Company Secretary is responsible for the Group's governance, risk, compliance, and legal functions and is supported by a suitably qualified and experienced team.



OUR GOVERNANCE FRAMEWORK

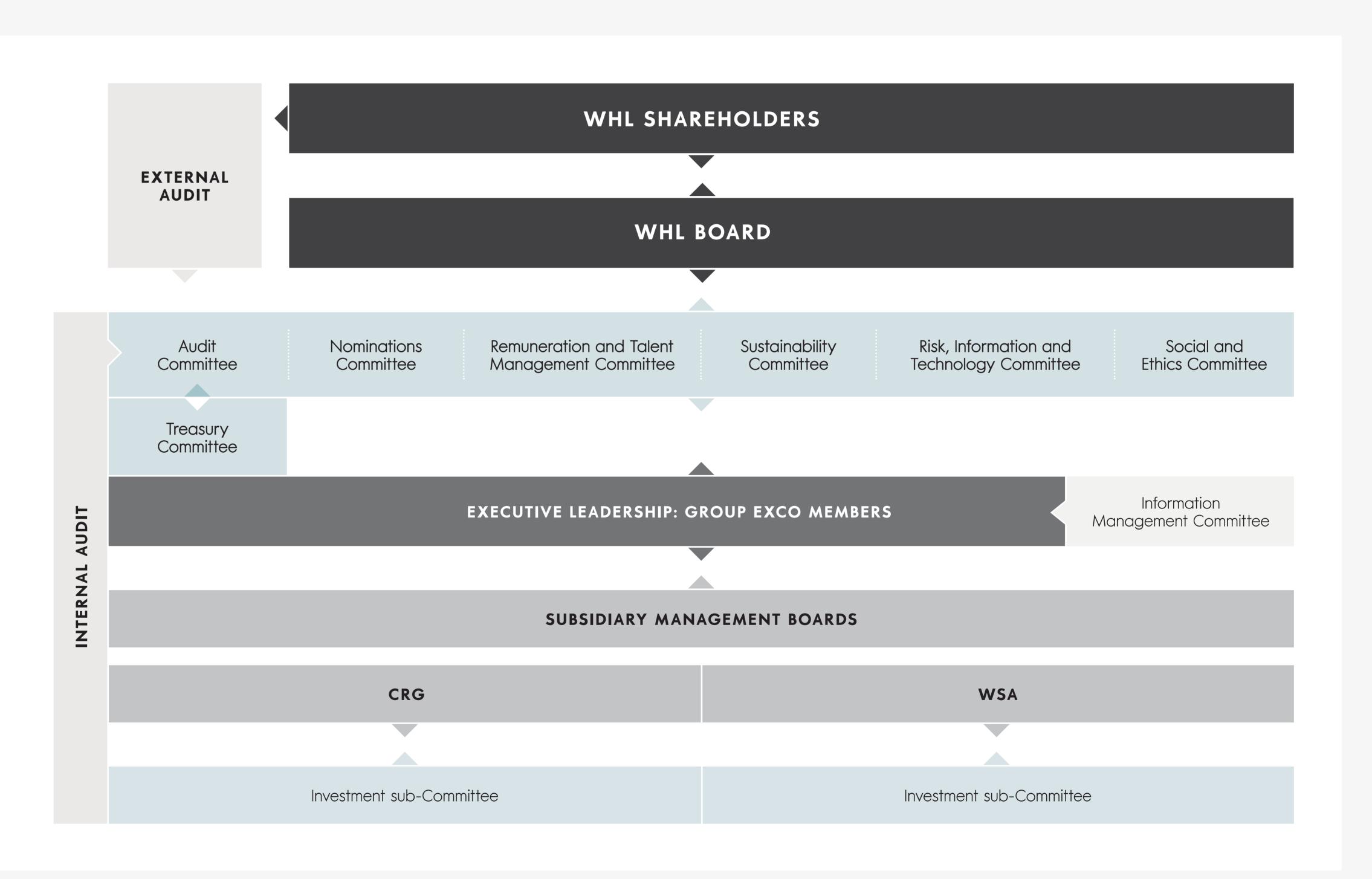
Our governance framework facilitates collaborative leadership and effective decision-making at the appropriate levels, ensuring that the Board and its committees, Group Exco, and senior management are able to collaborate proactively, consider issues, and take action at the appropriate levels.

The Board believes that effective governance is achieved through leadership and collaboration. To this end, the Board, together with the various Board committees, established a working framework that complements and supports the work of the Executive.

In addition, the Board has approved formal delegations of authority to the various Board committees, the Group Chief Executive Officer, and the subsidiary management boards. The delegations of authority are reviewed annually, and changes are approved as appropriate.

Further details on the governance framework and the supporting processes and policies, such as the Board Charter, committee terms of reference, and our governance policies, are available on our website, www.woolworthsholdings.co.za.

Our formally constituted
Board committees comprise an
appropriate balance of executive
and non-executive directors with
the necessary combination and
balance of skills.



NOMINATIONS COMMITTEE



MEMBERS

Members: Hubert Brody (Chairman), Christopher Colfer, David Kneale, and Nombulelo Moholi

Membership changes: There were no changes during the year

SCHEDULED
MEETINGS



INDEPENDENT NON-EXECUTIVE DIRECTORS

MANDATE

Assists the Board with the nomination, election, and appointment of directors in accordance with Board policies and the succession strategy. The committee is also responsible for executive succession, setting the Group CEO's performance goals, overseeing the Group CEO's performance, as well as the performance of individual Board members and the Group Company Secretary.

2023 GOVERNANCE OUTCOMES

- Considered the outcomes from, and provided feedback to the Board on, the independent Board and committee effectiveness evaluations, including the committee's evaluation, which found that the committee is highly effective and comprises the skills and capabilities necessary to execute its mandate
- Evaluated the Group CEO's performance for 2022 and agreed his 2023 key performance goals and measures
- Considered the tenure of the Board Chairman and Lead Independent Director (LID), who will both have served on the Board for nine years in November 2023, and deliberated on the benefit of retaining continuity in their roles given their experience on the Board against the rationale for applying a nine-year term limit
- Reviewed the Board succession plan to ensure the appropriate balance of skills, knowledge, and experience for effective leadership of the Group and progressed Board succession planning
- Reviewed the composition of the Board in relation to diversity as well as the voluntary targets (for race and gender) in terms of the Board Diversity Policy

- Proposed that the voluntary race and gender Board targets be maintained at 40% each, subject to variations to accommodate changes, with a view to increasing these to 50% over time
- Recommended the appointment of Mr Lwazi Bam to the Board for approval
- Considered the Group CEO's executive succession updates, proposals and emergency succession alternatives
- Reviewed the compositions of Board committees and recommended non-executive directors for appointment as Board committee members
- Focused on Board development with an emphasis on sustainability, data, technology, and human capital management in the global retail environment
- Assessed the independence and performance of non-executive directors to ensure a balanced and independent Board
- Reviewed the composition of the Audit Committee, the directors retiring by rotation, and nominated directors for election/re-election at the 2023 Annual General Meeting

Focused on identifying future skills and experience requirements on the Board in line with the Group's strategic trajectory and Board priorities.

- Ongoing review of the Board's composition to maintain bench strength in line with the Group strategy and value creation ambitions and alignment with the voluntary race and gender targets
- Search for a suitable candidate for appointment as a non-executive director on the Board
- Oversee Board and executive succession planning
- Monitor implementation of outcomes from the 2023 external effectiveness evaluations



REMUNERATION AND TALENT MANAGEMENT COMMITTEE



MEMBERS

Members: David Kneale (Chairman), Hubert Brody, Christopher Colfer, and Nombulelo Moholi

Membership changes: There were no changes during the year

SCHEDULED MEETINGS



INDEPENDENT NON-EXECUTIVE DIRECTORS

MANDATE

To ensure that the People Value Proposition promotes fair, responsible, transparent remuneration and responsible employment practices within the Group. In addition, ensures the establishment of an appropriate remuneration framework and adoption of remuneration policies to attract and retain top talent with the capacity to drive the Group's long-term strategy and sustainable performance, and that talent management strategies and practices are appropriate to drive the Group's long-term success.

2023 GOVERNANCE OUTCOMES

- Continued engagement with shareholders to gain insights into topical remuneration issues
- Continued to refine the Group's Remuneration Policy to ensure it supports business performance and remains balanced with the interests of stakeholders
- Workshopped and reset the variable pay scheme to ensure pay structures remain competitive, attractive and aligned to shareholder interests
- Approved the FY2024 performance measures and weightings for executives, including revised ESG performance measure threshold targets
- Approved the overall remuneration budget for all employees, as well as the remuneration paid to the Group Exco members
- Reviewed material skills retention risks and management's mitigation plans
- Reviewed the succession planning for senior management and the bench strength for the top 40 roles in the Group

- Reviewed the talent landscape and progress on the key talent initiatives implemented during the year
- Monitored the Group's approach to fair pay with focus on a Just Wage in South Africa and the evolution of the Group's Just Wage initiative
- Considered the results of the committee effectiveness evaluation, which found that the committee is highly effective and has the skills and capabilities necessary to execute its mandate

Undertook a detailed analysis of the Group's top talent and reviewed the outcomes of management's biannual senior management talent review process.

- Continue engagement with shareholders to ensure the Remuneration Policy remains relevant, appropriate and aligned to shareholder interests and good governance practice
- Continue to assess the Remuneration Policy in relation to the market and the Group's ability to attract
 and retain key talent to deliver its strategic outcomes
- Monitor the effectiveness of talent management and development strategies with particular reference to the Group Leadership Competency Framework





AUDIT COMMITTEE



MEMBERS

Members: Clive Thomson (Chairman), Lwazi Bam, Christopher Colfer, and Thembisa Skweyiya

Membership changes: Phumzile Langeni resigned with effect from 31 December 2022 and Lwazi Bam was appointed with effect from 1 May 2023

SCHEDULED
MEETINGS

3

AD HOC MEETINGS



INDEPENDENT NON-EXECUTIVE DIRECTORS

MANDATE

To provide independent oversight over the effectiveness of the internal financial controls and the system of internal controls to ensure the integrity of the Group's Annual Financial Statements and related external reports. Monitors the effectiveness of the Group's external and internal assurance functions to ensure the integrity of the Group's financial and integrated reporting. In addition, assesses the independence and effectiveness of the external auditor and manages the relationship with them.

2023 GOVERNANCE OUTCOMES

- Monitored the integrity of the annual and interim financial statements and results announcements and recommended them to the Board for approval
- Reviewed quarterly finance reports, business performance reviews (including cost optimisation), the budget and integrated business plan, as well as solvency and liquidity and going concern assessments
- Monitored the effectiveness of the internal control framework on financial reporting to support the annual Chief Executive and Chief Financial Officer's attestation
- Reviewed reports from the Treasury Committee and considered and endorsed the Treasury Committee's recommendations relating to the 2022 final and the 2023 interim dividends, Group funding matters, and the implementation of share repurchases amounting in aggregate to R2.9 billion
- Received quarterly reports on the Group's tax position and status of tax compliance

- Reviewed proposals for the refinancing of debt facilities across the Group and the required financial assistance resolutions and recommended the same to the Board for approval
- Monitored the ongoing alignment of financial decisions, as well as refinancing and banking facilities, with the Group's sustainability strategy
- Assessed whether the Integrated Annual Report presented a fair and balanced view of the Group,
 with any material issues reported appropriately, and recommended these to the Board for approval
- Managed the relationship with the external auditor (KPMG), including monitoring their independence and effectiveness in relation to their audit quality and expertise
- Evaluated the independence and effectiveness of the Internal Audit function in terms of its scope, execution of the audit plan, coverage, skills, resourcing, and overall performance
- Considered developments in sustainability reporting requirements, such as the framework for Climate-related Financial Disclosures
- Reviewed the JSE's Report Back on Pro-Active Monitoring of Financial Statements
- Reviewed the governance policies that fall within the committee's mandate (Price Sensitive Information, Insider Trading, External Auditor and Accounting and Audit Complaints Policies)
- Considered the appointment of the interim Chief Financial Officer
- Accepted responsibility for the role of Audit Committee of South African subsidiary companies
- Considered the results of the independent committee effectiveness evaluation, which found that
 the committee is highly effective and has the skills and capabilities necessary to execute
 its mandate

- Continue to monitor business and financial performance in line with anticipated strategic outcomes, including cost optimisation, growth, and business-turnaround strategies
- Monitor that capital allocation decisions are based on the principles embedded in the capital allocation framework
- Continue to ensure that financing decisions are aligned with maintaining a strong balance sheet, achieving targeted gearing levels per business entity, and incorporate ESG and sustainability principles
- Monitor reporting progress against the IFRS Sustainability Disclosure Standards



TREASURY COMMITTEE



MEMBERS

Members: Clive Thomson (Chairman), Roy Bagattini, Hubert Brody, Reeza Isaacs, Thembisa Skweyiya, and Ian Thompson (who is not a WHL Board member*)

Membership changes: Reeza Isaacs resigned with effect from 30 June 2023

MEETINGS

EXECUTIVE DIRECTORS*



INDEPENDENT NON-EXECUTIVE DIRECTORS

MANDATE

To oversee the Group's treasury management functions and policies and to proactively monitor the Group's treasury risks and exposures within acceptable risk limits in compliance with the Group's Treasury Policy guidelines.

2023 GOVERNANCE OUTCOMES

- Continued to monitor the liquidity positions, gearing, and debt covenants of the Australian and South African businesses against forecasts
- Considered the Group's longer-term dividend policy and recommended appropriate interim and final dividends
- Monitored progress with regard to the simplification of the Australian corporate structure, which was concluded at the end of H1
- Monitored the approvals required from the banking and tax authorities in Australia for the return of capital to South Africa prior to and post the sale of David Jones
- Considered the merits of and recommended the execution of share repurchase programmes with a total value of R2.9 billion
- Reviewed interest rate and foreign currency risks and levels of hedging and foreign exchange cover in the context of market conditions and prevailing volatility

- Monitored the ongoing conversion to sustainability-linked financing and banking facilities, the
 formulation of a new structure (a first of its kind in South Africa at the time) whereby enhanced
 deposit rates are applied if ESG key performance indicators are met, and the Group's delivery
 of its first set of ESG covenant results against the initial key performance indicators, which
 were all exceeded
- Reviewed the Group Treasury Policy and counterparty exposure limits and recommended certain amendments
- Considered the results of the committee effectiveness evaluation, which found that the committee is highly effective in fulfilling and delivering value on its mandate

Considered the merits of and recommended the execution of share repurchase programmes with a total value of

R2.9BN

- Continue to monitor the Group's capital structure, liquidity positions, balance sheet risks inclusive of stress testing, and all treasury-related exposures and risks in line with Group Treasury Policy
- Continue to monitor the effectiveness of the capital allocation plan, ensuring that capital allocation decisions are based on the approved principles

RISK, INFORMATION AND TECHNOLOGY COMMITTEE



MEMBERS

Members: David Kneale (Chairman), Roy Bagattini, Lwazi Bam, Hubert Brody, Christopher Colfer, Rob Collins, Belinda Earl, Reeza Isaacs, Nombulelo Moholi, Sam Ngumeni, Thembisa Skweyiya, and Clive Thomson

Membership changes: Rob Collins and Lwazi Bam were appointed with effect from 1 October 2022 and 1 May 2023, respectively, and Phumzile Langeni and Reeza Isaacs resigned with effect from 31 December 2022 and 30 June 2023, respectively



MEETINGS



EXECUTIVE DIRECTORS



INDEPENDENT **NON-EXECUTIVE DIRECTORS**

MANDATE

Assists the Board in the governance of risk and setting the direction for Enterprise Risk Management throughout the Group. Oversees and holds management accountable for the implementation of effective risk management, including risk impacts on the achievement of the Company's strategic objectives. In addition, the committee is responsible for determining that the Information and Technology roadmap and investments support the Group's strategic objectives.

2023 GOVERNANCE OUTCOMES

- Continued to monitor the Group's key risks and trends in the context of ongoing economic volatility and geopolitical instability
- Reviewed the key risk mitigation controls and regular adjustments to the controls to respond to changing operating conditions
- Finalised the strategic risk profile at the annual strategic risk workshop
- Reviewed the effectiveness of the risk management processes and the adequacy and effectiveness of the Group's Business Continuity Programme
- Reviewed the Information and Technology strategic roadmap and monitored implementation of the Group Information and Technology Strategy
- Monitored Information and Technology operational risk reporting and the appropriateness of risk management processes
- Monitored the effectiveness of information security governance, systems, controls, and procedure and noted that the Group's cyber defences had not been breached during the year

- Reviewed the Information Management Committee's activities relating to information and data governance frameworks, information and data security management, and related policies and procedures
- Reviewed the processes and systems in place to prevent and detect fraud
- Reviewed the Group's insurance programmes that moderate against key insurable risks
- Recommended the updated Group Enterprise Risk Management and Compliance Policies to the Board
- Reviewed and approved the Combined Assurance Model
- Considered the results of the committee effectiveness evaluation, which found that the committee functions effectively

Reviewed the key risk mitigation controls and regular adjustments to the controls to respond to changing operating conditions.

- Increased focus on scanning the risk horizon for emerging risks and opportunities as well as factors that could influence the Group's longer-term risk profile
- Continue to monitor the effectiveness of the risk management framework and measures to protect the Group against future disruptions
- Continue to monitor the execution of IT projects and efficacy of technology and digital delivery capabilities
- Continue to assess the efficacy of information security capabilities and business resilience practices
- Monitor data governance frameworks and controls in place to ensure ongoing privacy of information and the protection and ethical use of data





SOCIAL AND ETHICS COMMITTEE



MEMBERS

Members: Thembisa Skweyiya (Chairman), Roy Bagattini, Hubert Brody, Nombulelo Moholi, Sam Ngumeni, and Clive Thomson

3

MEETINGS

2

EXECUTIVE DIRECTORS



INDEPENDENT NON-EXECUTIVE DIRECTORS

MANDATE

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

2023 GOVERNANCE OUTCOMES

- Considered the corporate targets for the BBBEE scorecard in South Africa for the financial year and received updates on tracking against the scorecard
- Reviewed the framework for the operationalisation of the Inclusive Justice Initiative (IJI) across the Group and received updates on the implementation of the IJI transformation strategy
- Considered the report on the employee Pulse survey conducted across the Group during the year and proposals to enhance corporate culture
- Oversaw the continued evolution of the Group's stakeholder engagement strategy and considered detailed feedback of the stakeholder perception survey in WSA
- Continued to monitor the effectiveness of practices to promote employee mental health and wellness, and assessed the measures taken to protect employees' and customers' health and safety
- Monitored progress on employment equity plans and barriers to achieving equity and disability targets in South Africa, as well as actions to overcome these

- Reviewed the Group's talent succession plans, which reflected good female representation across the Group
- Received regular updates on the Group's Social Development initiatives and their impacts
- Reviewed the Group Anti-Bribery and Corruption Policy (for alignment with the OECD recommendations and current legislation), the Group Whistle-blowing Policy, and the approach to ongoing training and employee engagement in relation to both policies
- Reviewed the analysis of the Group's employment and supply chain practices, noting alignment with global principles and best practice
- Reviewed country-specific regulatory requirements in relation to the protection of human rights and, after considering the Group Human Rights Declarations, confirmed that the Group supports the elimination and abolition of all forms of forced, compulsory, and child labour
- Reviewed updates on the goals and action plans in respect of David Jones' and Country Road Group's Modern Slavery Statements to ensure ongoing compliance with the Australian Commonwealth Modern Slavery Act
- Continued to collaborate with the Sustainability Committee on related matters
- Accepted responsibility for the role of Social and Ethics Committees of subsidiary companies
- Considered the results of the committee effectiveness evaluation, which found that the committee
 is highly effective in fulfilling and delivering value on its mandate
- Reviewed the regulatory Compliance Framework, processes, and updates on regulatory changes in the regions in which the Group operates
- Approved the annual compliance monitoring plans and reviewed the compliance monitoring reports, including details of mandatory compliance training provided

- Monitor performance against the Group's 2025 Transformation vision, including the impact of the Inclusive Justice Initiative and the Group's Social Development initiatives
- Continue to monitor the evolution of the Group's stakeholder engagement strategy and the outcomes of stakeholder engagements
- Continue to monitor the effectiveness of the compliance framework and the approach to regulatory compliance and mandatory compliance training





SUSTAINABILITY COMMITTEE



MEMBERS Members: Belinda Earl (Chairman), Roy Bagattini, Hubert Brody,

Nombulelo Moholi, Sam Ngumeni, and Thembisa Skweyiya

MEETINGS

2 EXECUTIVE DIRECTORS



INDEPENDENT NON-EXECUTIVE DIRECTORS

MANDATE

To ensure that the Group's sustainability strategy positions the Group as a leader in responsible retailing in the markets in which it trades. To oversee that the sustainability initiatives and objectives are effectively integrated into the business and that the Group operates in an environmentally responsible manner.

2023 GOVERNANCE OUTCOMES

- Continued to monitor the effects of climate change and the risks posed to our value chain
- Received updates on the evolving global sustainability reporting landscape, including the International Sustainability Standards Board sustainability disclosure standards published in June 2023
- Received updates on the Group's performance relative to the annual internal sustainability targets under the Vision 2025+ strategy
- Received feedback on progress with regard to the rollout of the combined assurance model on sustainability data and reviewed internal and external audit reports related to sustainability data
- Reviewed and approved the sustainability materiality determination process and material issues identified
- Approved the scope of the limited assurance engagement for the 2023 Good Business Journey Report
- Considered the results of the biannual corporate reputation survey (covering environmental and social elements), which tracks the reputations of Woolworths South Africa and Country Road Group relative to their competitors

- Received updates on local and global sustainability trends and news, as well as on environmentrelated legislation
- Oversaw ethical sourcing initiatives, as well as progress towards our zero-waste-to-landfill packaging commitments
- Continued to collaborate with the Social and Ethics Committee on related matters
- Reviewed key sustainability risks identified and reported to the Risk, Information and Technology Committee
- Reviewed and recommended the Sustainability Report (Good Business Journey Report) for 2023 to the Board for approval
- Considered the results of the committee effectiveness evaluation, which found that the committee
 is highly effective in fulfilling and delivering value on its mandate

Reviewed the Group's energy plan in the context of the Group's approved science-based target, renewable energy goal, and increased loadshedding in South Africa.

- Continued focus on ensuring that the Group's sustainability strategy positions us as a leader in responsible retailing in the countries in which we trade
- Oversee effective integration of sustainability initiatives and objectives into the business
- Ensure that the Group operates in an environmentally and socially responsible manner while striving for more responsible consumption and production systems and behaviours



HOW WE EMBED ETHICS INTO OUR CULTURE

Our business model is underpinned by strong governance oversight and a commitment to practice the highest standards of governance, ethics, and integrity. These principles, together with our shared values, shape the way we work and conduct ourselves in delivering our vision of becoming one of the world's most responsible retailers.

GOVERNANCE OF ETHICS

Our ethics governance starts with the Board, which is ultimately responsible for setting and steering the Group's culture and practices. In support of the overriding principle to do business ethically and with integrity, the Board has adopted a suite of policies to articulate and embed ethical practices across the Group. These policies are informed by the relevant provisions of the Companies Act, King IV™, the United Nations Global Compact, and the Organisation for Economic Co-operation and Development (OECD) principles. The Board has further delegated authority for monitoring and reviewing the policy suite to the relevant Board committees and the implementation and execution thereof to management. Policies are reviewed annually and updated when necessary.



AWARENESS AND TRAINING

Awareness training is provided to employees on their induction to the Group and internal governance engagement takes the form of 'Governance Week Conversations' held for all our teams in South Africa, the rest of Africa, and Australia. These conversations are hosted by the Governance Academy on our various online channels in South Africa and Australia and provide employees with real-time panel discussions and access to short videos, podcasts, and visual guides covering a range of topics.

The Governance Academy offers insights into governance matters and mandatory compliance training throughout the Group and hosts regular Governance Weeks. In addition, the Academy hosts 'topic of the month' discussions on topics such as: dealing with ethical dilemmas; managing conflicts of interest; our approach to preventing bribery and corruption; complaints on internal audit and accounting practices; whistle-blowing and protections afforded to whistle-blowers; insider trading and price-sensitive information; protection of personal information; cyber security; intellectual property rights; and anti-competitive practices. Our suite of policies and easy-to-understand summaries are also made available on our Governance Academy digital channels.

Awareness of and a deep commitment to values and ethics within the Group are incorporated in employee engagement surveys. Our Supplier Codes of Business Principles and position statements require suppliers to the Group to adopt the Group's approach to ethics, acceptable labour and safety standards, environmental stewardship, animal welfare, and zero tolerance for bribery and corruption.

OUR GUIDING PRINCIPLES

Our actions are guided by the following principles:

- We are committed to complying with all national legislation and regulations applicable in the regions in which the Group operates. We have an established compliance process that is key to embedding a compliance culture across the Group – for more on compliance refer to the compliance function section below
- We avoid direct, perceived or potential conflicts of interest and our Conflicts of Interests Policies and regular Governance Conversations guide us to do the right thing when we face ethical dilemmas
- We do not trade in the Company's shares during closed or prohibited periods; and our directors, employees and any of their families and/ or associates are not permitted to use price-sensitive information to gain an advantage. Specific guidance in this regard is provided in the Insider Trading and Price Sensitive Information Policies
- Prior clearance to trade in the Company's shares during open periods must be obtained by all directors of the Company and subsidiaries, the Group Company Secretary, members of Group Exco, and their investment managers dealing on their behalf
- The giving of gifts or favours or making of facilitation payments in an
 effort to sell products or services or to influence business, labour or
 governmental decision-making is strictly prohibited. In addition, employees
 may not accept gifts or favours from any business partners, suppliers or
 other vendors. Our Group Anti-bribery and Corruption Policy and the
 Supplier Code of Business Principles provide guidance in this regard

- Sponsorships or donations are managed strictly in accordance with the Group Sponsorship Policy and any direct or indirect contributions to any political party, committee or candidate for public office are strictly forbidden
- We respect human rights and dignity and are intolerant of any form of discrimination and inequality. Our commitment to human rights is entrenched in our internal policies and practices. As signatories to the UN Women's Empowerment Principles and the United Nations Global Compact, we are committed to observing the principles advocated by these forums
- We hold our business partners, including suppliers, to the same standards and require them to respect human rights, practice high labour and safety standards, and exercise due care in the use of environmental resources and in their animal husbandry practices. They are also required to adhere to our zero tolerance for bribery and corruption, child labour, and slavery. Our Supplier Code of Business Principles, policy statements, and ethical sourcing guides give further context to these requirements
- We provide reporting channels for our employees or third parties to safely (anonymously or confidentially) report to an independent third-party service provider, without fear of retribution, any concern about or knowledge of fraud, a violation of Group practices, policies, laws or regulations. Details on how to report a concern are set out in the Group Whistle-blower and the Accounting or Audit Matters Complaint Policies.

COMPLIANCE

We remain committed to ensuring that the legal and regulatory requirements of the countries in which the Group operates are met. Our deeply embedded governance practices and mature compliance framework enable us to proactively identify and respond to regulatory changes. They also enable us to respond to unexpected changes with agility. The Board-approved compliance programme forms part of the risk management framework. Management is responsible for the design, implementation, and monitoring of compliance structures, as well as for integrating regulatory compliance into business processes. Each business has its own unique regulatory universe, which is assessed against defined risk criteria and informs the compliance monitoring plan for the relevant business. Compliance monitoring forms an essential component of the compliance process and is designed to examine business activities to enable management and the Board to ensure that business is conducted in compliance with relevant regulatory requirements.

Key regulatory items are monitored more frequently and reported to the Social and Ethics Committee every quarter. Oversight includes the level of regulatory compliance with the applicable legislation, regulations, standards, best practices and codes that have been identified to be of importance. Management continually strives to integrate compliance as a key component of organisational culture. This culture is further entrenched through ongoing training and awareness of regulatory modules, which are designed and administered by the compliance team, with training being coordinated by the Governance Academy via our digital channels, which reach beyond our head office employees to our store and distribution centre colleagues.

The compliance function forms part of the Group combined assurance model, which covers the three lines of defence, namely, management control, risk control, and compliance oversight functions, as well as independent assurance. The Board is not aware of the Group having breached any material regulatory requirements or having failed to meet any statutory obligations during the year under review.

ANNUAL COMPLIANCE CERTIFICATE AND KING IV™ COMPLIANCE

The Board endorses the holistic approach to corporate governance and the purposeful application of the practices recommended in association with the King IV™ principles. These are incorporated into the Group's governance framework and related policies and practices. The Board is of the opinion that the Group currently complies with all governance principles contained in King IV™, as well as with all requirements of the Company's Memorandum of Incorporation, the Companies Act, and the JSE Listings and Debt Listings Requirements. Details on the manner in which the King IV™ governance principles have been applied in the Group are provided in our King IV™ Application Register, which is available on our website, www.woolworthsholdings.co.za.

The annual compliance certificate confirming the Company's compliance with the JSE Listings and Debt Listings Requirements for the reporting period was submitted to the JSE on 29 September 2023.





OUR VALUE-CREATING BUSINESS MODEL

While retail businesses follow similar, generic business processes, our business model is differentiated by our competitive advantages, including our trusted brands, which provide high quality, predominantly private-label merchandise; intellectual property and innovation capabilities built over decades; the diversification of our Group, both in terms of category and geography; and our market-leading Good Business Journey, which is embedded in everything we do.

Our business model is underpinned by strong governance oversight and commitment to the highest standards of governance, ethics, and integrity. We believe that our business model uses our capitals to optimise value creation for all our stakeholders and that the successful execution thereof will ensure its relevance and sustainability.

OUR TRADING ENVIRONMENT

Several factors that impact our operating environments in Africa, Australia, and New Zealand are partially or wholly beyond our control, and their impact is discussed throughout the report. Through our business model and our strategies we mitigate the negative impact of factors beyond our control where we can, while actively managing aspects within our control to maximise the value we create for our stakeholders.

WITHIN OUR CONTROL

- Our product offering
- Operational efficiencies and synergies
- Cost management
- Relationships with our stakeholders
- Responsible use of natural capital, governed by our Good Business Journey

BEYOND OUR CONTROL

- International markets and exchange rate volatility
- Global supply chain disruptions
- Local macroeconomic factors
- Climate and weather patterns

OUR CUSTOMERS

While we appeal to a broad range of customers, our main target market is the mid- to upper-income consumer in southern Africa, Australia, and New Zealand. We have strong customer relationships, which are enabled by the insights we derive from our rich customer data, attractive loyalty programmes, and differentiated customer experiences. We connect with our customers seamlessly and conveniently through multiple store formats and digital shopping sites and through compelling and increasingly personal marketing campaigns and communications.



OVERVIEW OF CAPITALS AND ACTIVITIES

OUR CAPITAL INPUTS

FINANCIAL CAPITAL

- 48 855 (FY2022: 54 745) shareholders
- 91% public (FY2022: 91% public)
- 28% (FY2022: 24.0%) based offshore
- R12.0bn (FY2022: R11.8bn) shareholders' funds
- R10.3bn (FY2022: R18.7bn) net gearing including lease liabilities
- More than 80% of debt is sustainability linked

M

MANUFACTURED CAPITAL

- 1354 (FY2022: 1386) store locations and six (FY2022: seven) online platforms
- Four distribution centres, three cross-dock facilities, one outsourced FBH online fulfilment centre, one Food dark store in South Africa, and one national Omnichannel Fulfilment Centre in Australia
- Ongoing investment to future-fit our supply chain, stores, and online platforms to ensure reliable deliveries and a superior customer experience across all channels
- Continued incorporation of environmentally friendly features into our stores with efficient technology, such as LED lights
- Seven renewable energy installations and 15 Green Star-rated buildings across the Group

INTELLECTUAL CAPITAL

- Customer data and insights used to inform all our business decisions
- Design-focused approach in our FBH businesses and dedicated food development and technology teams to provide quality, innovative, responsibly sourced merchandise
- Sophisticated merchandise, distribution, and account management systems and

processes, policies, procedures, and manuals

*includes David Jones for 9 months of FY2023

HUMAN CAPITAL

- Experienced leadership team guiding our diverse and talented workforce of 38 732 (FY2022: 44 129) employees
- Fair and responsible remuneration with R12.9bn* (FY2022: R11.7bn) guaranteed pay and related benefits
- Investment in training and development of R207m (FY2022: R169.1m) across the Group
- Group-wide Inclusive Justice Initiative (IJI), aiming to inspire inclusive growth for all our people
- Values-driven corporate culture underpinned by strong compliance and governance culture
- Investment in merchant trainee programmes, skills training, and management development

SOCIAL AND RELATIONSHIP CAPITAL

- Strong customer relationships across the Group, enabled by compelling loyalty programmes and increasingly personalised communications
- Close integration and strong relationships with more than 500 FBH direct suppliers and more than 540 Food direct suppliers across the Group
- Responsible credit provided to our customers by WFS in WSA
- Strong relationships in our communities, including contributions towards our communities through our Corporate Social Investment (CSI) programmes
- GBJ embedded across our Group to guide our interactions with our stakeholders



NATURAL CAPITAL

- Active management of the use of natural resources under our GBJ
- 395 255 MWh (FY2021: 428 291 MWh) grid electricity used in Woolworths direct operations (energy data is reported annually in arrears)
- 653 379 (FY2022: 615 789) kilolitres of water used in Woolworths direct operations

1. CUSTOMER INSIGHTS

Our customer insights and data drive and inform all our business decisions



2. PRODUCT DEVELOPMENT AND DESIGN

We differentiate ourselves by providing our customers with highquality, innovative, responsibly sourced, and appealing products







6. IN-STORE AND **ONLINE RETAILING**

We offer our customers inspiring, engaging, and relevant digital and in-store journeys and help staff deliver a consistent, brandaligned customer experience across all channels



OUR VALUE-CREATING BUSINESS ACTIVITIES

More detail on each business activity can be found on the next page.

3. SOURCING

Our supplier relationships are a key competitive advantage and we integrate closely with them



5. CENTRALISED DISTRIBUTION AND REPLENISHMENT

Centralised distribution systems in our operating regions deliver trustworthy, timely, and accurate online fulfilment and deliveries to our stores











4. MERCHANDISE AND PLANNING

We have well-entrenched business planning skills and expertise, supported by our merchandise processes and systems







VALUE-CREATING BUSINESS ACTIVITIES

CUSTOMER INSIGHTS

We have extensive databases of customer information in all our businesses, informed by our loyalty programmes. This enables us to leverage data into actionable insights with speed and agility to inform all our decision-making processes, from the products we offer to how and where we sell them. We use these insights to drive customer loyalty, acquisition, frequency, and spend. Our loyalty programmes also reward our customers for shopping with us through compelling benefits, enhanced personalisation, and valuable communications.



We actively engage with our customers on aspects of the GBJ and on our product sustainability attributes, which is a key differentiator for us and adds value to our offerings.

PRODUCT DEVELOPMENT AND DESIGN

Our WSA FBH and CRG businesses combine customer insights and segmentation, trend analysis, and interpretation to design beautiful, stylish, relevant, quality products. In our WSA Food business, dedicated product development and food technology teams interpret trends and work with suppliers to develop and improve current ranges and introduce innovative new products and cooking techniques with superior quality at great value. CRG brands merchandise exclusively private-label brands, and Woolworths provides highly selective third-party brands to allow customers to complete their shopping in our stores and to complement our private-label offerings.







The GBJ is embedded in product development and design, with the aim of ensuring that all products are responsibly sourced, have at least one sustainability attribute, and are sold in either recyclable or reusable packaging.

SOURCING

Our supplier relationships are a key competitive advantage and we integrate closely with them. Our scale in our FBH businesses drives speed-tomarket by sourcing the majority of our products sold in Australia from Asia and almost half of our FBH products sold in South Africa from suppliers based in the SADC region. Our Food businesses benefit from exclusive regional supplier relationships, particularly in our strategic categories.









Various GBJ-related ethical sourcing programmes aim to ensure that we increase our local sourcing, and source our commodities from suppliers who meet our environmental, social, and ethical compliance requirements.

MERCHANDISE AND PLANNING

Our integrated systems, which include customer insights, product information, and store data, enable appropriate in-store catalogues. Our products are also seamlessly available on our digital platforms.





With our business planning skills and expertise, supported by our merchandise processes and systems, we aim to deliver the right amount of product at the right place at the right time, while minimising waste in line with our GBJ. Further, we donate the majority of surplus food and clothing to charity.

CENTRALISED DISTRIBUTION AND REPLENISHMENT

Centralised distribution systems deliver trustworthy, timely, and accurate online fulfilment and deliveries to stores. Apparel, beauty, and home products are regularly replenished to ensure availability and newness throughout the season. Optimised daily food delivery schedules, with strict cold chain disciplines, ensure that we maintain our food quality and maximise availability while minimising waste. Online orders are fulfilled from selected stores and dedicated dark stores for FBH products in South Africa and ondemand Food products in central Cape Town. In Australia, CRG merchandise is fulfilled from the purpose-built Omnichannel Fulfilment Centre.







Various GBJ-related energy and water efficiency and waste management initiatives are in place throughout our distribution centres, transport, and logistic operations to reduce our environmental impact.

IN-STORE AND ONLINE RETAILING

Our products are merchandised through multiple store formats across our store locations and through our digital platforms, including websites and mobile apps, to provide our customers with seamless, convenient, and inspiring shopping journeys regardless of their channel of choice. We enhance the digital experience by leveraging our systems and platforms, collaborating with strategic partners, and investing in our IT team and infrastructure. The real estate portfolios are optimised to balance physical store growth with the demand for online and to optimise trading densities and profitability. Our daily interactions continue to provide us with a better understanding of our customers' wants and needs, which we use to inform our customer-centric, data-driven decisions.











Various GBJ-related energy and water efficiency and waste management initiatives are in place throughout our stores to reduce our environmental impact. We aim to use more sustainable materials in our store design and visual merchandising. We also encourage our customers to bring their own reusable bags when shopping, and many of our deliveries to customers are made in reusable and recyclable bags or boxes.

CAPITALS	ACTIONS	GBJ FOCUS AREA	OUTCOMES	
FINANCIAL	Continued access to financial capital through investor and financial market confidence by actively managing capital	 Ethical sourcing Energy and climate change 	 Articulated clear capital allocation principles Repurchased further R2.9bn shares in current year; to date, 6.6% of shares bought back at average price of c.R60.40/share Adjusted diluted headline earnings per share increased by 35.6% to 508.3 cps 	 Total dividend of 313.0 cps declared, up 36.4% on LY ROCE of 23.5%, up 6.7ppts from LY Continued to align financial decisions to sustainability strategy - more than 80% of debt is sustainability linked
M MANUFACTURED	Ongoing investments in stores, distribution centres, and digital platforms to promote sustainable growth	 Energy and climate Water Packaging and waste 	 Invested in digital platforms to increase penetration Online sales contribution of 8.3% to Group's total turnover and concession sales On-demand Food delivery, Dash, available in 100 stores, accounting for 66% of Food online sales Partnership with Iconic to expand CRG reach 	 Optimised the shape of the chain to drive profitability Net space decrease of 0.2% and 3.9% in FBH and CRG, with Food increasing net space by 3.6% CRG re-entered Myer stores and expanded into regional areas with a wholesale model Ongoing testing and trialling of new catalogues, visual merchandising solutions, and store formats and footprints
INTELLECTUAL	Continued development and improvement in our brands by focusing on quality, sustainability, and innovation, and by investing in future-fit processes	 Sustainable farming Packaging and waste Water Ethical sourcing 	 'Edited to amplify' our FBH offering, focusing on 'must-win' categories, leading to higher full-priced sales Careful management of costs and inventory to mitigate supply chain disruptions Further streamlined existing business processes and ways of working 	 Upweighted focus on quality and sustainability in all aspects of the business 100% of Woolworths Food and 85% of Woolworths FBH private label products have at least one sustainability attribute
HUMAN	Employment creation, development through training, and promotion of diversity and inclusion within the workplace	PeopleHealth and Wellness	 Over R200m invested in training and development across the Group 983 Woolworths-funded learnerships granted 	 Ongoing implementation of strong governance structures Continued to roll out the Inclusive Justice Initiative throughout the Group
S SOCIAL AND RELATIONSHIP	Played a meaningful role in addressing the economic and social needs and expectations of the communities where we operate Strengthened positive relationships with our stakeholders	 Sustainable farming Ethical sourcing Social development People 	 Continued to grow our strong, personalised customer relations with 86%, 90%, and 82% of revenue tracked on loyalty cards in FBH, Food, and CRG respectively Ongoing strengthening of supplier partnerships 32 supplier development beneficiaries supported 	 Maintained engagement and collaboration with other stakeholder groups, such as government and regulators, industry bodies, academic institutions, and the media Over R1bn in total social contributions across the Group
N NATURAL	Actively managed the responsible use of natural resources and reduction of our environmental impacts through our GBJ	Sustainable farmingWaterEnergy and climatePackaging and waste	 R2.9bn saved by Woolworths through our GBJ since 2007 16% reduction in Scopes 1 and 2 carbon emissions* 	 Continued to implement various sustainability initiatives, including sustainable fishing and farming programmes, responsible sourcing of key commodities, phasing out single-use plastic, and energy and water efficiency programmes





WHL

TRADE-OFFS

We mindfully use and trade off the capitals to continue to invest in our employees, supplier relationships, and operations to meet the wants and needs of our customers while entrenching strong governance.

The capitals we most frequently trade off include the financial capital, which we use to sustain and grow our businesses, and natural capital, which is inevitably eroded in the course of our business activities. We actively manage our investments in our capitals by carefully considering the negative impact on short-term financial and natural capitals against the immediate benefits and the longer-term positive impact on the sustainability of our other capitals.

We use our financial capital to benefit our shareholders through our capital allocation framework. This allows us to support our strategies and growth ambitions while also meeting our targeted gearing structure and shareholder aspirations.

In the current year, for example, we strengthened our balance sheet through the sale of David Jones (refer to case study) and increased our capex investment towards digital and data, IT, and transforming our value chains, and repurchased a further R2.9bn shares. This serves to create value for all our stakeholders in the short term and well into the future.

Throughout the year, we invested financial capital into manufactured capital to build a seamless shopping experience across channels.

We carefully consider the need to optimise physical space to drive growth and productivity and the need to invest in our digital platforms, especially in our Food business, where the online channel attracts a lower margin.

We further invest financial capital into manufactured capital when we build and/or retrofit our stores with energy- and water-efficient fittings such as LED lighting and closed-door fridges and by investing in generators to remain operational throughout power outages. We have seen the benefit of our past trade-off in this regard over the past year where, notwithstanding significant loadshedding, we have consistently been open for trade without sacrificing on our quality promise.

We continued to build our intellectual capital by trading off financial capital to directly contribute towards this key competitive advantage, which also indirectly benefits our human and social and relationship capitals.

This includes trading off financial capital to strategically build future-fit businesses, most notably through significant investments in our value chains throughout our Group.

We direct ongoing investment in our human capital, as our employees are critical to the successful execution of our strategies and the long-term sustainability of our businesses.

Notably, we continue to willingly trade off financial capital in our Just Wage initiative, through which we have made significant strides towards paying our people a 'living wage'.

Our investment in human capital also indirectly builds our social and relationship capital, as it contributes towards stronger relationships with our employees, increases our ability to meet our customers' demands, and positively contributes towards the communities in which we operate.

We mindfully trade off financial capital to continue to grow and nurture our social and relationship capital, which is fundamental to our Group.

Through our GBJ and CSI initiatives, we reduce our financial capital in the short term for longer-term benefits to our environment and the communities in which we operate.

A key focus is to consciously and responsibly trade off natural capital to ultimately increase our financial capital and, indirectly, all other capitals of value creation. This is carefully managed under our well-established GBJ, as detailed throughout this report.

Two examples of trade-off decisions we made in the year are demonstrated in the case studies on the following page.

S







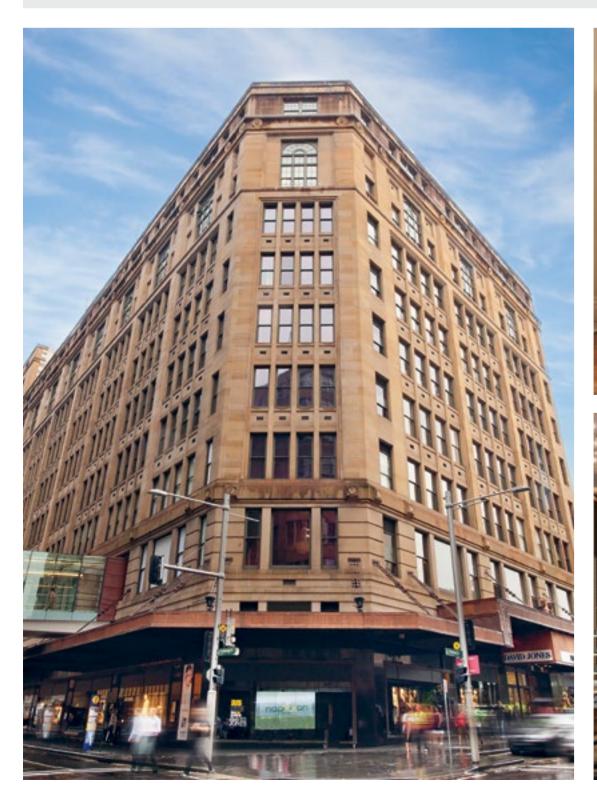
CASE STUDY ONE

THE SALE OF DAVID JONES

WHL purchased David Jones in 2014. While significant time and resources were committed to repositioning the business, the strategic rationale at the time of the acquisition did not materialise to the extent originally envisaged. We, therefore, made the decision to sell David Jones in the current year on the basis that it was no longer aligned to the strategic objectives of the Group.

While the sale of David Jones results in the removal of its contribution of revenue and profits from our Group's income statement, it significantly improves our overall returns profile by equally removing c.R22bn of liabilities, of which c.R18bn were lease liabilities, from the balance sheet. Further, and perhaps more importantly, this will enhance all other capitals well into the long term by enabling the reallocation of capital and management focus to value-accretive initiatives in our Woolworths and CRG businesses, both of which are core to the Group's objectives.

Overall, this transaction is transformative for the Group as it enhances our immediate and longerterm ability to create meaningful value for our stakeholders.







CASE STUDY TWO

OUR WPRIDE CAMPAIGN

As part of our commitment to Inclusive Justice, the Group is working towards a world where everyone is accepted, protected, and respected regardless of sexual orientation, gender identity or gender expression. To this end, in June of the current year, we launched our WPride campaign in South Africa to coincide with International Pride Month.

The Group has always appreciated and valued the feedback from its customers, and while the response to our WPride campaign was largely positive, not all customers were aligned with the position we took, which resulted in some negative feedback from select cohorts and religious groups. We responded in line with our stakeholder engagement approach, communicating directly with both internal and external stakeholders to convey our points of view, and to better understand theirs. We also proactively mitigated the potential risk of foregone sales as a direct result of our campaign; while our stance and our support of the LGBQTIA+ community could have resulted in a short-term impact on sales, this was a potential trade-off that we were prepared to make to enhance the human, social, and relationship capitals, not just for us as a business, but for our people, communities, and societies as a whole.

This isn't a first for us. Guided by our vision of being one of the world's most responsible retailers, our business has always been a cause for good. The Inclusive Justice Initiative is an integral part of our Good Business Journey and our belief that we are so much more than just a business; we believe our organisation plays a crucial role in the lives of our employees, their families, our suppliers and partners, and the communities in which we operate.



CELEBRATING PRIDE 2023

HOW THE GBJ CREATES VALUE



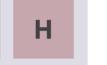
The GBJ is central to the Group's strategy and supports our vision to be one of the world's most responsible retailers. Implementation of the GBJ strategy, Vision 2025⁺, is embedded throughout our business activities. We have eight key sustainability focus areas that aim to optimally use our capitals to ultimately create value for the Group and its stakeholders.



PEOPLE



SOCIAL **DEVELOPMENT**



HEALTH & WELLNESS

ETHICAL SOURCING







CONTEXT

Our people are at the heart of our business. They are the ones who implement our strategy. Our people are also the face of the business, and a happy and engaged workforce enables a connected customer experience. It is important for us to ensure that we employ and invest in people who share our brand purpose, values, and passion to help grow a future-fit business.

HOW VALUE IS CREATED

We create employment opportunities, invest in our people's training and development, reward them for their work, and foster a culture of diversity and inclusion.

CONTEXT

We can only grow and sustain long-term profit in a socially inclusive and equitable economy that has a sufficiently skilled, educated, thriving, and healthy community.

HOW VALUE IS CREATED

As a responsible corporate citizen, we play a meaningful role in addressing the economic and societal needs and expectations of the communities where we operate through our social development programmes, with a focus on education, food security, and community resilience.

CONTEXT

Health and wellness are critically and increasingly important for both our customers and our people.

HOW VALUE IS CREATED

We aim to create a safe and healthy working environment for our people through our occupational health and wellness model.

As a food retailer, we aim to provide our customers with a wide range of healthy food options to assist them in making healthy choices.

CONTEXT

The diverse and often complex supply chains involved in producing our products can have significant human rights and environmental risks and impacts.

HOW VALUE IS CREATED

Our ethical sourcing programmes allow us to mitigate where necessary, and positively influence where possible, these risks and impacts. We thereby contribute to creating better working conditions for workers in our supply chain and minimising environmental impacts such as biodiversity loss, carbon emissions, water consumption, and wastewater pollution.

UN SDGs:

CONTEXT











Each of the eight key GBJ focus areas relates to one or more of the UN's Sustainable Development Goals.











SUSTAINABLE FARMING























ENERGY & CLIMATE CHANGE



Increasing biodiversity loss is a significant risk to our business, to the health and wellness of our customers and employees, and to society as a whole. In addition, globally, food systems have been affected by the impact of climate change and related extreme weather events, soil degradation, and worsening water quality and availability.

HOW VALUE IS CREATED

We contribute towards creating a more sustainable food system through our sustainable farming programmes, actively managing environmental impacts and the welfare and dignity of animals in our supply chain. We also aim to improve the working conditions of farm workers in our supply chain.

CONTEXT

A significant amount of product and packaging produced globally ends up in landfill, is incinerated, or leaks back into the environment. This is a waste of precious natural resources and a source of pollution.

HOW VALUE IS CREATED

We aim to reduce the amount of waste sent to landfill across our value chain, minimise the use of non-renewable resources, and drive a market for recycled materials by using them in our operations, packaging, and products. We also encourage the recycling, reuse, repair or repurposing of our products and packaging. Through this, we reduce the negative environmental impacts of landfilled products and packaging.

CONTEXT

Water is essential to our operations. It is vital in sustaining manufacturing and agriculture, to the health and hygiene of our employees and the communities we operate in, and in keeping our facilities operational.

HOW VALUE IS CREATED

We have established a systematic process of managing water across our operations and in the various communities we work in. In order to contribute towards the protection and maintenance of water quality and availability, we aim to reduce water consumption and promote responsible water stewardship throughout our value chain, often working with our suppliers and other external stakeholders.

CONTEXT

Climate change is one of the greatest challenges of our time. The science is clear: we need to limit global temperature increase to 1.5 °C.

HOW VALUE IS CREATED

We are committed to being part of the collective action against climate change. We have an approved science-based emissions reduction target. Additionally, we have committed to achieve net zero carbon impact by 2040. Through initiatives such as procuring renewable energy, online metering of electricity, implementing energyefficiency initiatives, and adopting eco-friendly technology, we aim to contribute towards reducing our carbon impact.





Related UN SDGs:











STAKEHOLDER ENGAGEMENT

Our vision is to be one of the world's most responsible retailers, and effective stakeholder management is a key enabler of our achieving the vision.

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.

THE ROLE OF STAKEHOLDER ENGAGEMENT

Our stakeholder engagement programme helps the Group better navigate the complex regulatory, legislative, and political landscape, 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.

STAKEHOLDER GOVERNANCE AND MANAGEMENT

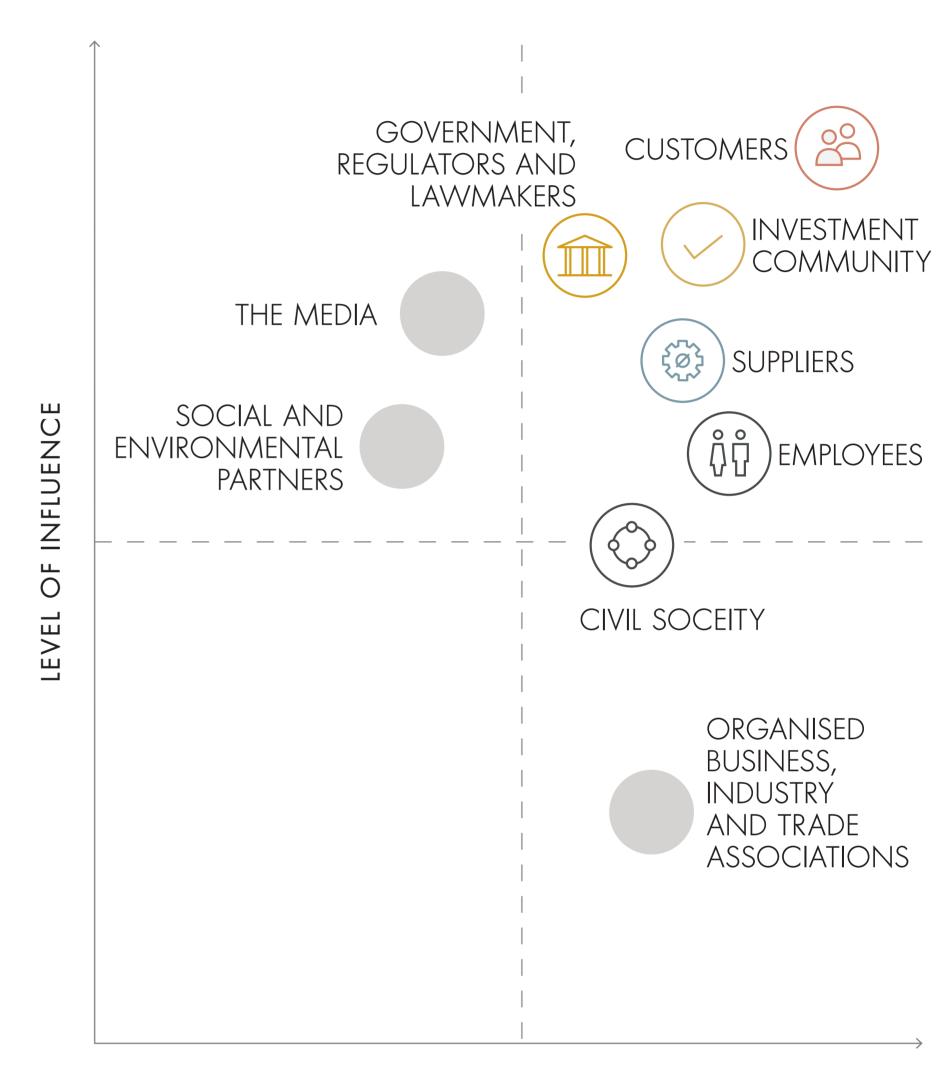
The Board is committed to strong, ethical, and transparent stakeholder engagement. Our management teams are empowered by the Board to ensure that we remain accessible to our stakeholders and that we identify, monitor, and address their needs and concerns, as well as the related material issues, risks, and opportunities.

WHL Board's oversight is managed through the WHL Board's Social and Ethics Committee (SEC), tasked with overseeing the Group's approach to stakeholder management. One of the key focus areas of the SEC is to ensure that the stakeholder management approach is ethical and above reproach and supports the Group's commitment with regard to being a responsible corporate citizen. The Board receives regular reports from stakeholder engagements, with the Social and Ethics Committee conducting annual stakeholder engagement self-assessment reviews.

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.

OUR STAKEHOLDER GROUPINGS

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. This graph outlines the level or power or influence of the material stakeholders versus their interest in our Group. This assessment is reviewed annually and adjusted based on our assessments, interactions, and feedback with the various stakeholder groupings.



LEVEL OF INTEREST IN WHL ACTIVITIES

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.

STAKEHOLDER ENGAGEMENTS IN THE CURRENT YEAR

During the year, we actively and frequently engaged with our material stakeholders to gain valuable insights from them which inform our material issues and our related strategies and GBJ focus areas. This also allows us to address their needs, expectations and concerns and create sustainable value for them and, in turn, for our Group as a whole.



OUR 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.

WHAT DO THEY NEED AND EXPECT FROM US?

- 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

HOW WE RESPONDED

- 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 86%, 90%, and 82% in FBH, Food, and CRG, respectively
- Providing opportunities to support schools and other charities through our MySchool MyVillage MyPlanet programmes, with more than 8 400 causes supported by 1.3 million customers in South Africa

HOW WE ENGAGED

We engage with our customers through daily interactions in physical stores, on digital platforms, and on social media channels. We also conduct regular focus groups and surveys with our customers to gain valuable insights into their needs and expectations.

HOW THE BOARD ENGAGED

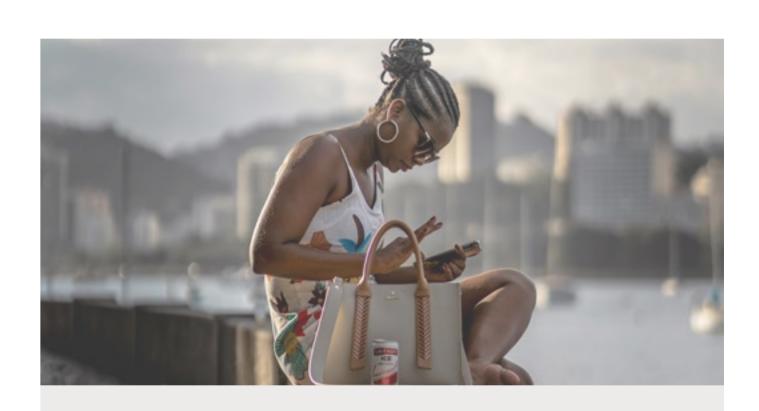
Customers remain central to achieving the Group's strategic ambitions and the Board is committed to understanding and ensuring that customer needs are addressed through engagement or our product offerings. To this end, the Board extensively reviewed the Group's target customer and in particular, the needs and expectations of our Black customers. In addition, the Board regularly receives specific updates from business units on areas of customer concern, which are highlighted for consideration in proposals put to the Board.

ENGAGEMENT IN ACTION

We engage with our customers through various surveys throughout the year. These include a bi-annual Corporate Reputation Survey (CRS) which aims to measure Woolworths' corporate reputation against eight other local retailers across food and fashion.

The CRS score is based on customers' assessments of ethos, performance, corporate social responsibility and value for money in Food, and aspirations, governance, excellence, community upliftment, and value for money in Fashion. The latest results from June 2023 indicate that customers perceive Woolworths to be the top ranked retailer overall when it comes to corporate reputation.

Customers also ranked Woolworths very highly on environmental responsibility, acting with integrity, service, quality, and being an appealing company to work for when compared to its peers.



MATERIAL ISSUE INFORMED

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

HOW THIS IS ADDRESSED IN OUR STRATEGY

- Create further value in Country Road Group
- Continued improvement in Fashion and growth in Beauty and Home
- Leading and iconic Food business
- Data-driven decision-making
- Elevated omnichannel customer experience
- Our GBJ, specifically via our social development, health and wellness, sustainable farming and ethical sourcing focus areas



OUR INVESTMENT COMMUNITY

Our investment community includes our shareholders and debt funders, who provide us with the sources of capital we require to continue operating and servicing our communities. They comprise 48 855 shareholders, R12.0 billion in shareholders' funds, and R10.3 billion net gearing (including lease liabilities), which enables business continuity and growth.

WHAT DO THEY NEED AND EXPECT FROM US?

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

HOW WE RESPONDED

- Responsibly investing capital for long-term sustainability in accordance with our clearly defined capital allocation framework, depicted on <u>page 61</u>, which seeks to support our growth ambitions, while also seeking to satisfy our targeted gearing structure and shareholder aspirations. To this end, in the current year, we have:
- adHEPS of 508.3cps, +35.6% on LY
- Cash returned from DJ to WHL: A\$200m (c.R2.3bn) in the current year; A\$290m (c.R3.6bn) to date
- Released c.R22bn of liabilities, of which c.R18bn were lease liabilities, from the balance sheet upon the sale of David Jones
- Committed to invest c.R10bn of capital in our businesses over the next three years
- Increased capex spend towards digital and data, enabling IT and Food and FBH supply chains
- Declared a total dividend of 313.0cps, +36.4% on LY, with a payout ratio of 70%
- Repurchased a further R2.9bn shares in FY2023; to date, 6.6% shares bought back at an average price of c.R60.40/share
- Continuing to align financial decisions to sustainability strategy, with more than 80% of WSA debt now sustainability-linked

23.5%

improved by 6.7ppts from LY

HOW WE ENGAGED

We provide regular trading updates and notifications to our investment community and address their key issues and concerns through announcements, presentations, and meetings. We interact with and receive feedback from investors, analysts, and debt funders by participating in broker-hosted conferences, Group-led roadshows, and through ongoing interactions, including face-to-face meetings, telephone calls, and email correspondence. Further interaction with shareholders is facilitated prior to and at the Annual General Meeting.

HOW THE BOARD ENGAGED

The Board is committed to understanding the needs and expectations of both private and institutional shareholders. To this end, it receives regular market updates and shareholder sentiment feedback from Investor Relations, as well as feedback from the Group CEO on engagements with institutional shareholders and other key investor stakeholders, at the interim and final results presentations.

It is customary for the chairman of the Board, Lead Independent Director and Group Company Secretary to engage with key shareholders on Board governance matters, including the Group's Remuneration Policy and practices, prior to our Annual General Meetings. The Board as a whole is provided with feedback and ensures that matters are referred to the relevant Board committees for further deliberation, as applicable.

The Annual General Meetings provide further opportunity for the Board to engage with shareholders. Notwithstanding that the Annual General Meetings have been held digitally for the past three years, shareholders are not constrained from participating and have enjoyed robust engagement with the Board on a range of topics.

ENGAGEMENT IN ACTION

The investment community is increasingly upweighting the importance of sustainability in making their investment decisions. We have been market-leading in the area of sustainability for quite some time through our pioneering GBJ. However, we have, arguably, not done enough to share our GBJ with the market. To this end, in October 2022, we undertook our second GBJ investor engagement session. This outlined recent highlights of our GBJ and unpacked ethical sourcing in our Fashion, Beauty and Home business in more detail. This was followed by a Q&A session where various other sustainability topics were discussed. These interactions provide our investment community with more detailed insight into our sustainability strategy and how it is deeply embedded in all that we do as a key differentiator for us.

MATERIAL ISSUE INFORMED

- Our trade performance
- Effective strategy execution
- Responsible retailing

HOW THIS IS ADDRESSED IN OUR STRATEGY

- Create further value in Country Road Group
- Continued improvement in Fashion and growth in Beauty and Home
- Leading and iconic Food business
- Data-driven decision-making
- Elevated omnichannel customer experience
- Cost efficiency and operational excellence
- People and leadership
- Our GBJ



OUR EMPLOYEES

The passion, commitment, talent, and knowledge of our almost 40 000 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.

WHAT DO THEY NEED AND **EXPECT FROM US?**

- Employment and job security
- Fair remuneration
- Diversity and inclusion
- Training and development
- Employee community involvement
- Employee health, safety, and wellbeing

HOW WE RESPONDED

- 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 R12.9bn* in FY2023 (FY2022: R11.7bn)
- Investing R207m (FY2022: R169.1m) in training and development
- Promoting diversity, inclusion, social justice, and equality, enabled by our Inclusive Justice Initiative
- Providing opportunities for workplace-giving initiatives and volunteering programmes

HOW WE ENGAGED

Employee engagement takes place both informally as well as through more structured and formal engagement channels. Informally, employee engagement occurs on a daily basis in the normal course of business. Additionally, regular, formal one-on-ones and team engagements, both at an operational and at a strategic level, are an established way of working. Continuous formal engagement is supplemented by the annual performance and development process, which includes one-on-one, bi-annual engagements on performance, career, and development. More broadly, our employees are informed about business direction and priorities and engaged on a wide range of issues through various channels, including business and strategy updates, roadshows, focus groups, special purpose forums, digital and social platforms, and online media.

(FY2022: R11.7bn)

HOW THE BOARD ENGAGED

Being cognizant of the critically important role that employees play in delivering the Group's strategic ambitions, the Board ensures it remains abreast of employee concerns and sentiment. Through management reports and feedback from the Social and Ethics Committee, the Board is kept informed of trends on people matters and key issues raised by employees. The Board also receives updates on employee sentiment arising from survey findings, and reviews the progress being made to address material matters raised.

Fair and responsible remuneration of

ENGAGEMENT IN ACTION

In the current year, we actively engaged with our Woolworths store employees to officially define and share our 'store purpose', uncovering what we stand for, connecting everyone to the purpose, and growing our people's skills to lead, deliver and live with purpose. The first step was asking our people what makes 'the difference' in our stores, and we listened to what inspires each of us in our work. Through hundreds of stories, pictures, and shared experiences, our purpose was developed. The words in our final purpose statement were chosen by our people - to create spaces that connect, inspire, and care for people. We then defined a set of behaviours that help us bring our purpose to life in our stores and are now embedding these throughout our stores and our organisation to make 'the difference' in the lives of our customers, employees, and other stakeholders.

MATERIAL ISSUE INFORMED

People, talent management, and change

HOW THIS IS ADDRESSED IN OUR STRATEGY

- People and leadership
- Our GBJ, specifically via our people, social development, and health and wellness focus areas

*includes David Jones for 9 months of FY2023



OUR 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.

WHAT DO THEY NEED AND EXPECT FROM US?

- Fair and ethical sourcing
- Timely payment and fair and favourable terms
- Enterprise and Supplier Development

HOW WE RESPONDED

- Mutual growth and close integration, particularly with the smaller local suppliers whom we support as part of the Enterprise and 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

HOW WE ENGAGED

In many cases, our suppliers are not seen as external to our operations but rather as pivotal and strategic extensions that are integral to our businesses, supplying us with high-quality, often exclusive products. Suppliers are expected to adhere to codes of conduct, including our Good Business Journey principles. Regular reviews and assessments of suppliers are also conducted through supplier audits and supplier scorecards to ensure sustainable, responsible, and ethical business practices in our supplier base. The interests and concerns of suppliers are identified in the normal course of business and at annual supplier conferences.

HOW THE BOARD ENGAGED

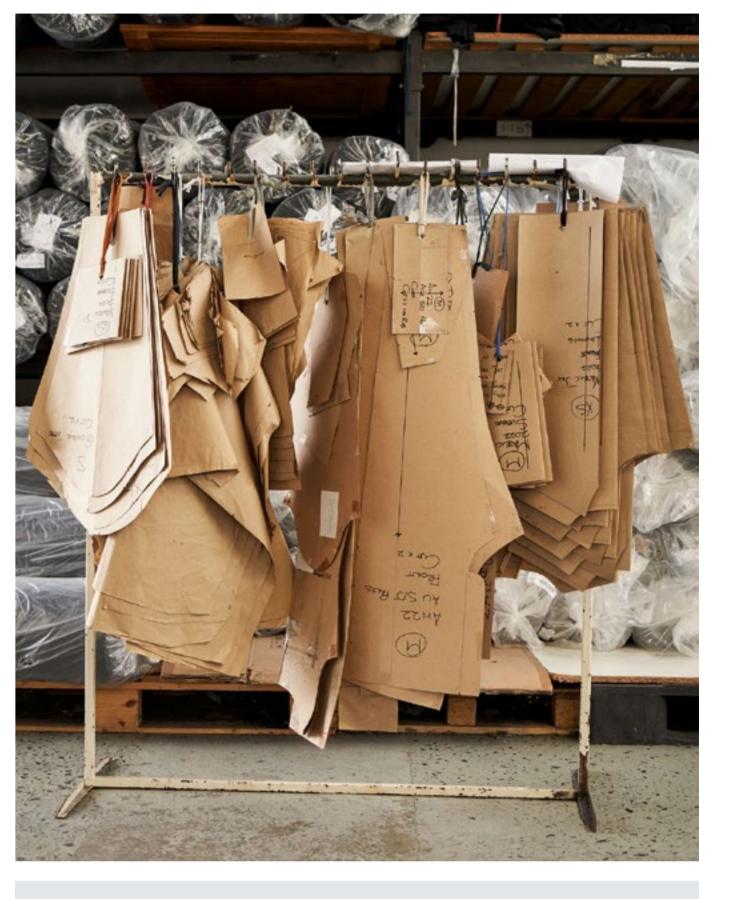
The Group relies on a number of suppliers and partners for important aspects of its operations and recognises the importance of supplier relationships in achieving the Group's wider ambitions. The Board, accordingly, monitors the way in which management oversees resilience in the supply chain to ensure continuity of operations. The Board, in addition, monitors how management and the wider business engage

with suppliers in order to drive the Board's zero tolerance to human rights abuses in its supply chain. Feedback is routinely provided to the Board by management on supplier performance in this regard, as well as from the Audit and Social and Ethics Committees on negative findings and remediation measures to address the risk of any human rights abuses.

ENGAGEMENT IN ACTION

In the current year, we hosted both Food and FBH supplier conferences – the first time we have done so in person in a number of years. Members of the respective leadership teams, along with the Group CEO, addressed our suppliers and updated them on the strategies and progress made with regard to WHL, the respective business unit, and our GBJ. More specifically, we focused and updated them on the respective sourcing strategies and on the initiatives to ensure the highest quality merchandise. In turn, we listened to their needs, expectations, and concerns. The open dialogue and trust that we have with our suppliers allows us to demand the highest standards of each other, intensifying our competitive, collaborative advantage in order to grow our respective businesses well into the future.

The Group
relies on a number of
suppliers and partners for
important aspects of its
operations and recognises
the importance of supplier
relationships in achieving
the Group's wider ambitions.





MATERIAL ISSUE INFORMED

- Our trade performance
- Responsible retailing

HOW THIS IS ADDRESSED IN OUR STRATEGY

- Create further value in CRG
- Continued improvement in Fashion and growth in Beauty and Home
- Leading and iconic Food business
- Cost efficiency and operational excellence
- Our GBJ, specifically via our people, sustainable farming, ethical sourcing, and energy and climate change focus areas



GOVERNMENT, REGULATORS, AND LAWMAKERS

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

WHAT DO THEY NEED AND EXPECT FROM US?

- Legislation and regulation adherence, both in spirit and intent
- Contribution towards inclusive economic growth, including but not limited to, job creation and skills development, enterprise development, and local procurement

HOW WE RESPONDED

- Actively engaging government and industry on policy matters
- Committing to transformation, particularly for the previously disadvantaged
- Using our core competencies to contribute towards solving social problems such as food security



HOW WE ENGAGED

As an active corporate citizen, we constructively participate in industry affairs. We share insights and concerns with government and gain invaluable socio-political information which enables the Group to mitigate risks, explore opportunities, and partner with governments. Our standing with government and track record as a good corporate citizen provide us with the opportunity to credibly contribute towards public policy formulation in the interest of a regulatory environment conducive to business sustainability.

HOW THE BOARD ENGAGED

The growing expectations on companies to show strong leadership in dealing with economic inequality and to contribute to inclusive economic growth has heightened the importance of maintaining sound working relationships with government and regulators. The Board monitors the quality of management's engagement with government, regulators, and lawmakers, as well as the key issues emerging, to ensure that material issues are comprehensively considered in its

deliberations. The Board further ensures that regulatory compliance is embedded into business processes, as appropriate, and that the Group remains in good standing with the regulatory authorities. In this regard, the Board is supported by the Audit Committee, which routinely receives feedback from the Group Internal Auditor as well as the Social and Ethics Committee under whose remit compliance governance and monitoring falls. Both committees and management provide the Board with regular feedback on regulatory compliance.

ENGAGEMENT IN ACTION

Woolworths operates in 10 African countries outside of South Africa. Amid plans to implement the Africa Continental Free Trade Area (AfCFTA), many countries have sought to optimise border processes to ensure the protection of domestic economies and subsequent tightening of compliance requirements on imports. Botswana, Kenya, and Mozambique, among others, have implemented Conformity Assessment Programmes (CAP), requiring imported products to obtain relevant certification and additional product testing in some respects, resulting in some trade barriers. In an attempt

to find a working and impactful model to mitigate and manage the business risks, we have taken a more collaborative industry approach to government engagement. We have leveraged established industry body relations to facilitate industry alignment and participation in rallying our government support in engaging foreign country counterparts. This approach has been successful in resolving matters, and, as a result, the unintended negative trade situation in one instance was averted, as both governments continued to work towards a solution. This scenario presented an opportune prototype for managing complex bilateral trade matters.

The Board further ensures that regulatory compliance is embedded into business processes, as appropriate, and that the Group remains in good standing with the regulatory authorities.

MATERIAL ISSUE INFORMED

- Our trade performance
- Responsible retailing

HOW THIS IS ADDRESSED IN OUR STRATEGY

Our GBJ



CIVIL SOCIETY

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

WHAT DO THEY NEED AND EXPECT FROM US?

- Community involvement and contribution
- Contribution to economic growth and social development
- A clear stance from leadership on inequality and other social issues

HOW WE RESPONDED

- Assisting in driving economic growth through capital investment of R2.5bn, predominantly in South Africa
- BBBEE compliance, with a score of 5
- Reducing our environmental impact with various sustainability initiatives, including phasing out single-use plastic, and energyand water-efficiency programmes

HOW WE ENGAGED

We actively engage with members of the relevant communities and continue to deepen and expand our relationships with them. We continue to monitor the socio-economic impact we have in our civil societies and communities, and we engage experts and interest groups, where possible, to ensure that we use our business strengths to provide a meaningful contribution in the regions in which we operate.

HOW THE BOARD ENGAGED

The Group Sustainability and Social and Ethics Committees, which are responsible for overseeing ESG issues across the Group's value chain, routinely update the Board on stakeholder concerns in this regard. For further details, refer to the committee focus areas on pages 28 to 29 of this Report, as well as the Good Business Journey Report on our website and the Social and Ethics Committee Report on pages 94 to 101 of this Report.

ENGAGEMENT IN ACTION

We base our social development initiatives on the principle of partnership. We partner with a number of non-profit organisations to realise our goal, which aligns to that of the United Nations of achieving a #zerohunger future by 2030. We believe in actively partnering with these organisations and engaged with each of them as we set our monitoring and evaluation framework that will enable us to measure and track our impacts. Each of our partners was consulted in the development of indicators and they had the opportunity to ensure that the indicators would add value to their programmes as well as to Woolworths overarching intent. We have a very collaborative approach to our social partners and believe their work will support the creation of food security and resilient communities, contributing to #zerohunger.

We partner with a number of non-profit organisations to realise our goal, which aligns to that of the United Nations, of achieving a #zerohunger future by 2030.



ENTERPRISE RISK MANAGEMENT

Risk management is an integral component of the Group's strategy for longer-term growth, sustainability, and resiliency.

AND

REPORTING

RISK GOVERNANCE **Group Enterprise Risk** Group Risk, Information and **Group Executive Committee Board of Technology Committee Function Directors** Overall accountability Oversight of the risk Overall accountability for the Overall responsibility management framework control and management of for co-ordination and for the direction of risk and controls on behalf of the risk. Individual executives are implementation of the risk management and risk **Board of Directors** accountable for specific risks mitigation strategies management process 2 RISK MANAGEMENT STRATEGY AND FRAMEWORK TOP DOWN S COMMUNICATIO RISK Principle Risks





5 COMBINED ASSURANCE

1st Line of Defence	2nd Line of Defence	3rd Line of Defence
Management	Risk, Compliance, Governance	Internal and External Audit
Own and manage risks	Risk management direction and guidance	Independent assurance

Key insights: Over the financial year, our well-established risk capabilities and responses ensured we were appropriately equipped to mitigate the risks we faced.

The Group employs an integrated risk management methodology aligned to international best practices. Our approach is pragmatic and designed to enable effective response to mitigate risks and exploit opportunities with agility.

KEY ELEMENTS OF THE APPROACH:

1. RISK GOVERNANCE

The Board sets the direction and tone for the manner in which risk management is approached throughout the Group and has mandated the Risk, Information and Technology Committee to oversee and direct management in the implementation of an effective strategy and framework for risk management. All members of our Board are also members of the Risk, Information and Technology Committee.

2. RISK MANAGEMENT STRATEGY AND FRAMEWORK

Our risk management strategy and framework enable us to proactively anticipate and adapt to most changes in the operational environment. The maturity of our risk management framework ensures that well-informed and robust decisions are undertaken in new and unpredictable circumstances, if necessary. The Group risk framework is reviewed annually to ensure that it remains fully aligned with our governance philosophy and is appropriate for and adaptable to developing business requirements.

3. RISK MANAGEMENT PROCESS

The Group risk function enables an extensive topdown annual risk review workshop with the Board, Group and executives. Each of our businesses and business units adopts a similar process to identify and assess risks, reviewing them against defined criteria and weighing the likelihood of occurrence and possible business impacts. Risk views are further supported by risk activities, including root cause analysis, scenario planning, and frequent monitoring of action plans and key risk indicators designed to proactively bolster mitigations and improve the quality of decisionmaking. These risk views are integrated to provide a consolidated Group risk profile, enabling the Group's material risks to be robustly challenged and monitored. Risk exposures at the Group level are assessed against formalised risk appetite statements that are correlated to the Group's strategic goals. Management provides regular updates to the Group's Risk, Information and Technology Committee on all risk-related actions.

4. RISK APPETITE AND TOLERANCE

Risk appetite and tolerance are key to our enterprise risk management approach. The Group's risk appetite and tolerance framework articulates the levels of risk that the Group is willing to accept in order to achieve its business objectives. The risk appetite parameters, measured quantitatively and qualitatively, are a set of guidelines for making risk-based decisions in the context of strategy. These define the inherent restrictions considered when determining how much risk to take on and which risks the Group will tolerate in order to further its value creation objectives.

5. COMBINED ASSURANCE

The Group's combined assurance framework uses the 'three lines of defence' model as defined in King IV™ for defining the focus of assurance providers on material risks, thus enabling an effective control environment. The Group's combined assurance report is tabled at both the Group Risk, Information and Technology and Audit Committees on an annual basis, in addition to being tabled at each operating subsidiary's respective Board. The committee reviews consider the completeness of risks assessed, the extent of the assurance coverage, and the outcomes of those reviews over the financial year.

6. RISK CULTURE

This underpins our risk management practices and is defined by a values-based and business-led philosophy. Across the value chain, risk practices are embedded in our business and day-to-day operations. Our people are our risk ambassadors, ensuring we do the right thing in the right way. We continuously drive risk awareness initiatives across the business through focused training programmes coupled with relevant risk management interventions aimed at specific risk topics.

OUR PRINCIPAL RISKS

The heat map alongside illustrates the Group's main residual risk themes, the magnitude of their potential effect, and the velocity at which they may influence value generation.

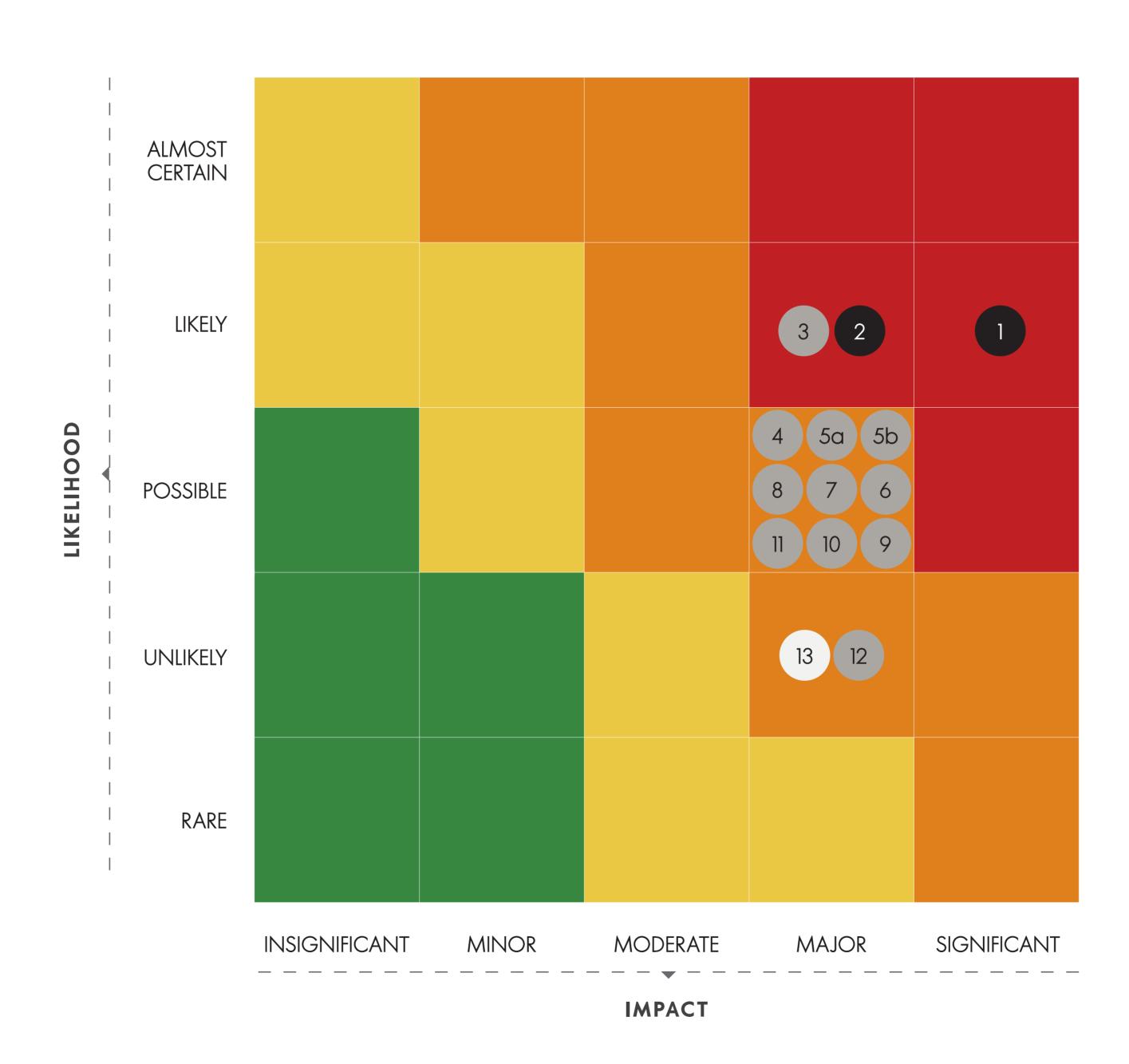
The residual risk rating is the exposure that remains after all mitigating measures have been implemented.

MATERIAL CHANGES TO THE RISK PROFILE FROM THE PREVIOUS YEAR

- 'Unlock and create value in David Jones' risk was a key risk during FY22 up to the successful sale of the business in FY23. This risk, #5a, was replaced by risk #5b, 'Execution of the Country Road/David Jones IT separation' due to ongoing separation of IT capabilities shared jointly by the two businesses
- 'Investing in building our brands' risk was introduced in FY23 aligned to the risks and opportunities of protecting and enhancing the key differentiators of our brand equity that underpin our competitive advantage
- 'Knowing and growing our customer base' risk was introduced in FY23 considering the challenging economic conditions and the highly competitive environment impacting customer acquisition
- 'Sourcing and supply chain' risk was introduced in FY23 considering the increasing challenges of quality raw material availability, supply chain disruptions, and related costs

KEY INSIGHTS

External variables outside management's control, including the persistent and challenging global economic conditions and additionally in South Africa, the prolonged impact of loadshedding, with related upstream and downstream impacts, continue to be significant contributors to the present residual risk ratings.



- Macroeconomic and socio-political environment
- 2. Material cybersecurity incident
- 3. Reset the Food business to maintain and grow its market leadership position
- 4. Sustain and improve current Fashion, Beauty and Home performance
- 5a. Unlock and create value in David Jones (replaced by 5b during the year)
- 5b. Execution of the Country Road Group/ David Jones IT separation
- 6. Attraction, retention, development, and upskilling of talent
- 7. Delivery of a differentiated omnichannel customer experience
- 8. Investing in building our brands
- 9. Knowing and growing our customer base
- 10. Delivery of our strategic and financial obligations
- 11. Becoming a digitally enabled and datadriven organisation
- 12. Sourcing and supply chain capability
- 13. Drive and elevate our Good Business Journey as a core business imperative

VELOCITY

Velocity is the measure of the time period that the risk, if materialised, may influence revenue generation. It has been depicted based on color-coding of the time period of influence from:







• Optimise our ranges by embedding range construction management,

• Expand our store network, both through new openings and extensions

pricing, and assortment

OUR PRINCIPAL RISKS **RISK CONTEXT** MITIGATIONS AND OPPORTUNITIES **OVERSIGHT** Prolonged global economic recovery influenced by rising Ongoing extensive reviews of strategies and plans with input from • WHL Risk, Information MACROECONOMIC inflation, interest rates, and geopolitical factors economic and political experts and Technology AND SOCIO-POLITICAL Committee **ENVIRONMENT** In South Africa, unsustainably high government debt levels; Prioritise key strategic projects and capex investment to protect the core business and drive growth and transformation large fiscal deficits; rising cost of living, including rising fuel • WHL Audit Committee prices; elevated unemployment; exacerbating social tensions, Impacted Strategic Objective: WSA and CRG Boards Focus on building resilience and flexibility into the business, with including the threat of social unrest. The deteriorating accelerated focus on energy-related mitigations and opportunities Executive Committees infrastructure, including the energy crisis manifesting through to build longer-term resilience unprecedented levels of loadshedding, has various related Link to Capitals: • Strong focus and acceleration of key online initiatives under the Group upstream and downstream impacts digital and data analytics programme to support the shift to online in • In Australia, deteriorating macroeconomic conditions terms of experience, capability, and capacity impacting consumer sentiment and contributing to a retail • Stabilise supply chain disruptions through broadening of local recession manufacturing base where feasible and implementing collaborative Supply chain disruptions, including rising shipping costs and forward buying on key products delays, place significant pressure on raw material availability and input pricing Discretionary spending remains constrained • The increasing sophistication and frequency of cyber attacks • Ongoing maintenance, extension and enhancement of cyber security • WHL Risk, Information MATERIAL highlighting escalating security threats controls in line with our environment and threat landscape as per our and Technology **CYBERSECURITY** cyber strategy and roadmap Committee **INCIDENT** Increased cyber threat exposure due to accelerated digitisation of the business Ongoing, proactive penetration testing and vulnerability scanning of both • WSA and CRG Boards internal and externally facing network security devices and applications Impacted Strategic Objective: • Privacy, information management, and increased regulation WHL Information • Ongoing internal security campaigns, with regular communications Management to raise awareness of evolving cyber threats Committee Link to Capitals: • Information management framework and policies to guide employee • Executive Committees behaviour Audit review of cyber risk control measures with focused remediation actions RESET THE FOOD BUSINESS • Economic pressure impacting household income Continue to invest in price across key product categories by leveraging • WHL Risk, Information TO MAINTAIN AND GROW our longstanding supplier relationships 3. and Technology Shifts in customer buying patterns as a result of socio-ITS MARKET LEADERSHIP Committee • Maximise the value proposition of our products and services by focusing economic conditions **POSITION** on key differentiators, such as quality, freshness, innovation, sustainability, WSA Board • Prevailing customer price and value perception and convenience Impacted Strategic Objective: Executive Committees Availability and quality of raw materials as a result of external • Drive on-shelf availability through targeted category management factors, including severe weather conditions, geopolitical approach

pressure

Increased loadshedding in South Africa impacting the cost of

as a result of a predominantly fresh business model

doing business, availability and cost of products exacerbated

Link to Capitals:



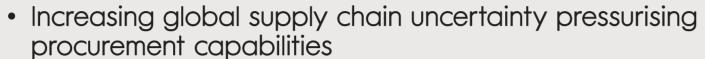


SUSTAIN AND IMPROVE CURRENT FASHION, **BEAUTY AND HOME** PERFORMANCE

Impacted Strategic Objective:



• Economic pressure impacting household income



- Shift in customer buying patterns
- Product execution challenges in key segments of the business

RISK CONTEXT

- Customer-centric product and category strategy
- Consistency of trend, design, and product development capabilities across all the companies
- Price and value perception

Adjust product offering to align to the shift in customer buying patterns

MITIGATIONS AND OPPORTUNITIES

- Entrench strong 'on the ground' leadership, processes, and disciplines
- Strengthen our value perception by focusing on product, price, channel, and format
- Focus our private brands to provide modern, wearable fashion and timeless classics
- Leverage supplier relationships to improve pricing and quality and build relevant stock to ensure availability
- Continue the delivery of an Integrated Beauty Brand look and feel concept

• WHL Risk, Information and Technology Committee

OVERSIGHT

- WSA Board
- Executive Committees

5a.

UNLOCK AND CREATE VALUE IN DAVID JONES

Link to Capitals:

Link to Capitals:

Link to Capitals:

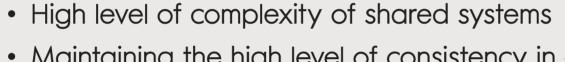
• This risk was removed from the risk profile following the successful sale of the David Jones during the reporting period and replaced with risk #5b listed below.

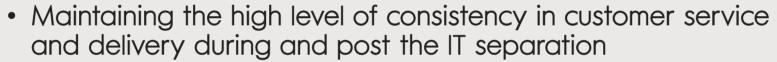
5b.

EXECUTION OF THE COUNTRY ROAD GROUP / DAVID JONES SEPARATION

Impacted Strategic Objective:







Retention of key talent

- Continue to make good progress in the IT Separation Programme across all key areas
- Monitoring of the various workstreams by relevant governance structures
- Implementation of the required shifts in our talent, organisational operating model, and capabilities
- WHL Risk, Information and Technology Committee
- WSA and CRG Boards
- Executive Committees
- Separation Committee

6.

ATTRACTION, RETENTION, **DEVELOPMENT AND UPSKILLING OF TALENT**

Impacted Strategic Objective:



• Relevance of the People Value Proposition in the current climate



- The influence of the changing retail landscape driving the strategic direction in terms of the skills and capabilities needed for our business, and driving a digitally enabled business
- Our strategic choices and investment are focused on the knowledge and skills needed for the future
- Heightened need to protect and promote the health, safety, and wellbeing of our employees

- Reset and focus on our People Value Proposition
- Further embed and enhance leadership capability through Our Leadership Way
- Continuous enhancement of the talent process
- Review people structure and capability to ensure optimal resourcing and skills required for the future needs of the business
- Provide wellbeing services with the focus on health, safety, and wellness

- WHL Risk, Information and Technology Committee
- WHL Remuneration Committee
- WSA and CRG Boards
- Executive Committees





DELIVERY OF A DIFFERENTIATED 7. **OMNICHANNEL CUSTOMER EXPERIENCE**

Impacted Strategic Objective:

Impacted Strategic Objective:

Impacted Strategic Objective:

• Delivering seamless retail experience across all channels and brands

RISK CONTEXT

- Enabling profitable omnichannel opportunities
- Online capacity and capability to meet customer demands
- Balancing real estate plans with online
- Intensified competition from new entrants
- Attraction and retention of key talent

• Facilitating an agile operating model and platform, structure, and skills to support and enable a connected retail experience

MITIGATIONS AND OPPORTUNITIES

- Focus on the delivery of a seamless, consistent offering on one integrated ecosystem across online and in-store
- Greater integration of bricks and mortar with the fast-growing online channels
- Significant investment in data analytics to inform business decisions and enable customer personalisation
- Focus on enhancing customer experience by improving the customer journey through online, streamlining the supply chain, and improving product fulfilment

• WHL Risk, Information and Technology Committee

OVERSIGHT

- WSA and CRG Boards
- WHL Digital and Data **Analytics Steering** Committee
- Executive Committees

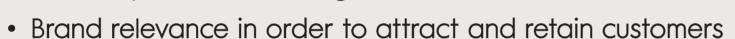
INVESTING IN BUILDING **OUR BRANDS**

Link to Capitals:

Link to Capitals:



 Protecting and enhancing key differentiators that underpin our competitive advantage



Maintaining market leadership in innovation

• Increased emphasis on brand communications strategy

• Ongoing tracking of customer sentiment and responding appropriately

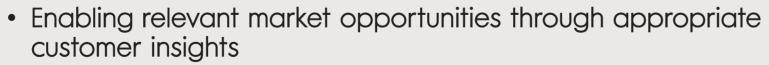
 Continuous enhancement, management, and monitoring of brand power metrics

- WHL Risk, Information and Technology Committee
- WSA and CRG Boards
- Executive Committees

KNOWING AND GROWING OUR CUSTOMER BASE



• Responding to customer needs, addressing trends and expectations



- Integration of customer insights into the business
- Unlocking the potential in customer diversity
- Leveraging the Loyalty Programmes

• Deliberate integration of customer insights into business strategies and collaboration on business initiatives

· Significant investment in data analytics to enable customer insights and personalisation

Continue compelling loyalty campaigns

• WHL Risk, Information and Technology Committee

- WSA and CRG Boards
- Executive Committees

9.



Link to Capitals:





Ongoing shareholder engagement and customer listening sessions

• Continuous awareness and training sessions on governance-related topics

conducted





• Executive Committees

• WHL Sustainability

Committee

RISK CONTEXT MITIGATIONS AND OPPORTUNITIES **OVERSIGHT** Incremental costs to execute the ability to remain cost neutral, • WHL Risk, Information • Ensuring optimal balance in capital allocation between investments for **DELIVERY OF OUR** future growth, balance sheet protection, and meeting shareholder return including unprecedented impacts of loadshedding and Technology 10. STRATEGIC AND on operational costs expectations Committee FINANCIAL OBLIGATIONS • Ongoing review of store profitability and analysis of the portfolio and • Failure to realise Group efficiency strategies WHL Audit Committee continued refresh and improvement of store design concepts Impacted Strategic Objective: Challenges with the allocation of capital and investment WSA and CRG Boards • Focus on significant projects that will promote growth, support • Failure to execute on our cost optimisation targets to remain Executive Committees transformation, and improve execution competitive • Ongoing review of performance through the budget and forecast processes Link to Capitals: Technological and digital investment • Leverage Group scale to drive synergies/efficiencies **BECOMING A DIGITALLY** Rapidly changing digital landscape • Execution on the WHL Group digital and analytics programme • WHL Risk, Information **ENABLED AND DATA**and Technology • Embedding a common vision and ambition for digital • The need for enhanced digital capability, including data Committee **DRIVEN ORGANISATION** analytics, e-commerce, omnichannel, and automation to • Implementation of the required shifts in our talent, organisational drive value • WSA and CRG Boards operating model, core technologies, and data capabilities Impacted Strategic Objective: Organisational design and relevant talent WHL Digital and Data • Execution against the foundational roadmap to deliver the required **Analytics Steering** capabilities, data, and technology Agile delivery Committee Link to Capitals: Omnichannel and in-store digitisation • Leveraging compelling loyalty tools to build more profitable relationships • Executive Committees with customers as we build key insights Climate change or geo-political instability impacting raw WHL Risk, Information Value chain optimisation initiatives to drive sourcing efficiencies **SOURCING AND** material availability, lead times, and cost SUPPLY CHAIN and Technology • Execution against geographical sourcing strategies including a strategic CAPABILITY Committee Supply chain disruptions focus on local sourcing WSA and CRG Boards • Implementation of the required resource structures, systems, and Quality raw materials Impacted Strategic Objective: Executive Committees infrastructure to optimally support sourcing requirements • Threat of infrastructure degeneration to supply chain Well-established operations contingency planning and execution process Increased expectation for supply chain localisation and to mitigate supply chain disruptions impacting customers Link to Capitals: indigenisation M N DRIVE AND ELEVATE Increased and intensified global climate change impacts • Execution against the focused Good Business Journey programme • WHL Risk, Information **OUR GOOD BUSINESS** 13. and Technology **JOURNEY AS A CORE** • Focus on transformation, diversity, and inclusiveness • Group Inclusive Justice Initiative, inspiring inclusive growth of all our people Committee **BUSINESS IMPERATIVE** • Implementation of sustainability initiatives in direct operations, products, and Commitment and adherence to environmental regulations, Social and Ethics human rights, animal welfare, and ethical standards packaging Committee Impacted Strategic Objective: • WHL Group ethical trade position statement in place Heightened awareness of environmental and social issues, • WSA and CRG Boards and the enhanced visibility and voice of external and internal • Supplier Codes of Conduct in place, and supplier ethical audits conducted

advocacy groups

Link to Capitals:

MATERIAL MATTERS

Material matters are those with the potential to significantly impact the performance and sustainability of the Group.

The materiality determination process is integrated into the day-to-day management of the Group as part of a continuous process of review and assessment of various internal and external factors. This includes regular research, analysis, updates, and consultation with experts on macro- and microeconomic conditions, the competitor landscape, the speed and effect of technological changes, societal issues, shifting customer behaviours and expectations, environmental challenges, the legislative and regulatory environment, and matters identified through the risk management process.

In addition, the interactions that management teams have with the stakeholders most likely to influence the Group's ability to create sustainable stakeholder value are key to determining material issues. Material matters, risks, and opportunities are informed by stakeholder interests, expectations, and concerns; these may also vary according to geographical location, business areas, and the nature of their interest.

Stakeholder engagement is integral to the ongoing, daily management of the Group. The resultant relationships and interactions contribute towards the Group's growth and prosperity and help management to identify stakeholders' material interests, expectations, and concerns. The Board is committed to stakeholder engagement, with all interactions, monitoring, and implementation of stakeholder engagement being the delegated responsibility of management. The Social and Ethics Committee reviews management's self-assessment of stakeholder engagement on an annual basis.

More details on stakeholder engagement and how this informs our material matters is provided on pages 40 to 46.

Additionally, risks and opportunities as they relate to the material matters and the strategic objectives of the Group are identified by management through a formalised and structured process. Defined risk appetite statements and risk tolerance thresholds are utilised to further clarify risk materiality and facilitate risk-based decision-making in the context of the Group strategy. Material matters are assessed from a qualitative and quantitative perspective, which includes financial, operational, strategic, reputational, and regulatory effects.

More details on our approach to Enterprise Risk Management can be found on pages 47 to 52.

The material matters determined via the processes detailed above are reviewed and revised annually in terms of both the magnitude of the effect and the likelihood of occurrence. The material matters are agreed by the Board as being those issues which can materially impact the creation of stakeholder value in the short, medium, and long term.

CHALLENGING ECONOMIC **ENVIRONMENT**

Challenging and persistent global economic conditions are resulting in supply chain disruptions, increases in energy and commodity prices, consumer inflation, and rising interest rates, with these factors negatively impacting all of the regions in which we operate.

In South Africa, these challenges are compounded by high unemployment levels of c.33%, ongoing loadshedding, and other structural headwinds. As a result, the South African Reserve Bank (SARB) has forecast muted economic growth of less than 2% in each of the next three years. Rising costs of living – including higher inflation, interest rates, fuel, electricity and utility costs - continue to weigh on consumer confidence and spend, with the result that both discretionary and non-discretionary retail sales are declining in real terms.

Australia has now also entered a retail recession, notwithstanding its very low unemployment rate of c.3.5%, with consumer confidence near record lows. Positive wage growth and a rebound in migration should, however, support an improving macroeconomic outlook from 2024 onwards.

OUR STRATEGIC RESPONSE

Our businesses are well-positioned to take advantage of any potential recovery in macroeconomic conditions and to mitigate supply chain impacts with sound inventory management. However, while we remain mindful of our operating context, we have numerous self-driven opportunities and levers across our businesses as drivers of growth, and are, therefore, less dependent upon improving macro conditions to realise our growth ambitions.

In South Africa, we recognise that we have an important role to play in contributing towards a growing economy and thriving communities, which we do through job creation, our fair wage initiative, capex investment, and our Good Business Journey.











EFFECTIVE STRATEGIC EXECUTION

We have made demonstrable progress over the past three years in delivering on our commitments and stated strategic priorities. The Group's balance sheet has been restructured and a clear Capital Allocation Framework has been defined and implemented, as described on page 61. At the same time, we have refreshed the strategies of all our businesses, aligned to our Group Strategic Framework, and are visibly on track to achieving our medium-term margin targets.

With financial flexibility and improved foundational health, we are now in a position where we can optimise and grow our businesses to generate greater levels of economic profit. Critical to this is ensuring the effective execution of our various underlying strategic initiatives.

OUR STRATEGIC RESPONSE

We have clear strategies for each division and are shifting our focus from the need to 'fix and reposition' to 'optimise, invest, and grow' our businesses. To enable this, we are investing higher levels of capex and opex across the Group while also driving cost efficiencies to create the wherewithal to invest in new growth initiatives. In order to realise our growth ambitions, it is critical that we remain relentlessly focused on execution. To this end, we are prioritising fewer but the more 'needle-moving' strategic initiatives and driving greater organisational alignment behind their delivery so that we build future-fit businesses well-positioned for sustainable, long-term value creation.

We have clear strategies for each division and are shifting our focus from the need to 'fix and reposition' to 'optimise, invest, and grow' our businesses.









CONSUMER SPENDING AND BEHAVIOUR

The past decade has seen the growing proliferation of choice, a rising demand for convenience, and the continued shift to online shopping. These trends were accentuated and accelerated as a result of the Covid-19 pandemic.

While the demand for a seamless, omnichannel shopping experience persists in a post-pandemic world, we are seeing an increase in store foot traffic and a corresponding slowdown in online sales growth as consumers return to physical stores.

Regardless of channel, customers will increasingly seek out personalised, inspiring, and engaging experiences and continue to demand convenience - from in-store browsing to online on-demand deliveries – through multiple iterations of formats and digital platforms.

OUR STRATEGIC RESPONSE

To remain relevant, we will continue to drive innovation and convenience, particularly in our Food business. We will appropriately prioritise our spend towards digital platforms and enabling technologies while also investing in our physical stores to create immersive and differentiated experiences regardless of the channel through which our customers engage with us.

We will prioritise our spend towards digital platforms and enabling technologies while also investing in our physical stores.









4. DIGITAL WORLD AND CYBER

Digital media and engagement – particularly mobile and social media – continue to infiltrate all aspects of our customers' lives, spanning how they interact with each other to how they communicate and transact with businesses – from researching products and prices before purchasing to postpurchase feedback.

Retailers have access to a wealth of internal and external customer data that they can leverage into valuable insights and personalised options while remaining cognizant of the need to protect and respect the privacy of information. This is especially true given the increasing threat of cyber-attacks and compromised infrastructure.

OUR STRATEGIC RESPONSE

Our strategic focus is on effectively and efficiently leveraging our customer data into actionable insights with speed and agility to inform all aspects of our business decisions.

We are also directing spend towards ensuring that we have future-fit systems and processes to mitigate risk, reduce costs, increase flexibility, and improve our overall efficiency and productivity.







PEOPLE, TALENT MANAGEMENT **5**. AND CHANGE

Attracting and retaining talent is the most important factor in delivering our strategic objectives; this remains challenging insofar as intensifying competition for skilled human resources is concerned, particularly in the digital and data space. Equally important is the need to evolve our ways of working, given the potential impact this has on productivity, capacity, efficiency, and how effectively we share knowledge, skills, and expertise.

Further, as discussed under 'Responsible Retailing', we have a vital role to play in embracing diversity and ensuring meaningful inclusivity in our businesses.

OUR STRATEGIC RESPONSE

Our people are our greatest asset and most important enabler in delivering our strategies, and we have, therefore, upweighted the focus on our holistic People Value Proposition, including our ways of working, to attract, retain, and develop talent within our Group.







RESPONSIBLE RETAILING

6.

From customers to investors, stakeholders are increasingly conscious of whether a business demonstrates ethical behaviour and makes responsible choices in creating shared value for people, communities, and the environment.

While we are industry-leading in this regard, stakeholders are increasingly expecting us to demonstrate our commitment to contributing towards making real and meaningful societal change, including, but not limited to, assisting in building communities and promoting diversity.

Business continuity risks arising from climate change and other environmental factors also require active and urgent attention to mitigate these risks across our supply chains.

OUR STRATEGIC RESPONSE

We continue to embed our Good Business Journey and Inclusive Justice Initiative across our Group and collaborate with our stakeholders to make a profound, positive, and meaningful contribution towards our communities and the broader environment.







OUR GROUP CHIEF EXECUTIVE OFFICER'S REPORT



This past year has been transformational for the Group and marks a significant turning point in our trajectory. Notwithstanding a myriad of external challenges and headwinds, we have continued to deliver upon our financial, strategic, and operational goals and, I believe, have made noteworthy progress in cementing the structural repositioning of our Group.



Undoubtedly, were it not for the unwavering commitment, continued resilience, and steadfast dedication from all our people, suppliers, and business partners, we could not have achieved these commendable results.

Our customers have continued to demonstrate deep loyalty and immense trust in our brands and our organisation, and for that, we are immensely grateful. It is not only the highest compliment but the very heart of our success, and we will continue doing our utmost to safeguard the privilege of that trust. I'd also like to acknowledge each member of our Board for their invaluable support and guidance throughout the year.

REFLECTING ON OUR PERFORMANCE

FY2023 has certainly not been without its challenges. We faced significant macro headwinds, including South Africa's debilitating energy crisis, which continues to have a pronounced impact on our economy, as well as business and consumer confidence. From a trading perspective, we were also up against an inflated second-half base in Australia, which, together with the sale of David Jones, resulted in our performance not being directly comparable to that of last year. Notwithstanding these factors, the Group delivered a very credible set of results. On a continuing operations basis

(which excludes David Jones), we have grown sales by over 10% and aEBIT by almost 14%. On a total basis, we have delivered adHEPS of 508 cps, up 36% on last year, and the highest earnings per share we've achieved in the history of the Group.

From a divisional perspective, I am very pleased with the improving momentum in our Food business, which delivered a strong top-line result and a higher gross profit margin. This is despite our ongoing investment in price as well as the negative impacts of increased waste and diesel costs associated with extended power outages.

Whilst we have actively found ways to minimise the operational and financial impacts of loadshedding, our primary focus throughout the year has been – and will always be – protecting the integrity of our brands and the uncompromising quality of our product. This has always stood us in good stead and remains the cornerstone of who we are. Our unique supplier partnerships and energy supply capabilities, coupled with the investments we continue to make in our value chain, have really highlighted our Woolies difference throughout this period. This has driven increased footfall into our stores and further embedded the trust our customers place in our brands.

Whilst our apparel businesses saw slower trade in the second half of the financial year as a result of the pressures on discretionary spend, both



One of the biggest milestones was the sale of David Jones, which has culminated in unlocking more than R7.7bn of value to our shareholders since 2020.

Fashion, Beauty and Home (FBH) and Country Road Group (CRG) gained market share over the period, and this despite our continued internal initiatives to reduce SKUs, unproductive space, and promotional activity. As was the case with our Food business, improved quality of sales drove an increase in share of full-price sales, resulting in higher gross profit margins across both FBH and CRG.

As a result of our enhanced approach to capital allocation, we have also made significant progress in the areas of capital structure, capex prioritisation, dividends, and returning excess cash to shareholders. In the past year alone, we have repatriated a further A\$200m (c.R2.3bn) from David Jones (DJ) to WHL; increased our capex investment by 70% versus that of FY22; normalised our dividend payout ratio at 70%; and successfully executed further share repurchases totalling R2.9bn (at an average price of R62.77).

Arguably, one of the biggest milestones for us this past year, however, was the sale of David Jones, which has culminated in unlocking R7.7 billion of value for our shareholders since 2022. The divestment

of DJ has not only turned out to be well-timed but is transformational for our Group in removing R18bn in lease liabilities from our balance sheet, improving our ROCE by more than 5 ppts, and enabling the reallocation of capital and management focus to more value-accretive initiatives in our core Woolworths South Africa and CRG businesses.

DELIVERING ON OUR COMMITMENTS

Over the past three years, we have focused on delivering on the commitments we have made to essentially fix and reposition our Group, setting clearly defined strategies to realise our 'self-help' opportunities and fundamentally improve the underlying operational and financial health of our businesses.

First and foremost, we have restructured our balance sheet, reducing our debt by c.R9bn since 2020, resulting in zero borrowings in Australia and a WSA net-debt-to-EBITDA ratio of below 1.0x. We re-evaluated our approach to capital to ensure optimum allocation to support our growth ambitions whilst also meeting our targeted gearing structure and shareholder aspirations. We have made significant progress in this regard and are returning more excess cash to our shareholders as a result, whether through dividends or share buybacks.

Turning to our various businesses: it has been our view that turning around the financial performance of our FBH business is the single biggest opportunity to reset value for our Group. Through our 'edit to amplify' strategy, we have focused on increasing full-price sales, reducing markdowns, and improving trading densities, which has resulted in a doubling of profit over the past three years. I firmly believe that we have reset the foundations of this business, which now positions us to pursue sustainable, profitable growth.

In the case of Food, notwithstanding intensifying competition and the loadshedding challenges we have faced over the past several years, our margins and return on capital remain industry-leading, and we continue to provide our customers with the best overall proposition in the market, underpinned by our superior quality, innovation, and sustainability credentials.

In the case of Australia, a key objective was to separate David Jones from CRG – both financially and operationally. This would provide us with the option to pursue the most value-accretive pathway, at the most opportune time, regarding the David Jones asset whilst simultaneously enabling CRG to pursue its own independent ambitions. We were also very clear that whilst evaluating the various options to create value for both David Jones and the Group as a whole, we would improve the business's profitability to the fullest possible extent and do so without any further investment from South Africa. I am very pleased that we have achieved these objectives. At the time of sale, David Jones was delivering its highest level of aEBIT since the Group's acquisition of the business in 2014 and was well positioned to embark on its next phase of growth under new ownership. Importantly, CRG is now a stand-alone business with the opportunity to pursue its ambition of being the most admired Australian Lifestyle Brand House.





Throughout the year, we have maintained our focus on our ambitious social and environmental goals and responsibilities and the role we play in creating a meaningful impact on the environment in which we operate, the people we employ, and the communities we serve. This includes embracing and embedding our Inclusive Justice Initiative throughout the Group. Our WPride campaign in June provided one such instance where, notwithstanding negative reaction from some customers and certain religious groups, we remained firm on our values of inclusivity and diversity and fortified our stance of working towards a world where everyone is accepted, protected, and respected.

WHAT YOU CAN EXPECT IN THE MEDIUM TERM

Whilst I am very pleased with our progress and how we've delivered against our commitments, we are by no means done. In fact, I am firmly of the view that our best years as an organisation are still ahead of us. With a repositioned balance sheet and far healthier and more profitable businesses, we are now in a position where we can shift from a 'fix and reposition' to an 'optimise and grow' phase as we continue to build on the historical strengths and the capability we've established over the past three years.

In FBH, notwithstanding the notable progress made to date in turning this business around, continuing to improve Fashion's underlying performance and profitably, growing our Beauty and Home businesses still remains one of the biggest opportunities for us. To this end, we are intensifying our focus on our strategies and investing over R1bn into our value chain over the next three years, aimed at driving better product availability, improved stock turns, and faster speed to market. This will not only improve our

overall operational excellence but also build a sustainable platform for future growth.

We will also invest more than R1.5bn in our Food business over the medium term, most notably by expanding our Midrand Distribution Centre. This is a key enabler of growth, not just in our core business but also in respect of new growth opportunities, where we are exploring and testing promising new concepts, formats, and solutions. Our overarching objective, however, still remains preserving and further strengthening our 'holy grail': optimising the balance between providing our customers with the best and most compelling proposition in the market and our shareholders with the highest return on capital in the sector.

In the case of CRG, there is significant runway for the business to more fully leverage its competitive advantages – its strong brands, leading omnichannel capabilities, and its sourcing and distribution scale, allowing it to fulfill an even greater role within the WHL Group. As is the case in our Woolworths business, this will be supported by an investment upwards of R1bn, most notably in back-end capabilities, which will unlock further synergies and efficiencies to improve profitability across each of the brands and the CRG stable as a whole.

In conclusion, we will be investing in various organic growth and growthenabling initiatives across all our businesses, whether it be on the 'front end' by providing customers with new formats and propositions or the 'back end' to optimise capacity and capability. This will see us entering into a period of heavier upfront capex and opex investment, the benefits of which will flow from FY2025 and FY2026. Notwithstanding these investments, we are committed to maintaining our communicated medium-term margin targets and, to this end, are focused on driving even greater levels of cost efficiency to create the capacity to invest behind our various growth initiatives.

LOOKING AHEAD

Whilst our trading environment is likely to remain challenging across both our geographies for the foreseeable future, I firmly believe that we are on the right course to building a bigger, better, and far stronger business. With a simplified Group, post the sale of David Jones, a robust balance sheet, clear strategic direction, and a well-defined growth ambition, we are now in a position to optimise and grow our businesses and permanently step-change the value creation profile of WHL.

We have an exceptional team of people whose collective passion, determination, and commitment are the cornerstone of our past and future success. I, personally, am truly inspired by them, and I'm excited by the opportunities that lie ahead for all of us as we build future-fit businesses which will see us emerge not only as winners in the market but in the hearts and minds of all our stakeholders.

EXCO COMPOSITION AT 25 JUNE 2023



Roy Bagattini

Executive Director
and Group Chief
Executive Officer



Manie Maritz
Chief Executive Officer:
Woolworths Fashion,
Beauty and Home



Melanie Naidu Group People Director



Sam Ngumeni
Executive Director
and Group Chief
Operating Officer



Chantel Reddiar
Group Company
Secretary



1 - 3 YEARS

MEMBER



TOTAL EXCO

DETTOR MEMBERS

(3 females and 3 males)

4

(3 Black and 1 white)



Zyda RylandsChief Executive Officer:
Woolworths Food



Raju Vuppalapati
Chief Executive Officer:
The Country Road Group



Jeanine Womersley
Group Head: Strategy
and Investor Relations
and Executive Assistant
to Group CEO



Reeza Isaacs
Group Finance Director
Resigned on 30 June 2023



5 - 10 YEARS

FEMALE MEMBERS

15 YEARS



OUR STRATEGIC FRAMEWORK

Our WHL strategic framework aligns both divisional and functional strategies in support of our Group's overarching growth ambitions to ensure clarity in respect of prioritisation of initiatives and the harnessing of collective efforts in their execution. These strategies leverage our diversified foundation and competitive advantages, namely: diversity in category and geography; trusted, high-quality and predominantly private-label brands; significant intellectual property and innovation capabilities built over decades; and market-leading sustainability credentials.

Over the past three years, we have made demonstrable progress in fixing and repositioning our Group. This includes making significant headway in restoring the underlying financial health of our Fashion business and unlocking value in Australia through the successful execution of our capital plan and the sale of David Jones in the current year – a transformational transaction for the Group.

We are now in a position to direct our collective focus towards optimising and growing our businesses. In the case of FBH, we will continue to improve the performance of our Fashion business while simultaneously gaining profitable market share in Beauty and Home. While we are not short of growth opportunities in our Food business, our primary objective is protecting our 'holy grail', which balances providing our customers the best overall proposition in the market and our shareholders the highest return on capital in our sector. Our Country Road Group holds a lot of promise for growth. There is significant runway for this business to more fully leverage its competitive advantages – its strong brands, leading omnichannel capabilities, scale in sourcing and distribution, among others – to achieve increasingly profitable growth by driving continued momentum across its portfolio of existing brands, while exploring new growth opportunities across brands, geographies, and channels.

Integral to becoming a leading and truly connected retailer is enhancing our data analytical capabilities across the Group and embedding these insights throughout our decision-making processes. We will continue to direct our operational and capital spend towards digital and data transformation to drive omnichannel, customer-centric solutions and experiences.

To support our growth ambitions, we will upweight the focus on cost efficiency even further, so as to create the wherewithal to invest in our strategic initiatives while simultaneously ensuring that we meet our medium-term margin targets.

Having restructured and strengthened our balance sheet and improved the foundational health of our businesses, we are now in the position where we can use these levers to our advantage to further optimise and grow our businesses.

Our people remain our greatest asset and enabler to the effective execution of our strategies. To this end, we remain focused on creating an agile, high performance and connected culture, and on attracting, developing, and retaining the best talent and leaders for our Group.

At the heart of our strategic framework is our Good Business Journey, including our Inclusive Justice Initiative, which is central to who we are and what we do. We are deeply committed to our vision of becoming one of the world's most responsible retailers and remain focused on executing against our ambitious sustainability strategy and targets to 2025 and beyond.

Having restructured and strengthened our balance sheet, and improved the foundational health of our businesses, we are now in the position where we can use these levers to our advantage to further optimise and grow our businesses and enhance the economic profit we generate for our shareholders.

The strategies encapsulated in our framework are discussed in more detail on pages 62 to 72.



CAPITAL ALLOCATION

We acknowledge the importance of sound capital allocation as a driver and differentiator of superior performance and an important determinant of market valuation.

Last year, we fundamentally re-evaluated our approach to capital allocation to improve the rigour and robustness of our approach, ensuring that our principles support our strategies and growth ambitions while also meeting our targeted gearing structure and shareholder aspirations. This is summarised in the accompanying diagram.

Over the past year, we continued to make significant progress in the areas of capital structure, dividends and share repurchases.

Looking ahead, and as discussed under Our Strategic Framework on page 60, we are now in a position to shift our focus from fixing and re-positioning our Group, to optimising and growing our businesses. To this end, we are shifting a greater share of our focus, and capital, towards growth and investment capex, to support our growth ambitions and create even more value for our stakeholders.

CAPITAL ALLOCATION IS DRIVEN TOP-DOWN AND TIGHTLY ALIGNED TO GROUP STRATEGIC PRIORITIES WE ARE ASPIRING TO DELIVER:

Real mid-single digit revenue growth

adHEPS growth > aEBIT growth > revenue growth

RoCE > WACC + 5%

Gearing <1.5x EBITDA

ALLOCATION OF CASH SEEKS TO BALANCE:

Balance sheet position and aspiration

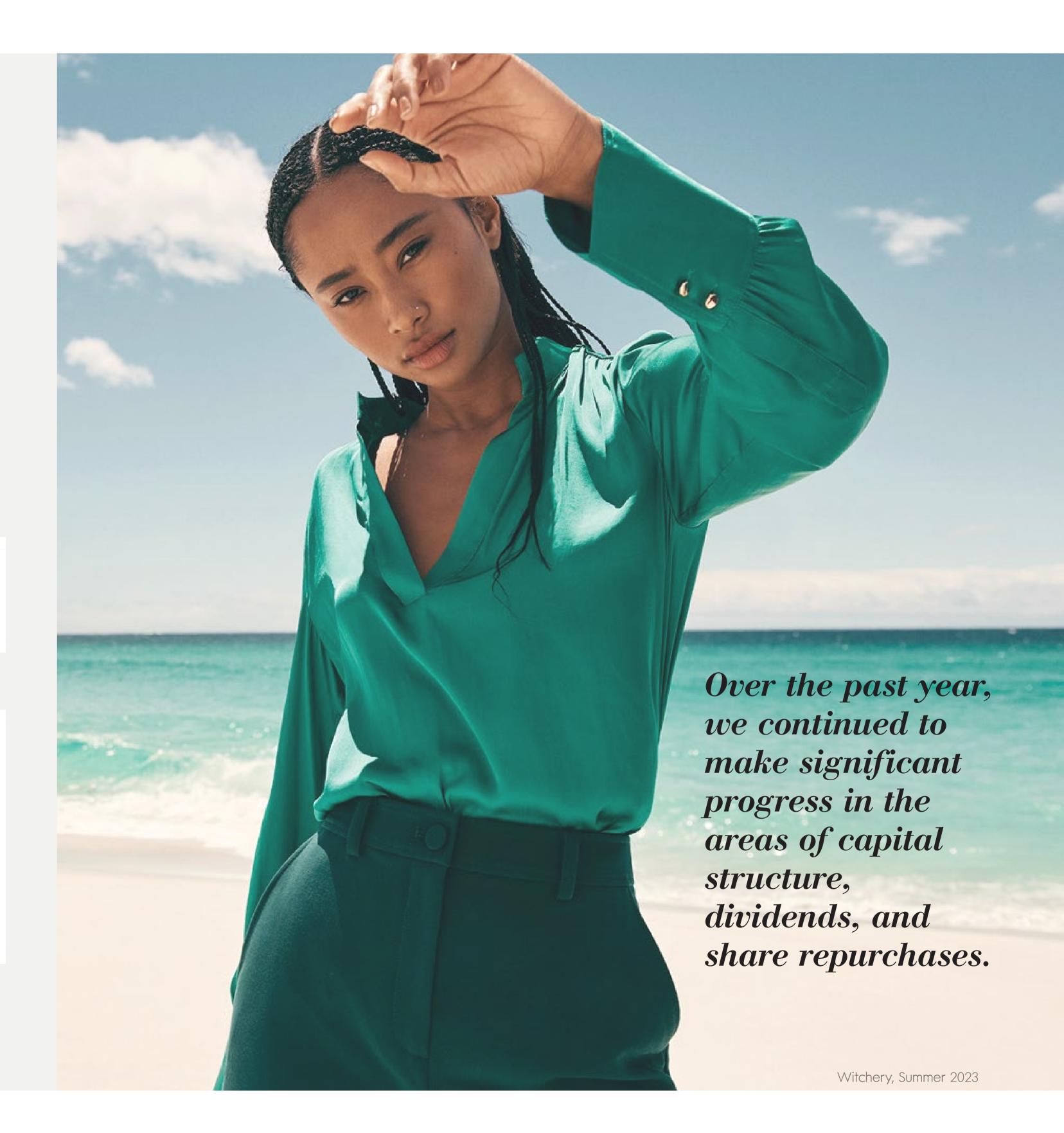
- Targeted leverage differs by region and cost of borrowing
- 1.5x for WSA
- 1.0x for CRG

Growth and investment capex

- Consider sources and allocation of cash based on strategic outlook for each business
- Investments (organic vs. inorganic) must compete with returning excess cash to shareholders

Shareholder return aspirations

- Target dividend payout ratio of 70% in respect of both WSA and CRG earnings
- Special dividends unlikely
- Share buybacks considered in context of market and growth outlook



OUR STRATEGIC THEMES



CREATE FURTHER VALUE IN COUNTRY ROAD GROUP

STRATEGIC OBJECTIVE

Realise the full potential of the existing brands while driving new growth opportunities for Country Road Group as it continues to grow in significance in the WHL Group

STRATEGIC INITIATIVES

- Unlocking the full potential of existing brands
- Investing in existing stores and exploring new channels and new markets including re-entry into Myer, wholesale model to reach more regional areas and international opportunities
- Leveraging unique position of CRG brands in South African market
- Optimising 'house of brands' capability to drive greater sourcing benefits and operational efficiencies
- Improving the customer experience with an enhanced digital platform and upgraded loyalty programmes
- Investing in a future-fit operating model and structure and building a common platform of capabilities across brands

aEBIT margin

Up 130bps from LY

PERFORMANCE IN THE CURRENT YEAR

Country Road Group sales grew by 12.0% and by 12.4% in comparable stores, underpinned by strong growth from the Country Road and Politix brands.

In fact, Country Road delivered its best sales year on record, beating its previous record by almost A\$100m!

Following a very positive first half, trading momentum saw a pronounced deceleration in the second half, as the impact of sustained increases in interest rates and higher costs of living weighed on consumer confidence and spend. Pleasingly, CRG continued to grow ahead of the market, notwithstanding these headwinds.

After the sale of David Jones, CRG is now able to realise the full potential of its existing brands and explore new growth opportunities in line with its strategic objective.



STRATEGY FOR 2024 AND BEYOND

The sale of David Jones has been transformational for the WHL Group, in part by enabling Country Road Group to now independently pursue its own growth ambition.

Our CRG vision is 'to be the most admired Australian Lifestyle Brand House'. Central to this is unlocking the full potential and value of our existing brands by accelerating the growth of Country Road, which continues to perform exceptionally well, scaling Trenery, stabilising and growing Witchery, consolidating Mimco, and relaunching and growing Politix. Our strategies will be enabled through the creation of a common platform of capabilities across our brands, delivered by an agile operating model to ensure that both our systems and processes support our growth trajectory. We are building a world-class distribution network to facilitate the growth of our brands. This includes rationalising unproductive space, opening new stores and pop-ups in strategic locations, and investing in refurbishing our existing stores to ensure our brands provide our customers with a unique, differentiated, and compelling in-store experience.

At the same time, we are exploring new channels and new markets to attract new customers. Recently, for example, we re-entered Myer, Australia's largest department store, and launched a wholesale model which broadens our product reach to more regional towns in the country. We are also exploring the potential for entering new markets through international expansion, particularly for the Country Road brand.

CRG's vision is 'to be the most admired Australian Lifestyle Brand House'



We have identified further room to improve gross profit margins by leveraging Group sourcing benefits and by unlocking greater fulfilment efficiencies in the expansion and optimisation of our omnichannel fulfilment centres.

We will continue to lead the market in the omnichannel space by providing our customers with superior, personalised shopping experiences and by leveraging deep customer knowledge across our multiple brands. We will also upgrade our loyalty programmes and build a headless digital infrastructure which sees the front end of the online platform decoupled from the back end. This will provide us with the speed, agility, and flexibility to constantly evolve the online storefront in tandem with customer needs, while simultaneously improving overall efficiency and profitability.

Through optimising our competitive CRG advantages – the strong brands, leading omnichannel capabilities, scale in sourcing and distribution, among others – and by exploring new growth opportunities, CRG is set to drive increasingly profitable growth and fulfil a larger role within the WHL Group.

Medium-term aEBIT margin target

72%

Country Road, Summer 2023





CONTINUED IMPROVEMENT IN FASHION AND GROWTH IN BEAUTY AND HOME

STRATEGIC OBJECTIVE

Optimise the underlying operational and financial health of our Fashion business while growing profitable market share in Beauty and Home

STRATEGIC INITIATIVES

- Continuing to focus on 'must-win' categories in Fashion, which are underpinning market share gains
- Shifting from space reduction to profitable net space growth, to accelerate the roll-out of WEdit
- Positioning our Beauty business as the beauty shopping destination in South Africa
- Implementing a discreet growth strategy for Home, focusing on relevant 'must-win' categories
- Investing in our Value Chain Transformation to improve operational excellence and build a sustainable platform for growth, which will drive better availability, improved stock turns, and faster speed to market

PERFORMANCE IN THE CURRENT YEAR

Our FBH business grew turnover and concession sales by 8.9% for the year. In line with our strategy to improve the quality of our sales, full-price sales contribution at 83.5% was up 3.6 ppts on LY and markdowns were down by 1.1 ppts - almost a full 10ppts from the levels seen in 2020. Throughout the year, we continued to make significant progress in improving the underlying health of our FBH business from which we can now drive profitable, sustainable growth.



STRATEGY FOR 2024 AND BEYOND

We have made significant progress over the past three years in restoring the underlying financial health of our Fashion business by focusing on growing full-price sales, reducing markdowns, and rationalising unproductive trading space. Notwithstanding clear indications of a turnaround in this business, continuing to improve Fashion's underlying performance while simultaneously profitably growing our Beauty and Home businesses, still remains one of the biggest opportunities for us to reset the overall value of our Group.

Our Fashion strategy of 'edit to amplify' is one of prioritising quality over quantity. We have focused on our 'must win' categories, including wardrobe essentials, denim, athleisure, workleisure, kids, and babywear, which account, in aggregate, for more than 80% of our Fashion sales. These represent the product offerings that we have historically been renowned and loved for, and where we know we can deliver differentiated, superior quality and value to our customers. By focusing on these 'must win' categories and the quality of sales, our full-price share of sales has increased by 7 ppts and now accounts for more than 80% of our overall sales.

Our Fashion strategy of 'edit to amplify' is one of prioritising quality over quantity

We see scope to grow our market share in our 'must win' categories by continuing to leverage our customer data insights to further improve the relevance and appeal of our Fashion proposition. At the same time, while we are proudly anchored in our Woolworths brand, we continue to elevate our apparel credentials in a number of these 'must win' categories through the introduction of select global and national brands, which will also serve to differentiate and enhance our customer experience. As is the case in our Food business, the contribution of these third-party brands will not exceed c.10% of the overall FBH business.

An important component of our holistic apparel offering is the Country Road Group brands; these compete relatively unrivalled in the premium segment of the South African market and represent a significant cross-shop opportunity with our Food customer in particular. Our FBH teams are working more closely with CRG to maximise the impact of these brands in our SA stores.

Since FY2020, we have optimised our physical footprint by rationalising unproductive space by over 10% and focused on improving the productivity of our footprint, resulting in an increase in trading density of over 30% over the past three years. As our product is resonating more with our customers and our stores are performing better, we are seeing less room for space reduction. Therefore, while we are still focused on optimising our footprint, we are now projecting a return to net positive space growth driven by the accelerated roll-out of our new WEdit format stores. These highly curated and smaller-format stores enable us to expand our footprint into the convenience space, as well as new markets, allowing us to become more accessible to more customers. At the same time, we will continue to test and trial new catalogues and innovative visual merchandising to provide a consistent brand experience throughout the chain, particularly in our small-to-medium-sized stores, which account for approximately two-thirds of our profits.

Our Beauty and Home businesses represent further growth opportunities for us. To this end, we have formulated discreet strategic and financial plans for each of these businesses focused on driving profitable growth. In Beauty, we have an ambition to become the Beauty destination in the South African market by further enhancing flagship store experiences for WBeauty, extending both private-label and branded offerings to more stores (including those in African countries), continuing to introduce new brands, and by growing our online presence.

Medium-term aEBIT margin target

74%

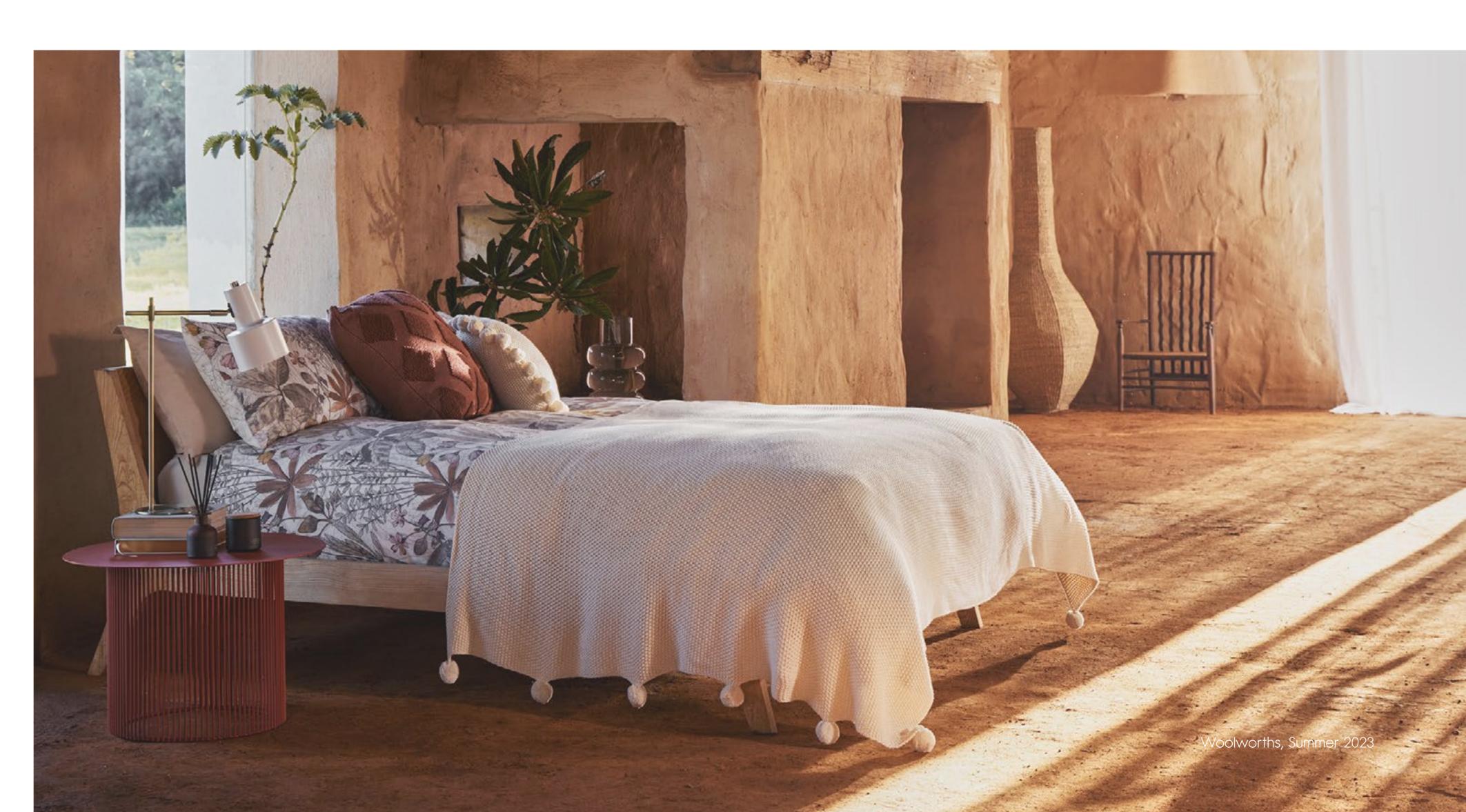
In our Home business, we aim to dominate in key categories, both in online and physical channels, by focusing on our strengths of quality and innovation. In both Beauty and Home, we will leverage online personalisation and superior service as key differentiators.

We currently have stores in ten other African countries and will continue to optimise our offering within these markets, while simultaneously considering new territories in time. Improving stakeholder management, including partnering with local governments and businesses, is essential to ensuring our success in the rest of Africa. We are clear that Africa is not homogenous and we are, therefore, developing country- and city-specific strategies to fully realise the potential we identify in these markets.

Currently, almost half of our locally procured products are sourced through exclusive, well-established partnerships. We intend to increase our sourcing from South African suppliers to at least 40% (from the current c.30%) in the medium term to drive greater flexibility and reduced lead times while also positively impacting our local communities and economies.

Critical to successfully executing our product strategies is building a futurefit business through the transformation of our value chain. This is a multiyear project which will see us invest more than R1 billion over the next three years to drive multiple capability shifts across our systems, processes, and logistics. This includes the delivery of enhanced planning capability and a centralised inventory model that will support a notable improvement in stock turns over the medium term. The new centralised model will include strategic changes such as housing our stock in one facility, storing less inventory in stockrooms, enabling better visibility of on-floor availability (driven by RFID), and more frequent deliveries of stock to outlying stores. This centralised inventory model, along with an agile supply chain, will enable us to provide a more customer-centric offer across all channels and geographies. Importantly, this will also drive better availability and improved stock turns – both of which are key focus areas going forward.

Over the past few years, we have made demonstrable progress in building a solid foundation and re-establishing the financial health of our FBH business as measured through increased full-price sales, reduced markdowns, and improved trading densities. As our strategic initiatives evolve, we are now shifting our focus to improving our availability, stock turn, and aEBIT margin metrics as we optimise and future-fit our operations and foundation to drive further sustainable and profitable market share gains across each of Fashion, Beauty, and Home.





LEADING AND ICONIC FOOD BUSINESS

STRATEGIC OBJECTIVE

Maintain our 'holy grail', which balances providing our customers with the best overall proposition in the market and our shareholders with the highest return on capital in the sector

STRATEGIC INITIATIVES

- Significant scope to attract new customers and grow share of existing customer spend by providing the best overall proposition in the market
- Continuing to improve our core business
- Drive improved on-shelf availability
- Amplify our differentiated value proposition
- Increase our marketplace presence
- Investing in new loyalty programme as a driver of increased personalisation, loyalty, and spend
- Enabling growth in new categories and formats and exploring new adjacencies (Liquor, Pet, Food Services)
- Strengthening and investing in critical enablers, including expanding the Midrand Distribution Centre to support future growth

PERFORMANCE IN THE CURRENT YEAR

Our Food business grew turnover and concession sales by 8.5% for the full year. Growth accelerated to 9.4% in in the second half, driven by both increased footfall and improved availability, notwithstanding the considerable disruption caused by higher levels of loadshedding. At the same time, we have maintained our industry-leading returns which, remains a key priority for us.

STRATEGY FOR 2024 AND BEYOND

Our Food strategy aims to protect and optimise our core retail business, which is our key driver of our growth, while also expanding into new areas through new concepts, formats, and solutions.

We will enable this by leveraging our strong, differentiated, and leading back-end capabilities. These include significant depth and strength in product development, as well as our food science and technology capability, a comprehensive and integrated approach to quality throughout our value chain, strict governance and compliance requirements to ensure food safety, a best-in-class cold chain, and leading sustainability credentials. In order to grow our core, we are focused on three key priorities: driving on-shelf availability, amplifying our differentiated value proposition, and increasing our marketplace presence.

One of our key focus areas, and one of the biggest commercial opportunities that we have, is to improve our on-shelf availability. This goes beyond putting more products on our shelves; it means ensuring that the products we are providing are the right products in the right place at the right time. We will enable this by employing a more elevated and sophisticated approach to category management and by using our customer data and advanced analytics to drive hyper-localisation, ensuring consistency of catalogue across stores of similar format so that we can give our customers availability they can trust. This will be done while maintaining appropriate waste metrics, as the right balance between availability and waste is a key driver of our profitability. At the same time, while we will continue to invest in price, we will upweight the focus on the distinction between price and value, with our emphasis being on the latter. We define value as the balance between what our customers gain, versus

In order to grow our core, we are focused on three key priorities: driving on-shelf availability, amplifying our differentiated value proposition, and increasing our marketplace presence.



what they give up; this is the unique difference they experience from shopping with us at a fair price. Therefore, while we will continue to focus on creating fair value for our customers, we will redirect the focus from one of pure price to real value. This will be enabled by optimising our value equation and focusing on our differences in quality, freshness, innovation, sustainability, and convenience to ensure that our products and services deliver meaningful differences for our customers, making our fair prices well worth it.

In support of this initiative, we will amplify our voice in the market and be more direct and deliberate in how we position our business and our unique offering so that our customers can better understand the holistic value proposition we offer them.

We are also expanding our marketplace presence by increasing our physical footprint, albeit in a very targeted manner, through both the opening of new stores and the expansion of existing ones. This will enable our growth in newer categories such as pet, wellness, and liquor, as well as allowing us to accelerate our rollout of WCellar, NowNow, and our coffee shops and carts. At the same time, we will grow our online presence by ramping up our on-demand Dash business, which is now available from 100 stores and covers the overwhelming majority of our customer base.

We will leverage our integrated app and new Food dark store, situated in the Cape Town CBD, to further reduce

We remain resolutely focused on maintaining the optimal balance between fulfilling our customers' wants and needs by providing the best proposition in the market and providing our shareholders with the highest return on capital in the sector.



We have identified critical enablers of our strategy – from in-store service to back-end technology – where we see scope to unlock further value and enhance the end-to-end customer experience from the initial customer contact with a product or service to final payment and beyond. Key to this are our people and partners (both internal and external), as well as further embedding data-driven decision-making processes.

One of the key enablers for future growth is the expansion of our Midrand Distribution Centre over the next three years. At c.R1.5 billion of capex, this is a sizeable investment for us, which will place some pressure on our medium-term returns metrics, but is vital to ensure that we have a future-fit business from which to drive sustainable, long-term growth.

Looking ahead, we are excited by the opportunities we see to grow our Food business. While some of our new growth opportunities will require increased levels of operating expenditure, we remain committed to our medium-term aEBIT margin guidance of more than 7%. Moreover, we remain resolutely focused on maintaining the optimal balance between fulfilling our customers' wants and needs by providing the best proposition in the market and providing our shareholders with the highest return on capital in the sector.

Medium-term aEBIT margin target



DATA-DRIVEN DECISION-MAKING

STRATEGIC OBJECTIVE

Drive differentiation across our Group by continuing to prioritise operational and capital spending towards digital and data transformation

STRATEGIC INITIATIVES

- Leverage existing wealth of data to better inform decisions and processes
- Refresh loyalty in all our businesses to enable greater differentiation and personalisation

PERFORMANCE IN THE CURRENT YEAR

Our loyalty programmes have the ability to truly distinguish our businesses from competitors. Currently, we have 3.2m and 2.6m active loyalty members in WSA and CRG, respectively, with scope to acquire even more customers and to enable greater differentiation and personalisation as a driver of incremental spend and engagement.

STRATEGY FOR 2024 AND BEYOND

We have an extensive database of customer information across our businesses and have invested in building a robust data and analytics foundation to leverage this key asset. There is scope to more fully utilise these customer insights in our decision-making processes as a driver for increased engagement, personalisation, loyalty, and spend. We are building a world-class data and analytics capability and will continue to leverage this to drive commercial success in our businesses.

Entrenching data analytics as a key capability is also enabling us to refresh our loyalty programmes so that we simplify engagement and also enhance the differentiation inherent in our proposition. We will continue to shift more appropriate and relevant promotions into the loyalty space and offer more analytically driven offers to targeted customers. In South Africa, we will also leverage our partnership with WFS to amplify our customer acquisition efforts, particularly in respect of new customer cohorts and enhanced service offerings.

Maintaining our customers' trust is vitally important. To this end, we are investing in protecting our customers' information as far as cyber risk, fraud, and security of data are concerned.

Entrenching data analytics as a key capability is also enabling us to refresh our loyalty programmes.

Revenue tracked on loyalty cards

88/6

Woolworths



Country Road Group







ELEVATED OMNICHANNEL CUSTOMER EXPERIENCE

STRATEGIC OBJECTIVE

Continuing to improve our online capability and capacity to provide customers with a seamless, quality shopping experience regardless of channel

STRATEGIC INITIATIVES

- Improve profitability of online through scale, channel mix, and channel efficiency
- Differentiate our offering with enhanced personalisation, relevance, and seamless interaction
- Enhance digital capacity and capability by investing in systems, processes, and talent, and embedding a 'test, learn, and scale' culture
- Scope to further leverage opportunities, investments, and learnings across the Group

PERFORMANCE IN THE CURRENT YEAR

Across the Group, online sales growth was lower in the current year compared to last year as customers increasingly returned to stores in a post-Covid world. This was particularly notable in CRG. Nonetheless, we continued to provide CRG customers with a market-leading omnichannel experience, with online sales contributing 27.1% to total sales.

In South Africa, there is significant runway to increase online sales. The online sales contribution for the year was 4.3% for FBH and 3.8% for Food, supported by the further rollout of our Woolies Dash on-demand Food offering, which now covers more than 90% of our customer base.

STRATEGY FOR 2024 AND BEYOND

We recognise that our customers are demanding even more of their omnichannel journeys. In order to grow these businesses, we need to attract new customers and provide them with a differentiated experience. Personalisation, relevance, and seamless interaction are at the heart of this. They will be supported by adaptable operating models, flexible platform ecosystems, and talented teams, enabling us to innovate with speed and agility and build with scale. To this end, along with investing in our data analytics capability, we will continue to prioritise our operational and capex spend towards our digital initiatives to drive short-term wins while simultaneously positioning our businesses for long-term success.

The Australian online market is well-established, and the CRG brands offer our customers market-leading, compelling online platforms and experiences. As discussed under the 'Create further value in Country Road Group' strategic theme, we will continue to invest in and grow the CRG omnichannel experience, including investing in headless digital infrastructure, targeting online penetration rates in excess of 30%.

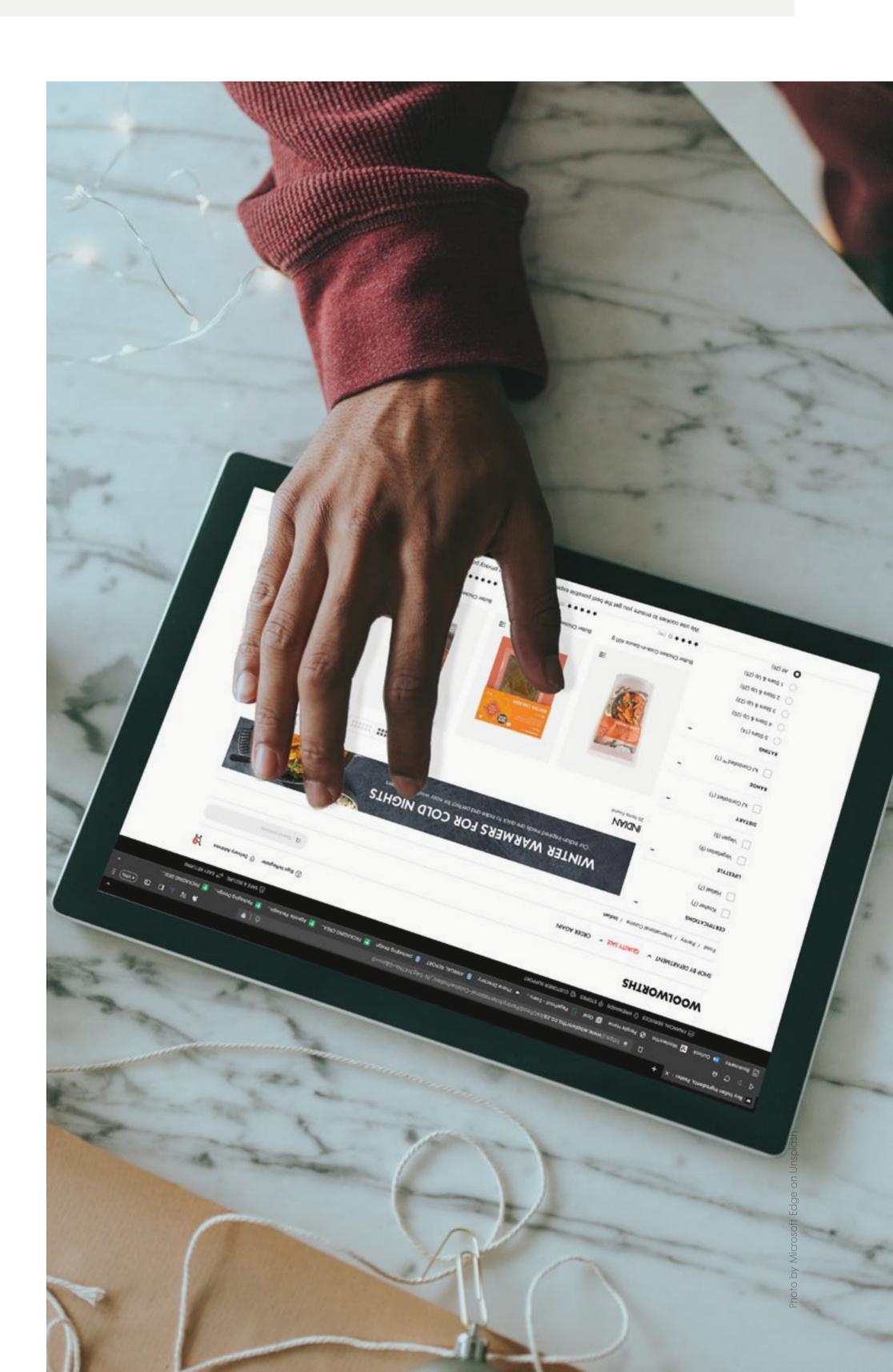
The South African online market is less developed in its sales penetration relative to global averages, and we are, therefore, actively focused on growing our online share of sales to the upper single digits in the case of Food and into the double digits in the case of FBH.

While our online businesses in Australia are margin accretive for us relative to brick-and-mortar sales, this is not the case in South Africa, particularly in the case of Food, and we are, therefore, focused on improving the profitability of our SA online offering through scale, channel mix, and channel efficiency.

Dash has been a key focus area in driving online sales in our Food business and is delivering results by attracting new customers who are spending more in terms of average basket size. Our Dash app has been integrated into the main Woolworths app, which we will leverage to further reduce cost and improve efficiency while simultaneously driving a halo impact into FBH and our alternative online food channels. In the current year, we also opened our first Dash dark store in Cape Town CBD, which we will use to better serve our urban metropole customer with more delivery slots and extended delivery hours. We will continue to grow our Dash proposition in a sustainable and systemic way, focusing on our key differentiators of elevated quality, freshness, and timeous service.

In a South African first, and in line with our broader sustainability objectives, we now have 42 electric vehicles, which we will roll out to 70% of our home delivery fleet in the medium term.

Across the Group, we will continue to be flexible and agile in our ways of working by further embedding a responsive 'test, learn, and scale' culture. One of our key strengths is the diversification within our Group, providing scope to leverage investments and accelerate learnings in support of our data-driven and omnichannel experience ambitions.





PRODUCTIVITY, AVAILABILITY AND EFFICIENCY

STRATEGIC OBJECTIVE

Improve productivity metrics and increase focus on cost efficiency to support strategic growth ambitions

STRATEGIC INITIATIVES

- Improve on-shelf availability and stock turn
- Pursue appropriate space growth, ensuring relevance in both format and location
- Improve efficiency and flexibility in the cost base
- Rationalise unallocated and stranded costs resulting from the sale of David Jones
- Focus on cost efficiency to ensure the wherewithal to invest in new growth initiatives

PERFORMANCE IN THE CURRENT YEAR

Across our businesses, over the past year, we have focused on containing costs, optimising space and tightly managing our inventory levels. This remains a key focus for us as we shift our spend towards our growth ambitions.

We are upweighting our focus on cost efficiency to ensure that we create the wherewithal to invest in our growth initiatives



STRATEGY FOR 2024 AND BEYOND

Notwithstanding the importance of managing markdown risk, there remains a significant opportunity for us to further improve product availability to ensure we maximise our trade while simultaneously fulfilling customer wants and needs. This is most prevalent in the case of our South African businesses, and we are therefore, focused on improving availability, both on-shelf and online, through a number of initiatives. This includes using data-driven insights and a more elevated and sophisticated approach to category management in Food, and our value chain transformation project in FBH, which will enable a centralised inventory model.

Space optimisation remains an important focus area, with the productivity of our physical footprint a key determinant of overall operational efficiency. While our Food business delivers industry-leading trading densities, this has not been the case across our apparel businesses, particularly FBH. Over the past three years, we have rationalised unproductive space by more than 15% and more than 10% in FBH and CRG, respectively, through a combination

of both store closures and reductions. This has resulted in improved sales and aEBIT per square metre metrics in excess of 35% in the case of FBH and 50% in CRG. We are now in the position to once again pursue space growth in our apparel business, which we will do in a considered and deliberate manner. This includes ensuring relevance in both format and location and, to this end, we have identified several opportunities across each of our businesses, primarily in the convenience and smaller format space, which we are actively pursuing.

An immediate focus for us is on rationalising the unallocated or 'stranded' costs emanating from the sale of David Jones. Further, as we increasingly shift our focus towards growth, we are cognizant that this requires heavier capex investments and higher levels of opex growth. We are, therefore, upweighting our focus on cost efficiency to ensure that we create the wherewithal to invest in our growth initiatives while simultaneously still meeting our medium-term margin targets.

PEOPLE AND LEADERSHIP

STRATEGIC OBJECTIVE

Deliver a compelling and differentiated Woolworths People Value Preposition (PVP) - our 'People Promise'- that enables us to retain and engage our people and attract the right talent in the market

STRATEGIC INITIATIVES

- Provide a consistent best-in-class leadership experience by developing and nurturing leadership that delivers results underpinned by our Values
- Drive and enable a high-performance culture
- Embed the Inclusive Justice Initiative (IJI) across the Group to drive a culture that embraces diversity and inclusivity
- Attract, develop, and retain the right talent that enables the delivery of our business strategies
- Provide simplified, relevant, and market-competitive reward offerings to enable long-term attraction and retention of our key talent
- Increase the quality of life for all employees with a focus on our total wellbeing offering and our engagement with our people

PERFORMANCE IN THE CURRENT YEAR

We continued to focus on providing our employees with a compelling PVP to attract and retain talent. Through our various strategic initiatives, we are establishing clear succession plans and nurturing our talent and leadership within our businesses to ensure we have a strong pipeline of talent with the requisite capabilities and behaviours to lead our Group well into the future.

Adding quality to life for all our employees is a key cornerstone of who we are as an organisation and a key focus area for us. Central to this is our 'Just Wage' initiative. In April 2023, our minimum South African hourly base pay increased from R28.55 to R40.00 per hour, 21% above the retail sector minimum wage and 57% above the SA minimum wage. This gap is set to widen further by October 2023 as we complete the final tranche of our commitment to investing an additional R120 million over a three-year period by lifting our base pay to our targeted hourly rate of R41.25. We will continue to explore various other ways to continue to improve the lives of all our people.

Through our focused listening strategy, we work towards understanding what is most important to our people, so as to create a work environment that ensures our employees are highly engaged, connected, and motivated. We are very clear on the principle that great people build great organisations.

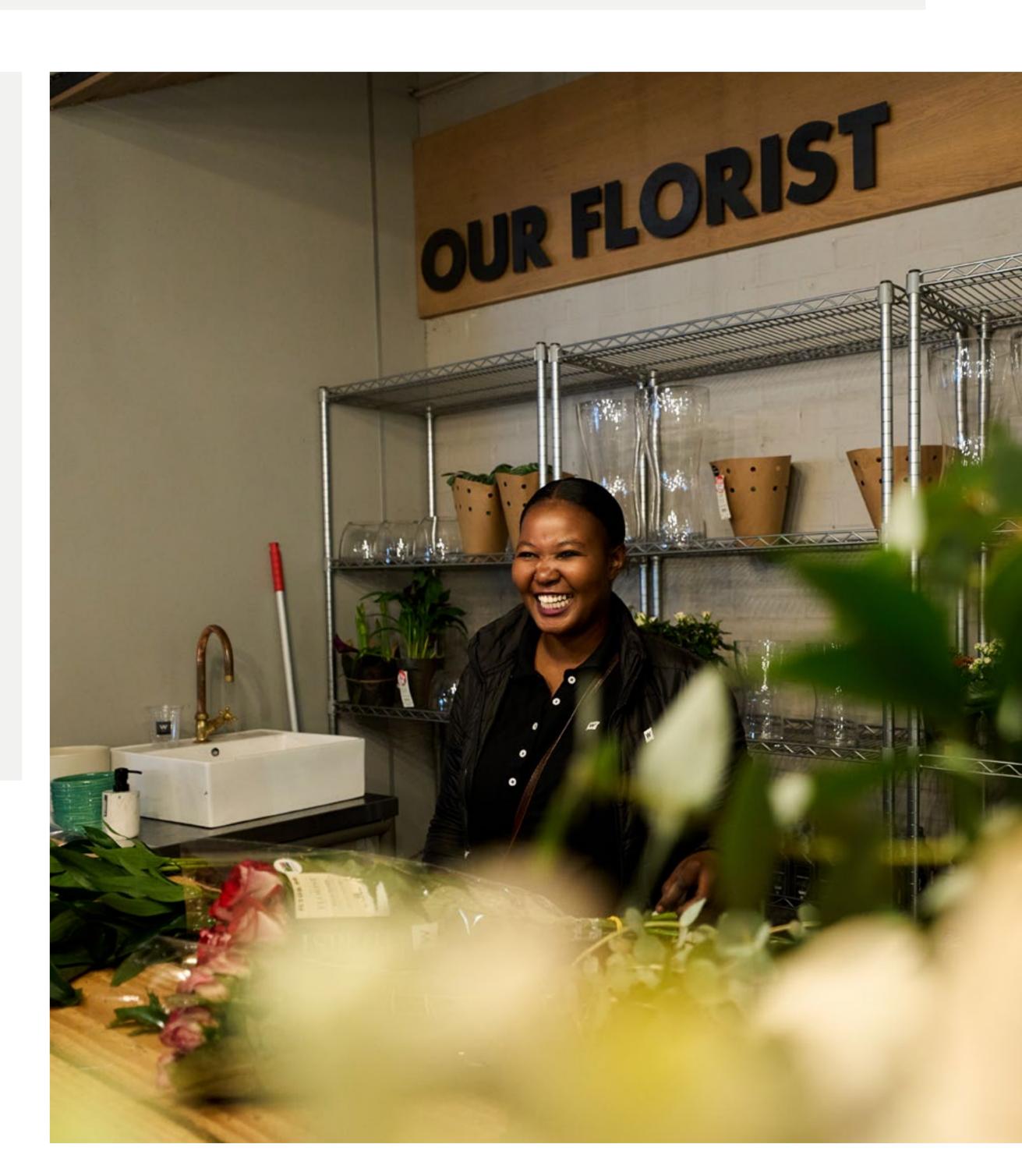
STRATEGY FOR 2024 AND BEYOND

Our people are critical to the successful execution of our strategies. We remain focused on creating an agile, high-performance culture and on attracting, developing, and retaining the best talent for our Group. We are not only improving our productivity and efficiency in relation to our physical and financial assets, but also in terms of how we enhance our structures, processes, and ways of working so that our teams can perform to their fullest potential.

To this end, we are evolving our expectations of our people, supported by our reviewed and refreshed development programmes, our incentive schemes, and our holistic wellbeing offering. This will ensure a more agile, performance-focused, sales- and service-

obsessed workforce, with an upweighted focus on execution and accountability. Central to this is strong leadership, and so we continue to work with our leaders to develop the requisite capabilities and behaviours so that they, in turn, drive inspired and inspiring teams.

We are clear that our vision of being one of the world's most responsible retailers requires us to play an active role in addressing critical social matters and issues of marginalisation and social justice. To this end, we are upweighting the focus and implementation of our IJI, which embraces the principles of diversity and inclusivity and is based on the premise of 'leaving no one behind'.





GOOD BUSINESS JOURNEY

STRATEGIC OBJECTIVE

Resolutely focus on our vision of being one of the world's most responsible retailers, as well as our purpose of adding quality to life

STRATEGIC INITIATIVES

- Achieve sustainability targets to 2025 and beyond, focusing on three pillars:
- Inclusive Justice: caring for our people and being committed to being a diverse and inclusive business and enhancing the wellbeing of our employees, customers, and communities
- Thriving and Resilient: caring for the environment and being committed to working towards net-zero impact and a just transition to a low-carbon future
- Ethical and Fair: caring for how our products are made and being committed to a fully transparent, traceable, and ethical supply chain
- Meaningfully impact the communities in which we operate and encourage greater stakeholder collaboration

PERFORMANCE IN THE CURRENT YEAR

In September 2022, MySchool MyVillage MyPlanet celebrated its 25th anniversary of making a difference in South Africa.

We highlighted the competitive advantage our GBJ provides us and our stakeholders in our second annual GBJ investor engagement session, focusing on our ethical sourcing strategy and approach in our FBH supply chain.

We continued to make progress in realising our ambitious sustainability targets, including embracing and embedding Inclusive Justice throughout the Group.

STRATEGY FOR 2024 AND BEYOND

Our pioneering Good Business Journey (GBJ) is the programme through which our sustainability strategies and goals are achieved. Our vision of being one of the world's most responsible retailers reflects clearly in our medium-term sustainability targets.

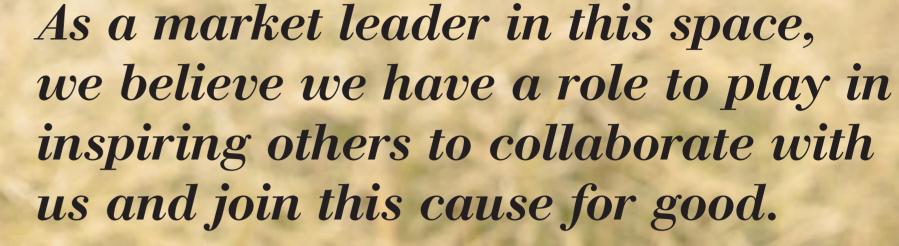
As far back as 2008, we've been investing time, capital, and expertise, and have built the deep knowledge, experience, and skill set that enables us to not only set, but realise, our ambitious GBJ goals, ensuring that we continue to lead in this space.

Our sustainability strategy focuses on three pillars – Inclusive Justice, Thriving and Resilient, and Ethical and Fair. Under each of these, we have clearly defined goals, placing particular emphasis on five industry-leading sustainability goals, against which we will measure our success and hold ourselves accountable. This is disclosed on pages 73 to 74 of this report and further detailed in our GBJ report.

An integral by-product of our GBJ is the competitive advantage this provides in being deeply embedded throughout our organisation, operations, and value chain model. Our deep commitment to our GBJ is not just reflected in how we operate. It is also embedded in how we reward our management and how we make our financial decisions, by including a sustainability component to the long-term incentives for our executive management and linking ESG criteria to both the debt and deposits on our balance sheet.

Through our GBJ, we will continue to make a tangible and meaningful difference to our communities, be it through our social contributions, our MySchoolMyVillageMyPlanet loyalty programme, our food and clothing donations, or our commitment to paying our people fairly, as demonstrated by our 'Just Wage' initiative discussed under 'People and Leadership'.

As a market leader in this space, we believe we have a role to play in inspiring others to collaborate with us and join this cause for good, so we are actively upweighting our communication in this regard with all our stakeholders to drive profound, sustainable, and meaningful impact.







VISION 2025⁺ PILLARS AND UNDERLYING GOALS







FOCUS AREAS



PEOPLE



HEALTH AND WELLNESS

GOALS

Promote inclusive growth for all our people and in our sphere of influence as a business





SUSTAINABLE FARMING



ETHICAL SOURCING

GOALS

Have a fully transparent, traceable, and ethical supply chain by 2025

All our private-label products can be reused, repaired, resold or recycled by 2025

FOCUS AREAS



PACKAGING AND WASTE



WATER



ENERGY AND CLIMATE CHANGE

GOALS

Achieve net zero carbon impact by 2040

Source 100% of our energy from renewable sources by 2030



MEASURING OUR PROGRESS AGAINST VISION 2025⁺

INCLUSIVE JUSTICE	PROGRESS	ETHICAL AND FAIR	PROGRESS	THRIVING AND RESILIENT	PROGRESS
Achieve BBBEE level 4 by 2025		Have a fully transparent, traceable, and ethical supply chain by 2025		Achieve net zero carbon impact by 2040	
Complete the UN Women Empowerment Principles gap analysis by 2023		Develop a roadmap by 2022 for achieving a living wage for all workers across our supply chain		Source 100% of our energy from renewable sources by 2030	
Move from "Improver" to "Achiever" in the UN Women Empowerment Principles assessment by 2025		Responsibly source all key commodities from traceable sources by 2025		Work with our suppliers and partners to create net positive water impact in water-stressed basins in our value chain by 2050	
Complete our Just Wage journey to exceed retail and legislative minimum rates		All private-label products can be reused, repaired, resold or recycled by 2025		All our packaging will be reusable or recyclable by 2022	
Implement our Employment Equity Plan for the period				Halve food loss and waste in our own operations and across our top 30 suppliers by 2030	
until 2025 and achieve compliance status				All private-label products to support regenerative farming practices by 2030	
Related UN SDGs		Related UN SDGs		Related UN SDGs	
1 NO POVERTY 4 QUALITY EQUALITY 5 GENDER EQUALITY 10 INEQUALITIES 1 TO REDUCED INEQUALITIES 1 TO REDUCED INEQUALITIES		12 RESPONSIBLE CONSUMPTION AND PRODUCTION AND PRODUCTION 15 LIFE ON LAND		2 ZERO HUNGER SSS CLEAN WATER AND SANITATION TO AFFORDABLE AND CLEAN ENERGY TO AFFORDABLE AND CLEAN ENERGY TO AFFORDABLE AND CLEAN ENERGY AND PRODUCTION AND PRODUCTION TO AFFORDABLE AND CLEAN ENERGY TO AFFORDABLE ENERG	



NOT YET STARTED

BEHIND

ON TRACK



For more information on each goal, including the definition, why we set it, how we plan to achieve it, challenges we face, KPIs used to measure and report our performance, and baseline data, refer to the Our Goals section on the website.





KEY PERFORMANCE INDICATORS

We measure the success of our strategic execution against clearly defined performance indicators

KEY FINANCIAL METRICS

TURNOVER AND CONCESSION SALES GROWTH

WHL

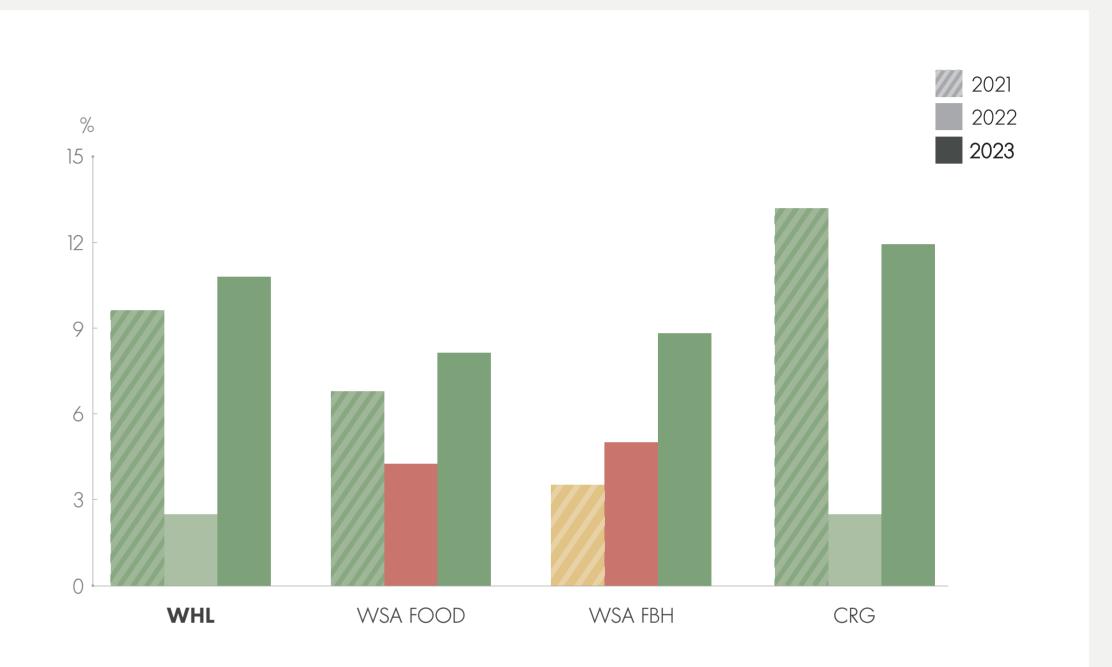
WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Reflects our ability to meet our customers' wants and needs by providing them with their desired merchandise which, in turn, creates additional opportunities for our suppliers and employees, and creates value for all stakeholders. Total turnover and concession sales growth over the past 52-week period, measuring the growth of our business.

WHL metric is adjusted to exclude the impact of DJ in FY2022 and FY2023.

PERFORMANCE IN THE CURRENT YEAR





aEBIT MARGIN

WHL

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Assesses how efficiently we convert sales into profit by managing margins and cost. Adjusted earnings before interest and tax as a percentage of turnover.

WHL metric is adjusted to exclude the impact of DJ in FY2022 and FY2023.

PERFORMANCE IN THE CURRENT YEAR





KEY FINANCIAL METRICS

GROUP aEBIT (RBN)

WHL

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Reflects ongoing profitability of the business - a key measure for all stakeholders to reflect potential returns and to determine business continuity.

Gross profit less expenses adjusted for any abnormal or one-off transactions.

WHL metric is adjusted to exclude the impact of DJ in FY2022 and FY2023.

PERFORMANCE IN THE CURRENT YEAR



WHL 2023
R6.9BN 2022: R6.0BN

NET BORROWINGS/(CASH)(RBN)

WHL

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Reflects the net amount owing to lenders at a point in time and used in credit-specific ratios to determine levels of leverage.

Gross debt less cash and cash equivalents (excluding lease liabilities).

PERFORMANCE IN THE CURRENT YEAR



WHL 2023
R2.5BN
2021: R20.0BN 2022: R-0.3BN

NET DEBT TO EBITDA

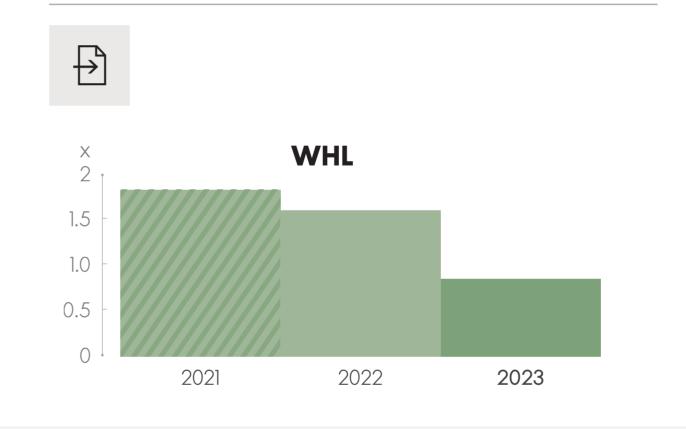
WHL

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Leverage ratio used to measure our ability to repay debt using cash generated from trading operations and demonstrates how long it would take us to pay off debt at current levels.

Net debt divided by EBITDA.

PERFORMANCE IN THE CURRENT YEAR



ADJUSTED DILUTED HEADLINE EARNINGS PER SHARE (CPS)

WHL

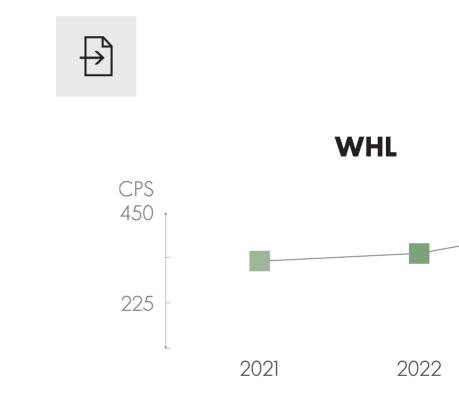
WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Indicates the quality of earnings by reflecting earnings shareholders can expect in a 'worst case' scenario.

Earnings per share, excluding accounting adjustments, assuming all possible shares are converted and exercised.

Metric is adjusted to exclude the impact of DJ in FY2022 and FY2023.

PERFORMANCE IN THE CURRENT YEAR



DIVIDEND PER SHARE

WHL

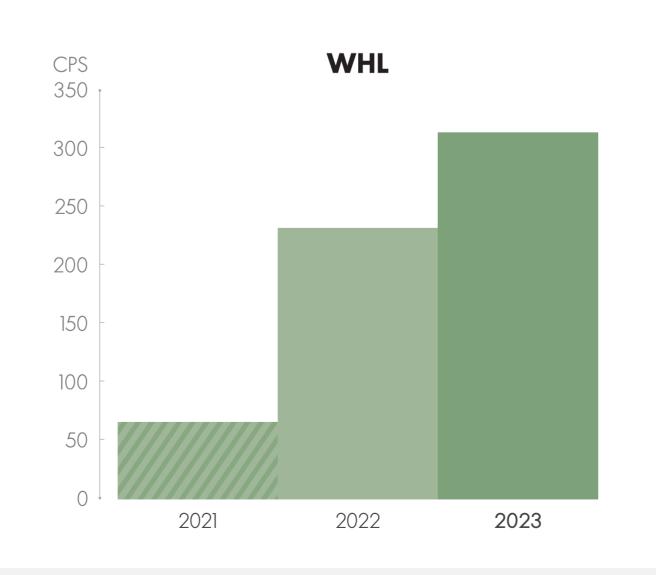
WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Reflects the value we create for shareholders through the direct income we pay to them.

Total dividend paid in the current year divided by number of shares in issue.

PERFORMANCE IN THE CURRENT YEAR





FREE CASH FLOW

WHL

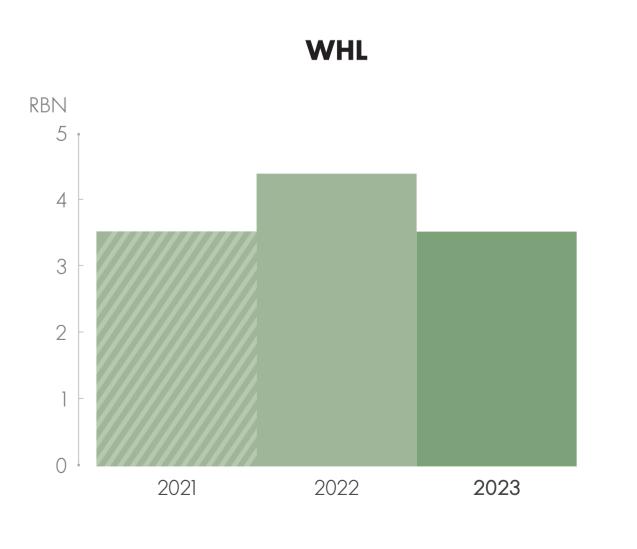
WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Assesses our ability to distribute funds to our stakeholders and to further pursue opportunities that enhance their value.

Cash generated from normal business operations after subtracting funds spent on capital expenditure.

PERFORMANCE IN THE CURRENT YEAR





PERFORMANCE AGAINST TARGET ACHIEVED PARTIALLY ACHIEVED MISSED

KEY FINANCIAL METRICS

UNLOCK AND CREATE VALUE IN AUSTRALIA & NEW ZEALAND/FASHION TURNAROUND & GROWTH IN BEAUTY & HOME/LEADING & ICONIC FOOD BUSINESS

RETURN ON CAPITAL EMPLOYED

WHL

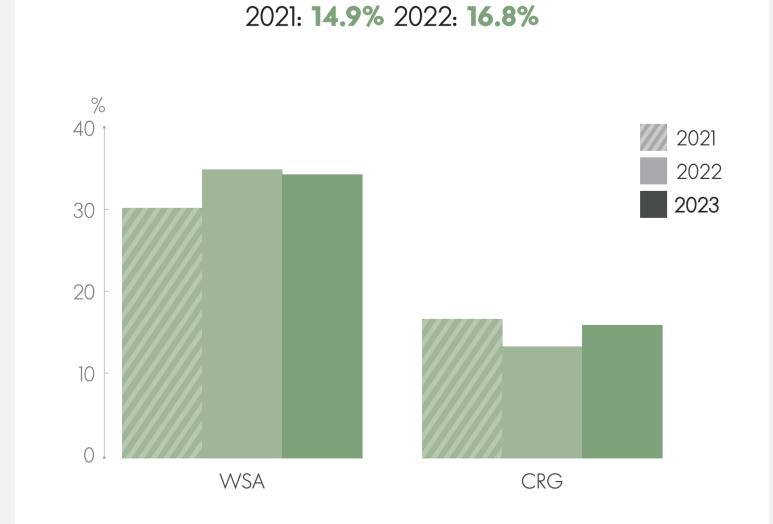
WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Demonstrates how efficiently we use our capital to generate returns for our shareholders.

Adjusted earnings before interest and tax as a percentage of average capital employed (total assets less current liabilities) for the 12-month period to June 2023.

PERFORMANCE IN THE CURRENT YEAR





MARKET SHARE

WHL

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

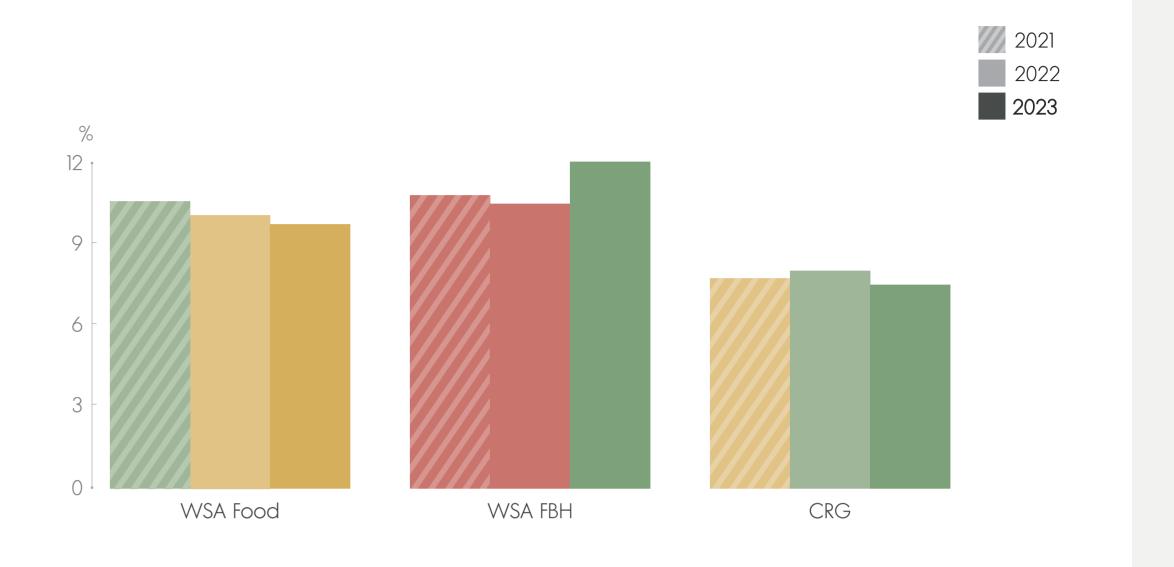
Reflects our relative performance against our competitors.

Share of the relative market as per Nielsen for WSA Food, RLC for WSA FBH, and Commbank IQ for CRG, respectively.

All market shares are reflected on a 12mma basis.

PERFORMANCE IN THE CURRENT YEAR





SPACE OPTIMISATION

WHL

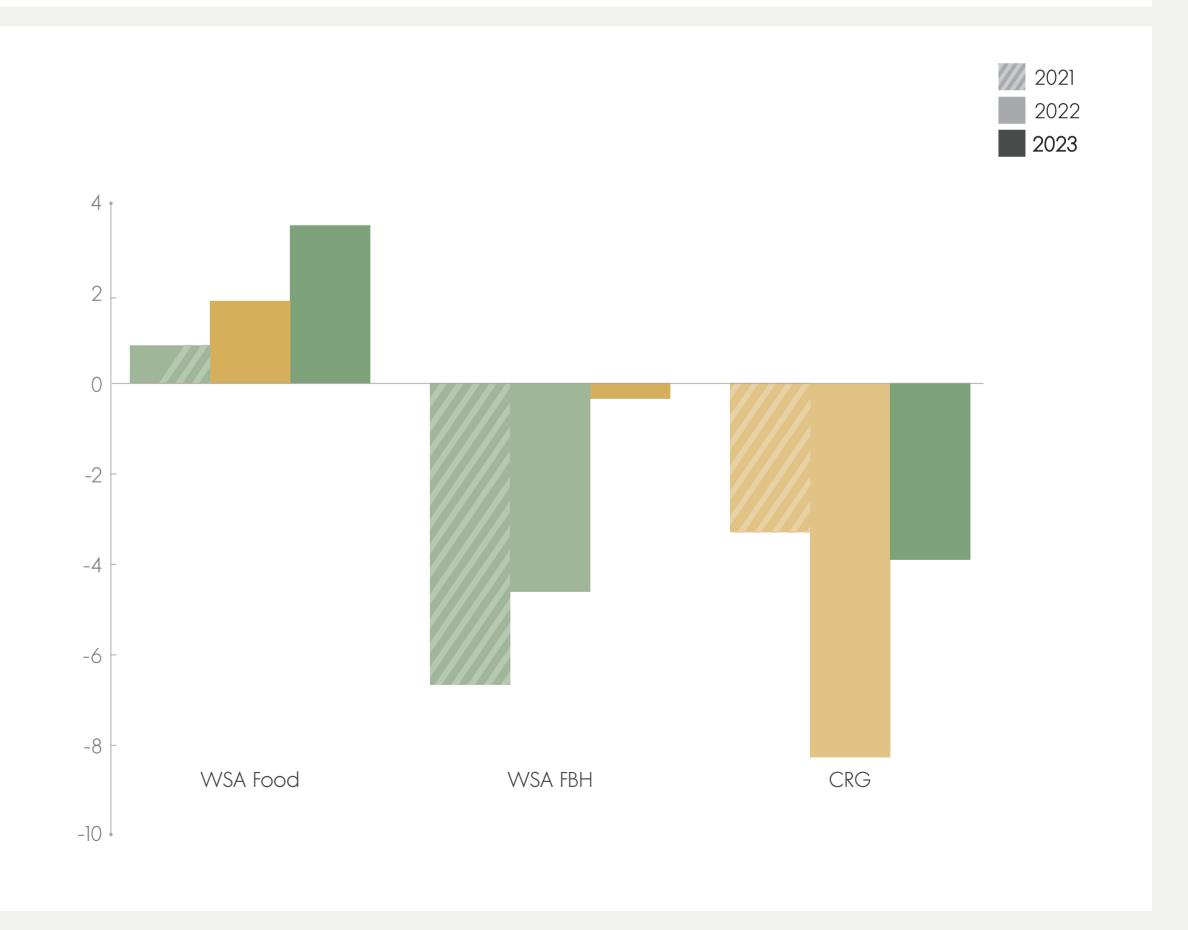
WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Reflects our commitment to optimise space in order to improve trading densities and aEBIT/sqm

% difference in trading space as at end of the financial year relative to the closing sqm position at the prior financial year end.

PERFORMANCE IN THE CURRENT YEAR

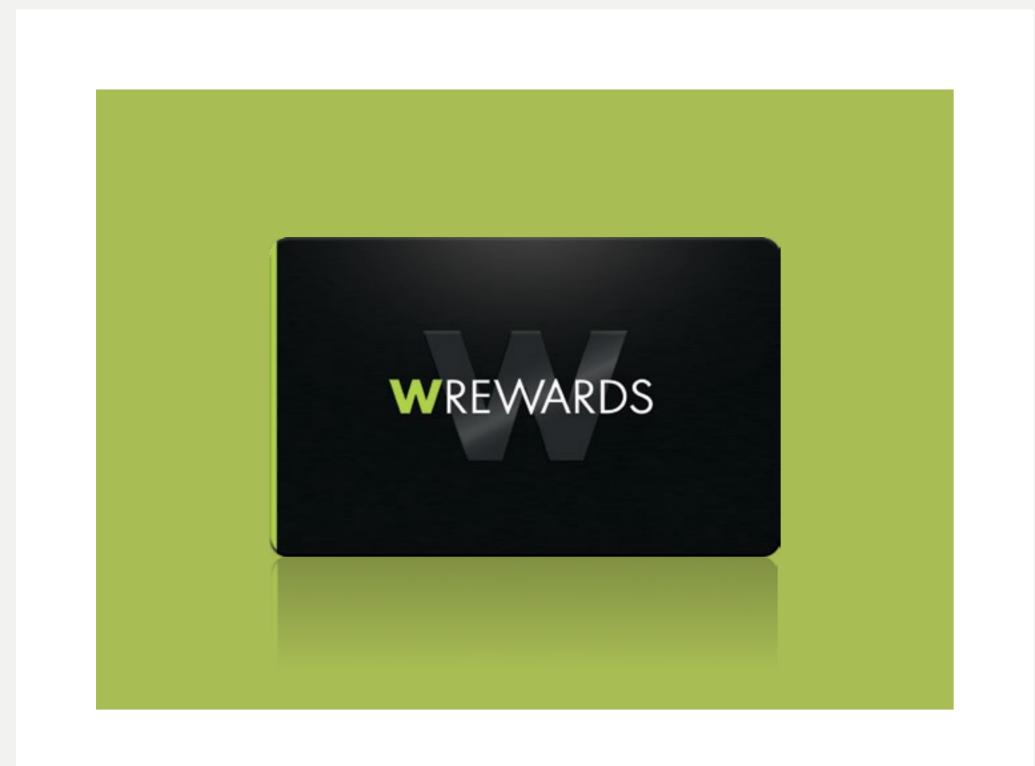




PERFORMANCE AGAINST TARGET ACHIEVED PARTIALLY ACHIEVED MISSED



DATA-DRIVEN DECISION-MAKING



NUMBER OF ACTIVE LOYALTY CUSTOMERS

WHL

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Demonstrates our ability to grow our customer base and create value for them through the execution of a customer-led strategy.

The number of loyalty customers who have had at least one transaction with us in the current year and for whom we have contact information.

PERFORMANCE IN THE CURRENT YEAR



WSA 2023 2021: 3.2M 2022: 3.2M

.021. 012111 2022. 012

CRG 2023

2021: **2.3**M 2022: **2.5**M

% REVENUE TRACKED ON LOYALTY CARDS

WHL

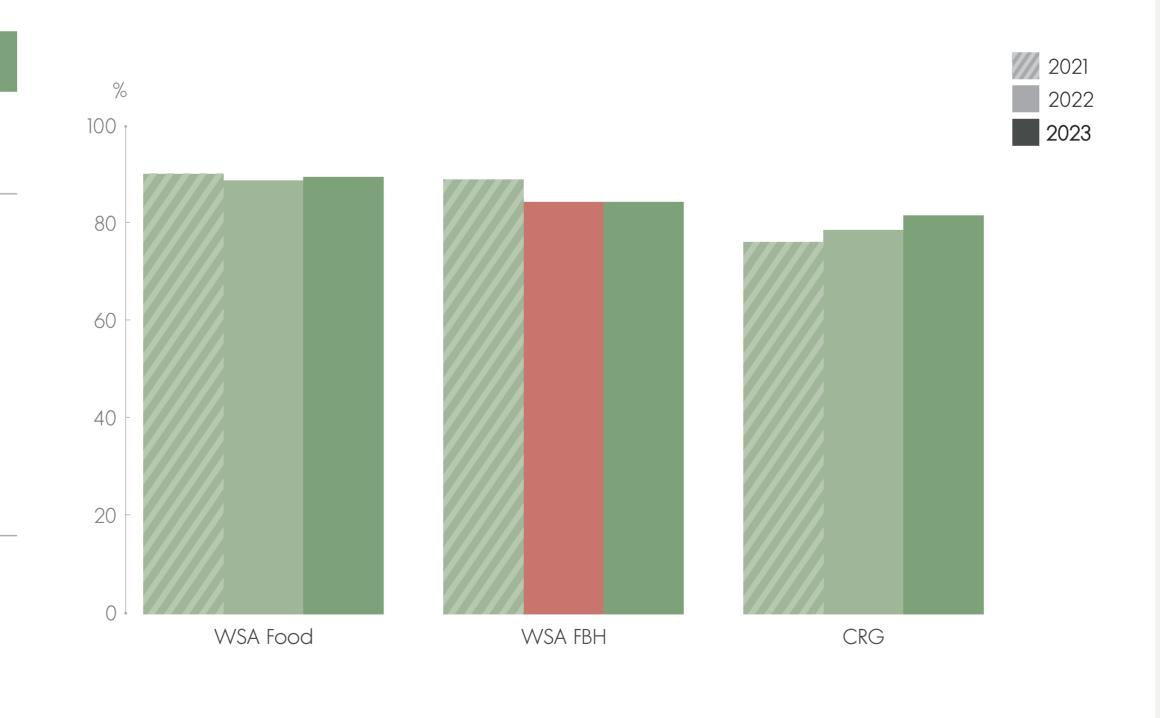
WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

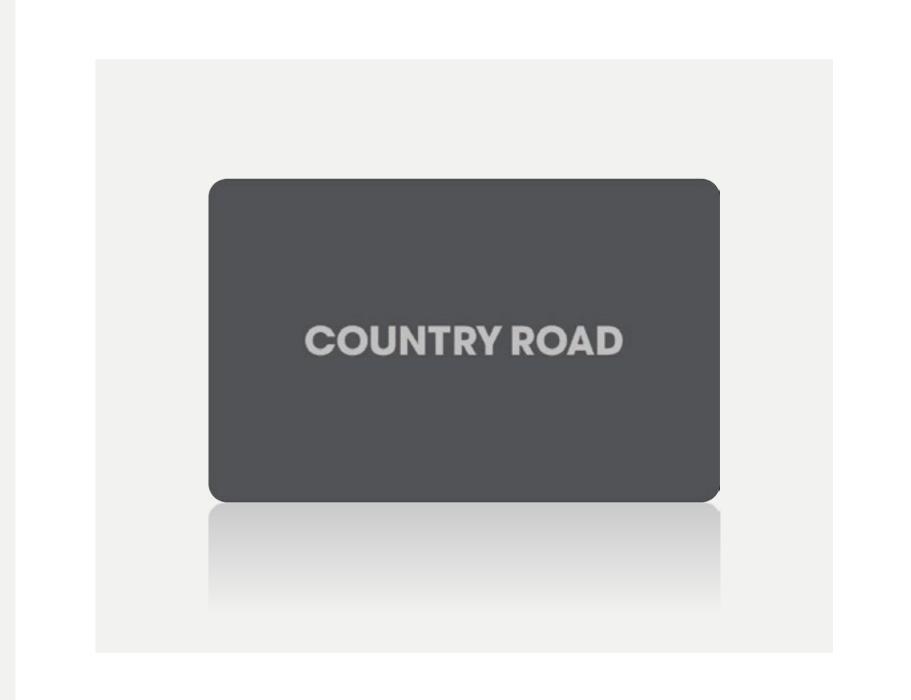
Reflects whether we create value for our customers by increasing their loyalty through growing and enhancing our programmes.

% sales transactions where a loyalty card is used.

PERFORMANCE IN THE CURRENT YEAR



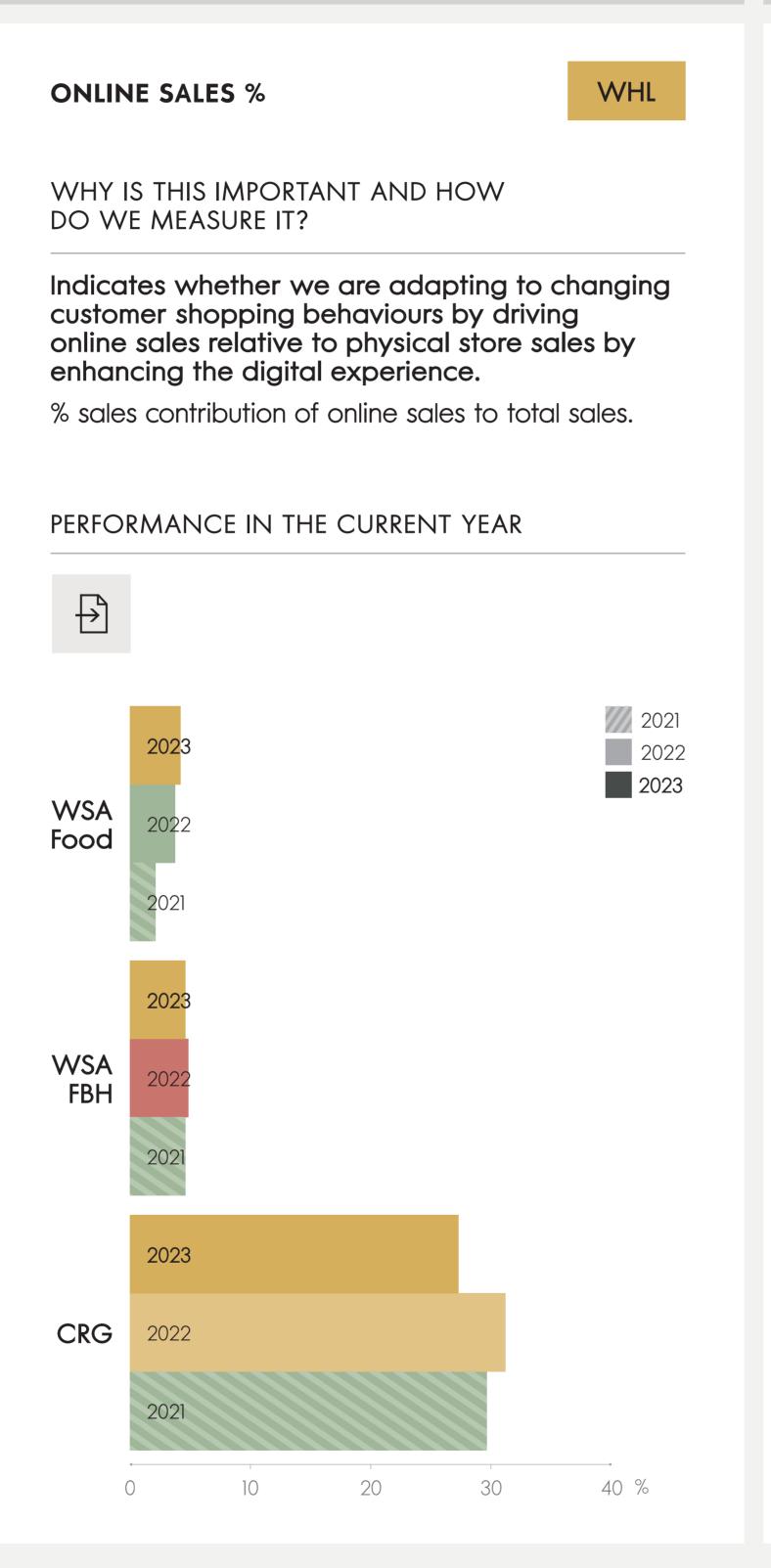


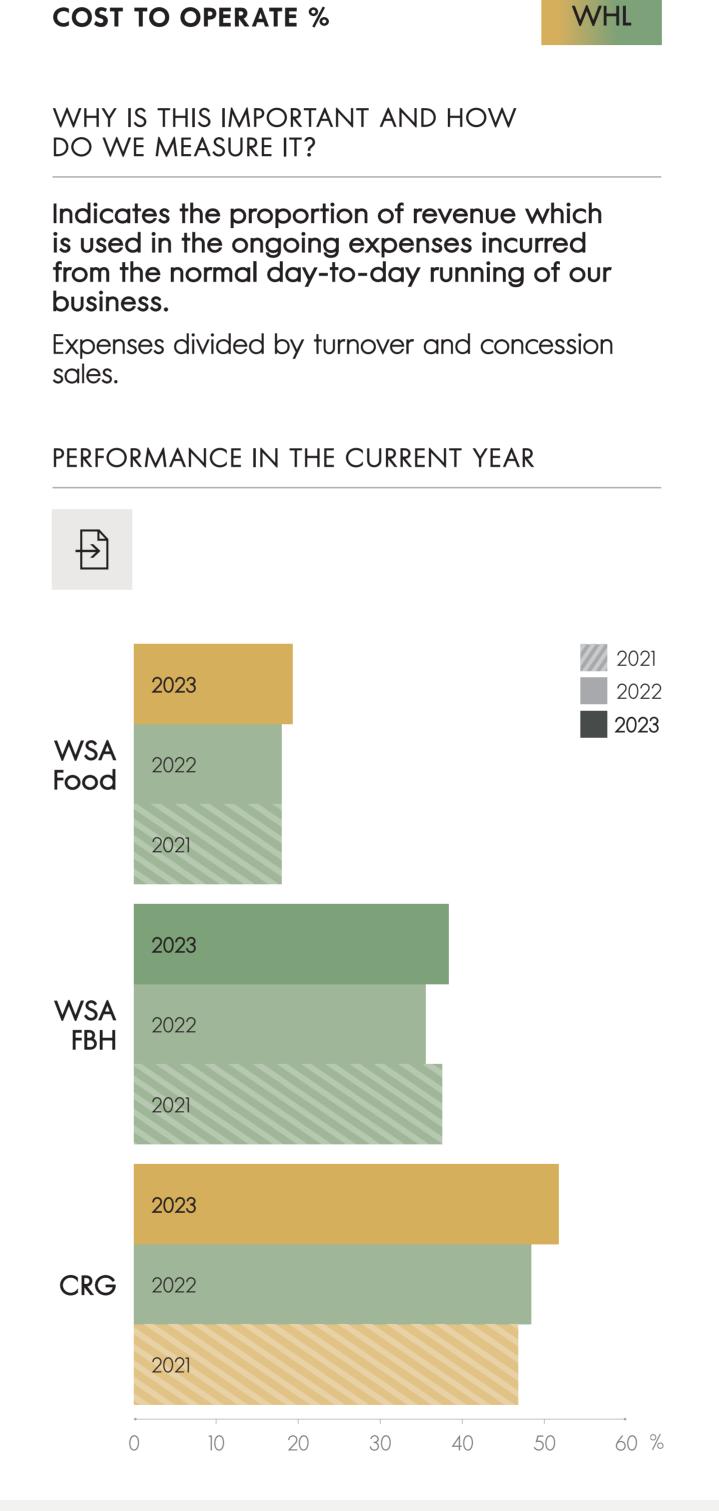


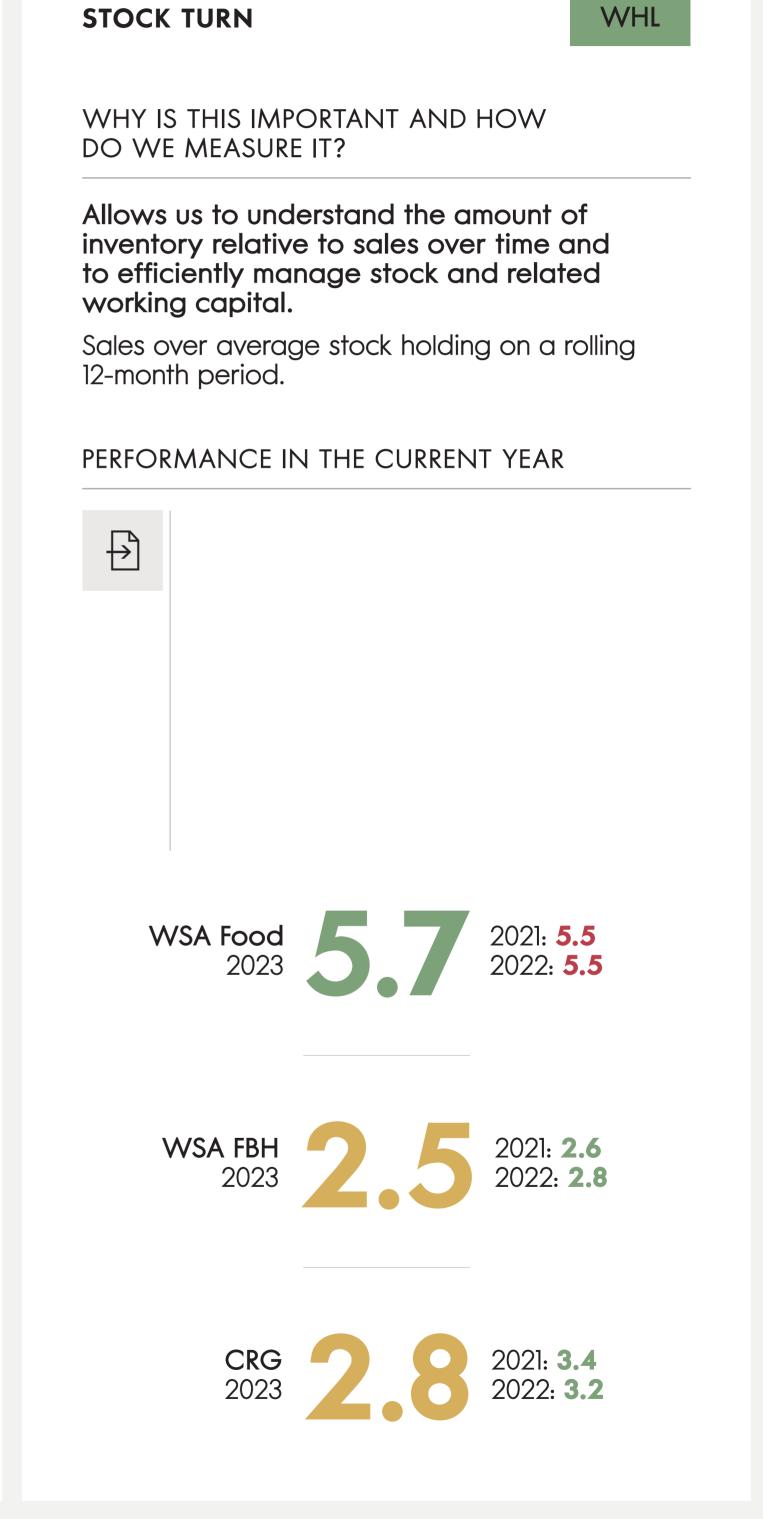
ELEVATED DIGITAL/ONLINE/OMNI CUSTOMER EXPERIENCE

COST EFFICIENCY AND OPERATIONAL EXCELLENCE

WHL **ONLINE SALES GROWTH** WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT? Reflects the success of various initiatives and investments to drive sales through our digital channels. Total online growth over the past 52-week period, measuring the growth of our online platforms. PERFORMANCE IN THE CURRENT YEAR \rightarrow 2021 2023 2022 2023 **WSA** 2022 Food 2023 WSA FBH 2023 CRG 40 60 80







GOOD BUSINESS JOURNEY

% TARGET ACHIEVED ON

SUSTAINABILITY SCORECARD

WHL

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Demonstrates our commitment to sustainability and the effective execution of our Good Business Journey strategy.

The weighted average of our performance against all the sustainability targets tracked in each business.

PERFORMANCE IN THE CURRENT YEAR





WSA 2023

2021: 91% 2022: 86.9%

CRG 2023

2021: 81% 2022: 80.1%

LEADERSHIP AND PEOPLE

PROGRESS ON 'JUST WAGE' INITIATIVE

WHL

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Demonstrates our deliberate intent to reduce the remuneration gap within the South African socio-economic environment.

Hourly wage paid to our employees informed by many data points, including minimum wage rates, market rates, CPI, and our Employee Value Proposition strategy.

PERFORMANCE IN THE CURRENT YEAR



DIVERSITY

WHL

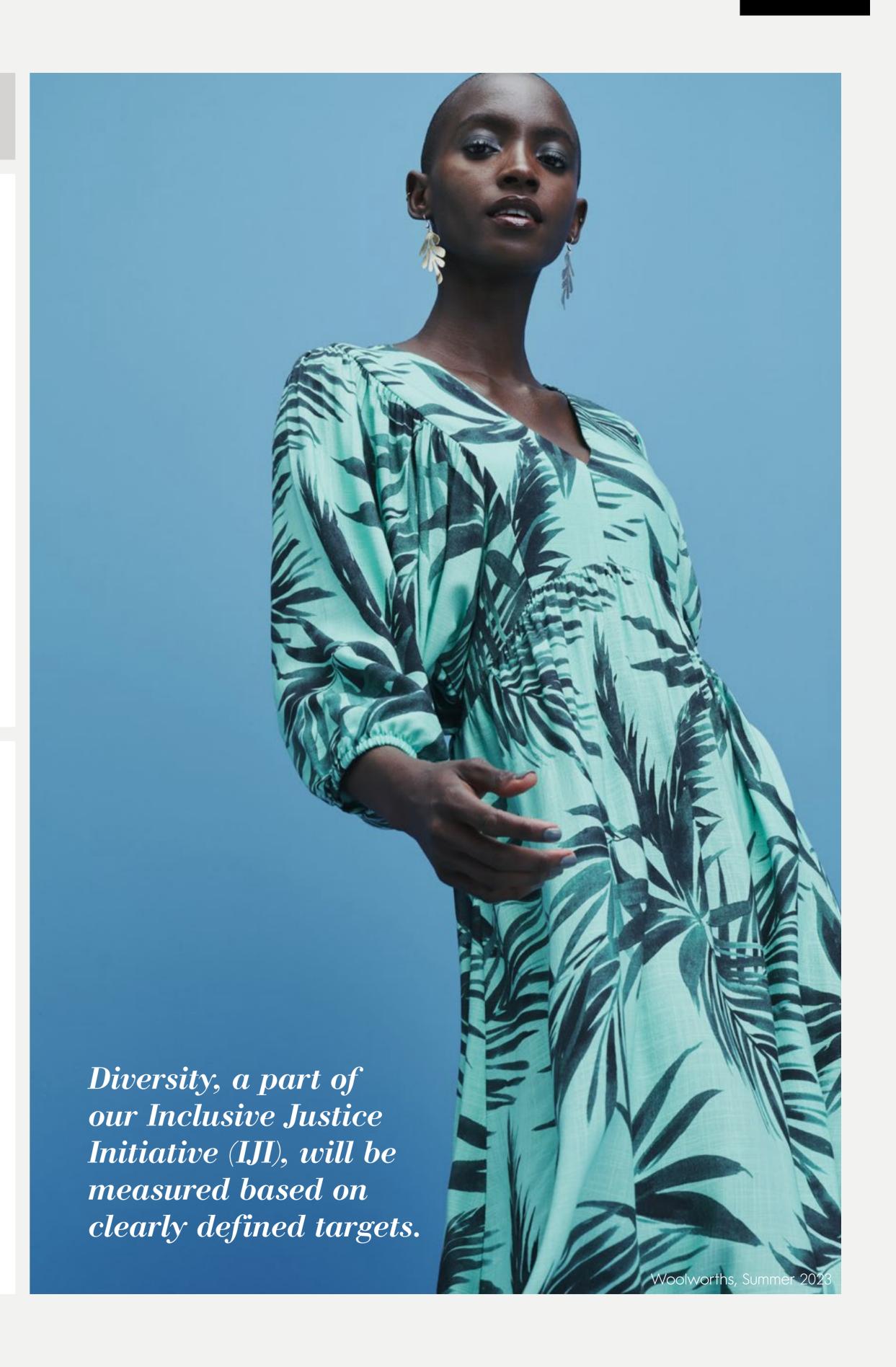
WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

We are committed to recognising all forms of diversity through committing to transforming our workforce to be more diverse and our culture more inclusive.

Diversity, a part of our Inclusive Justice Initiative (IJI), will be measured based on clearly defined targets.

PERFORMANCE IN THE CURRENT YEAR





WHL





CLICK ON BOX TO GO TO THAT SECTION

OUR INTERIM CHIEF FINANCIAL OFFICER'S REPORT



A very successful year, with a strong operational and financial performance, attractive shareholder returns and a robust balance sheet that provide a solid foundation for future investment and growth

OVERVIEW OF THE YEAR

The 2023 financial year has been a transformative year for the WHL Group across a number of fronts. One of the highlights has certainly been the disposal of David Jones at the end of the third quarter and the value extraction from that business following a protracted process. The sale further strengthened the Group balance sheet and enhanced our financial metrics, while also enabling the reallocation of capital and management focus to the core businesses.

It was a year in which we also delivered strong operational and financial performances in each of our businesses. We achieved positive leverage throughout the income statement through a deliberate focus on driving profitable sales. The positive sales and GP margin growth across all businesses delivered the highest EPS of 551.0cps that the business has reported, notwithstanding the challenging trading environment, particularly in the second half.

After generating healthy free cash flow, we also executed key capital allocation decisions during the course of the year, in line with our refined framework and principles. Our debt levels are well within our capital targets, and we have accelerated our capex spend to invest in key aspects of building capacity and capability that will drive future growth. We plan to spend a further R10 billion of capex over the next three years. We resumed a normalised dividend at a 70% payout, while also undertaking further share buybacks of an additional R2.9 billion during the year. This has an enduring benefit into the future.

We now have a solid foundation and a strong and robust balance sheet that allows us to further optimise our businesses while investing for growth, enabling us to deliver on our future ambitions.

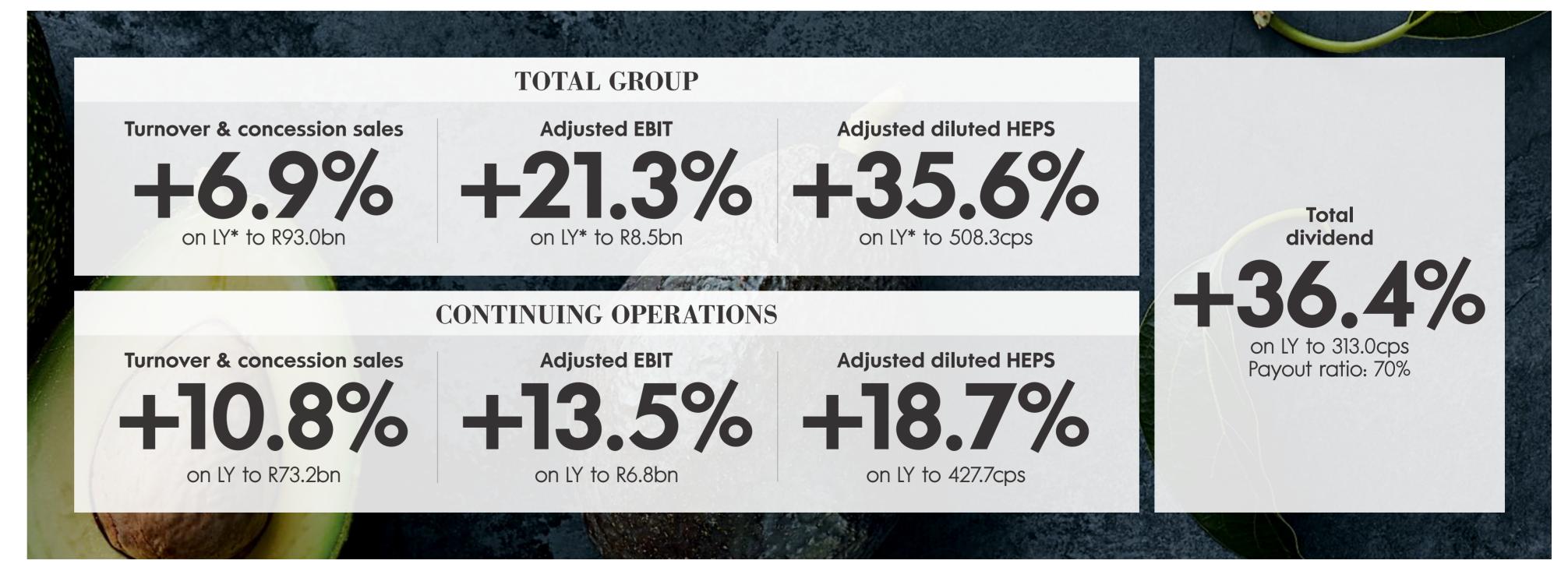
THE SALE OF DAVID JONES

The WHL Group disposed of its David Jones operations, which was effective on 27 March 2023. David Jones has therefore been reported as a discontinued operation in the Group's full-year results and included for a nine-month period in the 2023 financial year, compared to a full 12-month period in the prior year. Despite this, it still contributed one of the highest earnings to the Group since acquisition. After extracting R3.3 billion in cash and retaining the flagship Bourke Street property, valued in excess of A\$250m, we sold the business for R1.1 billion, recognising a profit on disposal of R411m. The sale also enabled us to remove R22 billion of liabilities, including R18 billion of lease liabilities, from our balance sheet, which further strengthened the Group balance sheet and enhanced our financial performance metrics.

OPERATING RESULTS FOR THE YEAR

The Group delivered a strong set of results, notwithstanding a challenging macroeconomic backdrop across both geographies and the continued severe impacts of loadshedding in South Africa. The sale of David Jones, coupled with the impact of government-imposed lockdowns in Australia in the prior year and the impacts of loadshedding in South Africa, makes the Group's results for the 2023 financial year not directly comparable to the prior year.

The table below highlights the results for the total business and for the continuing operations:

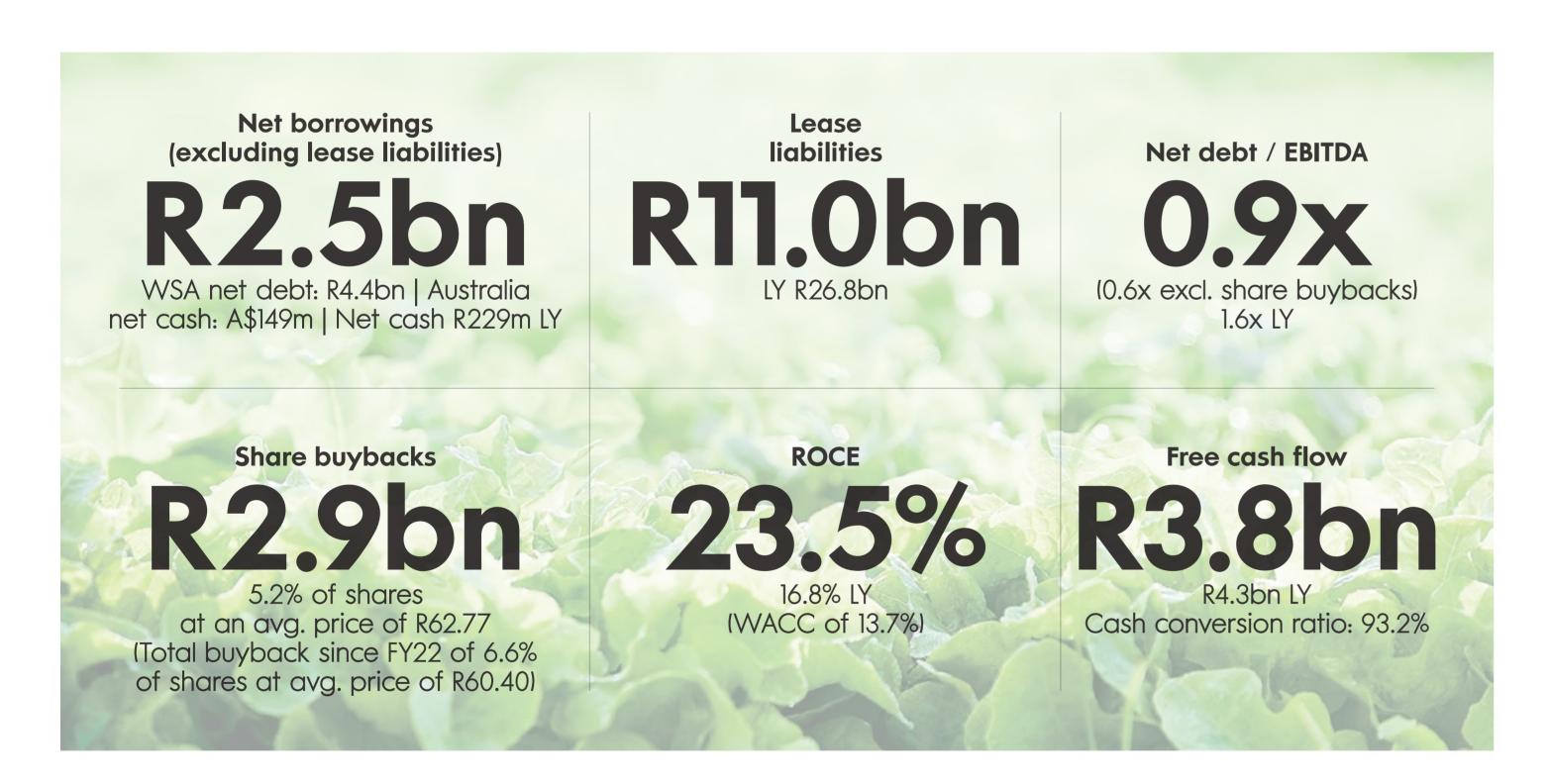


*Includes 9 months of David Jones vs 12 months LY

The positive leverage can be clearly seen from the growth in sales, to Adjusted EBIT and adHEPS for the total Group and for continuing operations. Profitable trade, together with good cost management, enhanced by the share buyback programme underpinned the overall result. Earnings per share ('EPS') for the total Group, which includes the profit on the sale of David Jones, grew by 42.2% to 551.0cps, while Headline EPS ('HEPS') and adjusted diluted HEPS increased by 29.0% and 35.6%, respectively. For continuing operations, EPS grew by 15.3% to 421.1cps, while HEPS and adjusted diluted HEPS increased by 14.8% and 18.7%, respectively.

The Group ended the year with net borrowings of R2.5 billion, with Australia in a net cash position of A\$149 million, part of which will be repatriated to WHL post year-end, while lease liabilities have reduced by R16 billion, which includes the David Jones leases no longer on our balance sheet. Our debt metrics are well within targeted gearing and covenant limits, with net debt to EBITDA at 0.9x. Our continued focus on cash generation resulted in free cash flow of R3.8 billion (410.7cps), at a healthy cash conversion ratio of 93%.

Our refined approach to capital allocation has resulted in returning more cash to shareholders. The total dividend per share of 313.0cps is 36.4% up on last year at a 70% payout ratio from the earnings of our continuing operations. We also repurchased shares to a value of a further R2.9 billion during the current year, bringing the total buyback over the past two years to 6.6% of issued shares. These share repurchases positively impact each of our share and capital return metrics in the current and future periods. Return on capital employed ('ROCE') increased by 6.7 percentage points to 23.5%, which is pleasingly well in excess of our cost of capital.



IMPACT OF LOADSHEDDING

South Africa's debilitating energy crisis continues to have a pronounced impact on our economy, business and consumer confidence, and the cost of doing business. Our focus throughout the year has been to protect the integrity of our product whilst simultaneously implementing ways to minimise the operational and financial impacts of loadshedding. While we have quantified the direct impact on our Food waste and diesel costs across our store network and supply chain at between R20m to R30m per month, the broader impacts across our supply chain, consumer spending and indirect costs are significantly higher.

GROUP INCOME STATEMENT

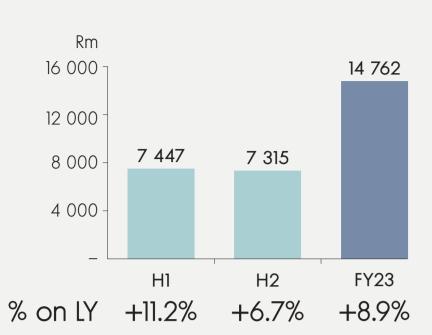
"Our income statement is in good shape based on the strong underlying performance of the business, despite the higher loadshedding impacts and second-half headwinds"

	2023 Rm	2022 Rm	% change
Continuing operations			
Turnover and concession sales	73 228	66 066	10.8
Concession sales	(962)	(704)	
Turnover	72 266	65 362	10.6
Cost of sales	45 440	42 137	7.8
Gross profit	26 826	23 225	15.5
Other revenue	281	316	(11.1)
Expenses	20 394	17 728	15.0
Adjusted operating profit	6 713	5 813	15.5
Net finance costs	1 303	1 109	17.5
Earnings from joint ventures	102	165	(38.2)
Adjusted profit before tax	5 512	4 869	13.2
Adjustments	(140)	23	
Profit before tax	5 372	4 892	9.8
Tax expense	1 489	1 388	7.3
Profit from continuing operations	3 883	3 504	10.8
Profit from discontinued operation. net of tax	1 196	213	
Profit for the year	5 079	3 717	36.6

TURNOVER AND CONCESSION SALES

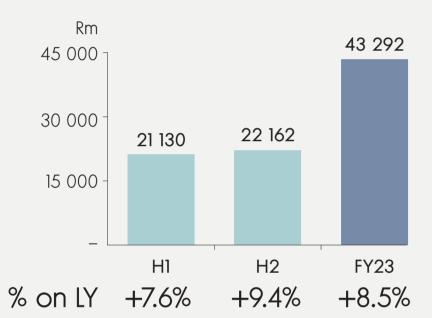
Turnover and concession sales from continuing operations (i.e. excluding David Jones) increased by 10.8% for the year and by 9.3% in comparable stores, while second half sales grew by 9.2%. Sales from the online channel grew by 9.3%, contributing 8.3% to the Group's sales from continuing operations, which is on par with last year. On a Total basis (which includes nine months of David Jones in the current year versus 12 months in the prior year), Group turnover and concession sales increased by 6.9%.

WOOLWORTHS FASHION, BEAUTY AND HOME



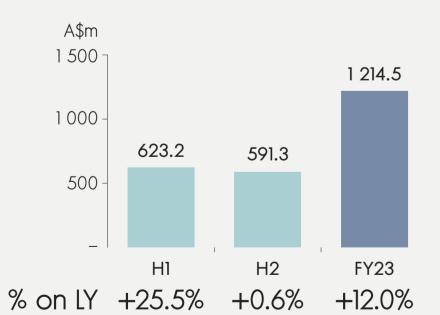
FBH sales grew by 8.9%, which was ahead of the market, notwithstanding initiatives to reduce SKUs, unproductive trading space and promotional activity. This was driven by strong full-price sales, especially in our must-win categories, while the rest of Africa also contributed positively to overall growth. The slowdown in H2 was as a result of headwinds to retail discretionary spend.

WOOLWORTHSFOOD



The Food sales growth momentum accelerated throughout the year, which resulted in a stronger H2 run rate. This was supported by increased footfall and strong on-shelf availability, despite the impact of loadshedding. Comparable sales were 6.3% up on last year, while space grew by 3.6%. Sales from the online channel grew by 28.5%, supported by the further rollout of our on-demand ('Woolies Dash') offering.

COUNTRY ROAD GROUP



Following a strong H1, trading momentum in the Country Road Group saw a pronounced deceleration in H2, due to pressure on consumer confidence and retail discretionary spend, coupled with the impact of a high prior year base. The online channel contributed 27.1% to sales, which is down from the 31.6% last year, as customers returned to stores post the Covid pandemic. The Country Road brand remains a standout performer, as it enjoys deep loyalty and resonance from its customer base.

GROSS PROFIT

The Group gross profit margin increased by 160bps from 35.5.% to 37.1%, mainly due to a deliberate focus on full-priced sales and lower markdowns. The Food margin was also 40bps up on last year, notwithstanding continued price investment, higher fuel and distribution costs, and an increase in online sales.

EXPENSES

Costs were well managed across the Group, despite inflationary pressures and the impacts of additional diesel costs in South Africa. Store rationalisation in the apparel businesses, together with efficiencies from cost optimisation initiatives, limited the cost growth to 15.0%, notwithstanding the non-comparable base and investment in growth initiatives.

EARNINGS FROM JOINT VENTURE

Woolworths Financial Services ('WFS'), our joint venture with Absa Group Limited, grew its book by 14.5%, driven mainly by new accounts and credit card advances. The book growth, together with higher yields from reporate increases, enabled net interest income to increase by 22.2%. However, significantly higher impairments in the year, at 7.3%, resulted in our share of profit after tax reducing by 38.4% to R101 million.

NET FINANCE COSTS

Net finance costs of R1.3 billion, which includes finance costs on leases, were 17.5% higher than last year, due to the higher net borrowings during the year and base rate increases, net of interest rate hedges. Net interest cover increased to 6.4 times from last year's 6.0 times.

ADJUSTMENTS

The adjustments to earnings in the current year in arriving at headline earnings and adjusted headline earnings, includes the following material, pre-tax adjustments:

- Profit on sale of David Jones of R411 million, net of R176 million costs to sell
- Transaction and transition costs related to the disposal of David Jones of R115 million
- Restructure and store exit costs relating to corporate simplification and the rationalisation of our store network

TAX

The Group's adjusted effective tax rate is 28.0%, which is 40bps lower than last year's 28.4%. The reported effective tax rate for the current year is 24.4% versus 28.4% in 2022, with the lower effective rate due to the reduction in the SA Corporate tax rate and utilisation of prior period tax losses.

PROFIT, EARNINGS PER SHARE (EPS), HEADLINE EPS (HEPS) AND ADJUSTED DILUTED HEPS

The total Group reported results for the year is a profit after tax of R5 079 million, with the profit from continuing operations of R3 883 million and a single figure profit after tax for the discontinued operation of R1 196 million, including the profit on disposal of David Jones of R411 million.

	2023	2022	change
EPS (cents)	551.0	387.4	42.2
HEPS (cents)	514.7	398.9	29.0
Adjusted diluted HEPS (cents)	508.3	374.9	35.6
WANOS (millions)	920.9	958.9	(4.0)
Continuing operations			
EPS (cents)	421.1	365.2	15.3
HEPS (cents)	423.4	368.7	14.8
Adjusted diluted HEPS (cents)	427.7	360.2	18.7

Total Group EPS of 551.0cps is 42.2% up on last year, and EPS from continuing operations grew by 15.3% to 421.1cps, while HEPS and adjusted diluted HEPS increased by 14.8% and 18.7%, respectively.

DIVIDEND PER SHARE (DPS)

The Board declared a final dividend of 154.5cps in respect of continuing operations earnings, at a pay-out ratio of 70%. An interim DPS of 158.5 cents was paid, which takes the total dividend for the year to 313.0cps, an increase of 36.4% over the prior year.

FBH traded ahead of the market, growing sales by

Onlast year



SUMMARISED STATEMENT OF FINANCIAL POSITION

"We have a healthy and robust balance sheet, with an improvement in key metrics, strengthened by the sale of David Jones"

	2022 Rm	2023 Pre sale Rm	DJ IFRS 5 Rm	2023 Rm
Assets				
Property, plant and equipment, investment property and intangible assets	16 641	18 958	3 157	15 801
Right-of-use assets	18 891	21 016	12 371	8 645
Investments in joint ventures	945	1 047	-	1 047
Inventories	8 709	10 810	3 738	7 072
Receivables, derivatives and loans	2 165	$2\ 242$	240	2 002
Deferred tax and tax assets	$3\ 354$	3 635	$2\ 552$	1 083
Cash and cash equivalents	5 374	4 461	884	3 577
Total assets	56 079	62 169	22 942	39 227
Equity and liabilities				
Shareholders' funds	11 800	12 719	698	12 021
Borrowings and overdrafts	5 096	6 044	-	6 044
Lease liabilities	26 784	29 245	18 243	11 002
Deferred tax and tax liabilities	31	151	-	151
Payables, derivatives and provisions	12 368	14 010	$4\ 001$	10 009
Total equity and liabilities	56 079	62 169	22 942	39 227
Net borrowings/(cash)	(229)			2 529
Net gearing including lease liabilities*	18 691			10 326
Net debt to EBITDA* (times)	1.6			0.9
Net debt to Equity* (times) * Based on lease liabilities net of deferred tax	1.6			0.9

^{*} Based on lease liabilities net of deterred tax

The sale of David Jones fundamentally transformed the Group balance sheet, removing R22 billion of liabilities and improving all key financial metrics. The strengthened balance sheet forms a platform for investment into future growth.

Significant movements, in constant currency, are explained below:

Property, plant and equipment and intangible assets include R2.5 billion capex for the period. We are focusing spend on organic growth and growth-enabling initiatives and in Supply Chain capability throughout the value chain. We have also invested in data, digital and online capabilities, and enhancing our store network.

Right-of-use assets include new leases and lease renewals, offset by depreciation of R2.1 billion and lease modifications and exits, prior to lease expiry. The disposal of David Jones reduced ROU assets significantly from R22.9 billion to R8.6 billion.

Investment in joint ventures includes the 50% less one share of the net assets of WFS of R1 033 million. The investment increased from last year, however, due to a 38.4% decline in profit after tax, no dividend was declared for the year.

Inventories were higher in the apparel businesses, driven mainly by inflation, investment in new channels, and timing of intake at year-end.

Shareholders' funds were up on last year from operating profit after tax and foreign exchange translation impacts of R1.1 billion, partially offset by the payment of dividends and the shares that were cancelled during the year following the buyback programme.

Lease liabilities of R11 billion (non-current and current) include new and renewed leases, offset by lease exits and modifications and lease payments for the period. The disposal of DJ reduced lease obligations by R18.2 billion, and also reduced the average remaining lease term of the Group.

Trade and other payables and provisions increased due to higher trade balances arising from the timing of settlements and stock intake.

NET BORROWINGS AND KEY FINANCIAL METRICS

"Net gearing is well within target limits, and we continue to lead in sustainability linked debt"

	2023	2022
WHL Net debt/(cash) (Rm)	2 529	(229)
Interest-bearing debt	5 825	5 112
Net cash and cash equivalents	(3 296)	(5 341)
Unutilised committed facilities - Group	6 271	7 730
SA Net debt (Rm)	4 395	3 455
Interest-bearing debt	5 825	5 112
Net cash and cash equivalents	(1 430)	(1 657)
Borrowing rate*	9 22%	6.16%
Unutilised committed facilities - SA	5 722	6 917
CRG Net cash (A\$m)	(96)	(120)
Interest-bearing debt	-	-
Net cash and cash equivalents	(96)	(120)
Unutilised committed facilities - CRG	52	74
Osiris Net cash (A\$m)	(53)	(215)

^{*} Partially hedged all-in rate including amortisation of upfront costs

CAPITAL ALLOCATION AND RETURNS TO SHAREHOLDERS

	2023	2022
ROCE (%)	23.5	16.8
Net debt to EBITDA (times)	0.9	1.6
Net debt to Equity (times)	0.9	1.6
Interest cover (times)	6.4	6.0
Net borrowings/(cash)	R2.5bn	(R229m)
Net equity (excluding leases)	R13.3bn	R16.1bn

The Group net borrowings position at year-end was R2.5 billion, net of A\$149 million of cash in Australia, part of which will be repatriated to WHL post year-end. The temporary increase in net debt following share buybacks will be reduced by the DJ sale proceeds. During the year, R2.3 billion of cash was returned to WHL from DJ. The Group and SA debt is well within our debt and covenant limits and we remain committed to leading in sustainability-linked debt, with more than 80% of our SA drawn term debt linked to ESG targets.

There was a step-change in ROCE and debt metrics in the year, which was supported by the sale of David Jones. ROCE has increased by almost 7 percentage points to 23.5%, which is well in excess of our Group cost of capital. The Net Debt to Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) ratio decreased to 0.9 times, due to higher profits and reduced debt.





SUMMARISED STATEMENT OF CASH FLOWS

"Strong cash flow has enabled R2.5 billion of capex spend, the doubling and normalisation of full-year dividends, and R2.9 billion of share buybacks in a challenging trading environment"

	2023 Rm	2022 Rm
Cash inflow from trading	12 427	11 503
Working capital movements	$(1 \ 052)$	99
Cash generated by operating activities	11 375	11 602
Investment income received	179	67
Finance costs paid	$(2\ 058)$	(1 988)
Tax paid	$(1 \ 487)$	(1 673)
Cash generated by operations	8 009	8 008
Dividends received from joint ventures	-	112
Dividends paid to ordinary shareholders	(2 869)	$(1 \ 417)$
Net cash inflow from operating activities	5 140	6 703
Net investment in assets	$(2\ 477)$	(1 853)
Net cash inflow from disposal of subsidiary	26	-
Other loans advanced	(5)	(2)
Net cash outflow from investing activities	(2 456)	(1 855)
Net acquisition of Treasury shares and settlement of share-based payments through share purchases	(328)	(19)
Shares repurchased	(2 936)	(904)
Lease liabilities repaid	(2 592)	(2 74 1)
Net borrowings raised/(repaid)	700	$(1 \ 437)$
Net cash outflow from financing activities	(5 156)	(5 101)
Net cash outflow for the year	$(2\ 472)$	(253)

There was healthy cash flow generation and conversion across all businesses, with cash generated from operating activities of R11.4 billion. The overall cash generated for the year, excluding shares repurchased, dividends and expansion capital expenditure, was R3.8 billion, which was achieved through a cash conversion ratio of 93.2%. Free cash flow per share was 410.7cps.

SUMMARISED STATEMENT OF CHANGES IN EQUITY

	2023 Rm	2022 Rm
Shareholders' interest at the beginning of the year	11 800	9 328
Movements for the year:		
Total comprehensive income for the year	6 724	4 448
Profit for the year	5 079	3 717
Other comprehensive income	1 645	731
Share-based payments	330	327
Net acquisition of Treasury shares	(306)	(19)
Shares repurchased and cancelled	(3 081)	(759)
Transfer of Financial Instrument Revaluation Reserve to inventories	(577)	(108)
Dividends to ordinary shareholders	(2 869)	$(1\ 417)$
Shareholders' interest at the end of the year	12 021	11 800

Shareholders' interest, at R12.0 billion, is marginally higher than last year, driven by operating profit after tax and favourable translation of the foreign subsidiaries, as well as revaluation of the Group's hedged instruments, which was partly offset by dividends paid and shares repurchased.

ROCE of

23.5%

Robust balance sheet, with ROCE up 6.7ppts on improved returns and focus on capital efficiency



CAPITAL ALLOCATION AND SHAREHOLDER RETURNS

As mentioned earlier, we have refined our capital allocation framework for the Group and implemented key elements of it in the current financial year. We generated adequate free cash flow from operations that was utilised for investment in growth and expansionary initiatives of R1.2 billion, the normalisation of dividends at a 70% pay-out ratio, and the repurchase of shares to the value of R2.9 billion. This was achieved with our debt levels remaining well within our internal targets and optimal capital structure. Our share buyback programme was successfully executed for 5.2% of our shares at an average price of R62.77.

We believe that these capital allocation decisions within our framework delivered positive value to our shareholders. The disposal of David Jones was also within the ambit of our capital allocation framework for asset returns that were sub-optimal.

OUTLOOK

The trading environment is likely to remain challenging for the foreseeable future across South Africa and Australia. The high cost of living, driven by elevated inflation and interest rates, poses headwinds to the outlook for disposable income and discretionary spend. This is having a particular impact on Australian consumer confidence, resulting in a contraction in retail footfall. In South Africa, whilst our Food business is inherently more resilient, the loadshedding crisis continues to weigh heavily on the economy and the cost of doing business.

We, however, remain confident in our strategies and our ability to deliver our plans. We have a strong foundation and a simplified Group structure and are well positioned to leverage our balance sheet to optimise our businesses and invest in clearly identified drivers of growth across the Group.

SEGMENTAL REVIEWS

SEGMENTAL CONTRIBUTION

	2023 Rm	2022 Rm	% change	Constant currency % change
Woolworths Fashion, Beauty and Home	1 607	1 297	23.9	
Woolworths Food	2 701	2 656	1.7	
Woolworths Financial Services	101	164	(38.4)	
Country Road Group	1 616	1 162	39.1	31.8
Treasury	(513)	(410)	25.1	
David Jones - discontinued operation	1 062	203	>100	>100
Adjusted profit before tax	6 574	5 072	29.6	25.8

A strong Group performance for the year, with adjusted profit before tax up 29.6%, despite the loadshedding impacts on Food, a slowdown in the apparel businesses in the second half, and excluding the David Jones fourth quarter results.



WOOLWORTHS FASHION, BEAUTY AND HOME

"Significant progress in improving the financial health of our business | Further improvement in full-price sales and markdown metrics supporting GP margin gains"

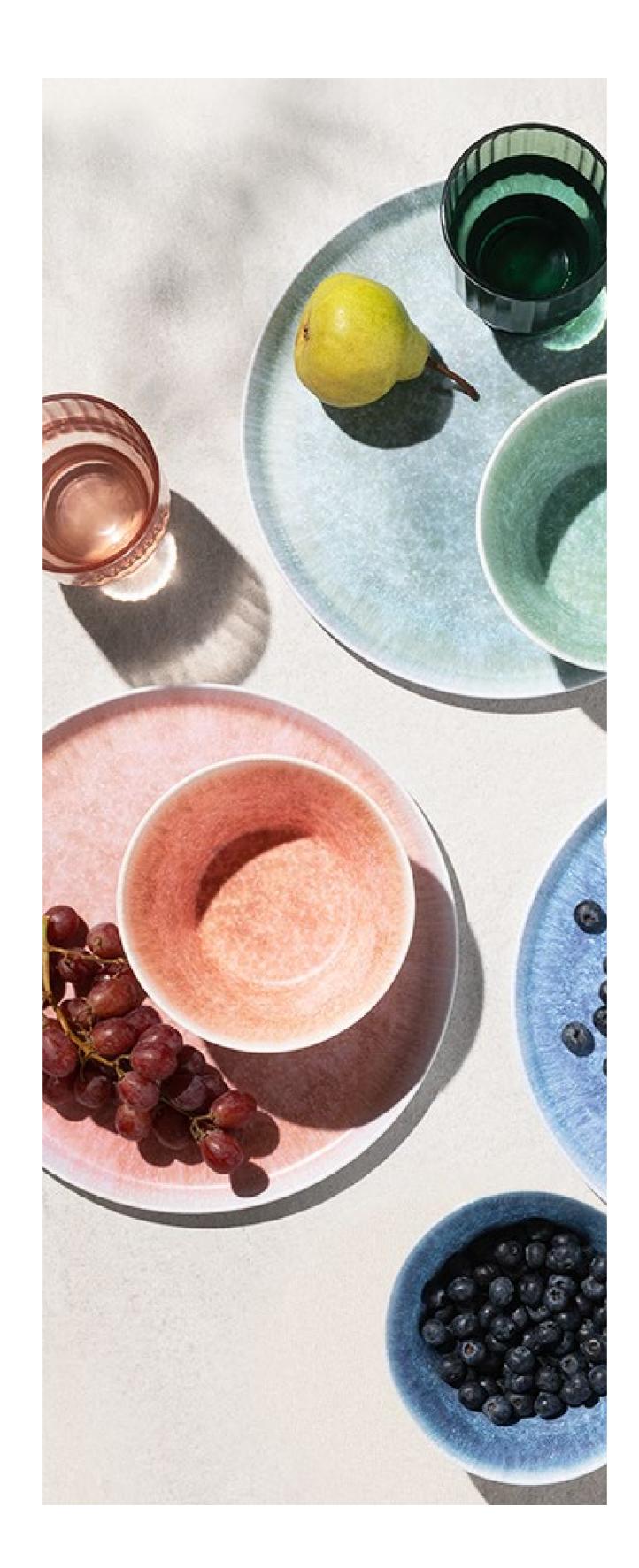
INCOME STATEMENT	2023 Rm	2022 Rm	% change
Turnover and concession sales	14 762	13 550	8.9
Concession sales	(133)	(48)	177.1
Turnover - own buy	14 629	13 502	8.3
Cost of sales	7 528	7 081	6.3
Gross profit - own buy	7 101	6 421	10.6
Concession and other revenue	47	55	(14.5)
Expenses	5 196	4 867	6.8
Store costs	3 252	3 121	4.2
Other operating costs	1 944	1 746	11.3
Earnings from joint venture	1	1	<u>-</u>
Adjusted operating profit	1 953	1 610	21.3
Net finance costs	(346)	(313)	10.5
Adjusted profit before tax	1 607	1 297	23.9

We continue to make significant progress in improving the underlying health of our Fashion, Beauty and Home business. Turnover and concession sales grew by 8.9% and by 8.3% on a comparable store basis for the year. Whilst H2 sales growth of 6.7% slowed relative to the first half (5.6% in comparable stores), it was notably ahead of the market, notwithstanding our ongoing strategic initiatives to rationalise SKUs, promotional activity, and unproductive space.

Price movement of 11.6% remained positively impacted by the ongoing focus on full-price sales and the continued reduction in markdowns. Net trading space was largely unchanged over the prior year. Online sales grew by 3.8% and contributed 4.3% of South African sales.

Our continued focus and improvement in full-price sales and markdown metrics supported gross profit margin gains of 90bps to 48.5%, notwithstanding inflationary supply chain and loadshedding costs. Expense growth was 6.8%, with store cost growth contained to 4.2%, as we continued to reduce unproductive space.

Adjusted operating profit increased by 21.3% to R1 953 million, resulting in an operating margin of 13.2% for the current year, compared to 11.9% in the prior year. Excluding the impact of loadshedding, adjusted operating profit grew by 24.8%, implying an operating margin of 13.6%.



WOOLWORTHS FOOD

"Delivering best-in-class ROCE | Accelerating trading momentum | GP margin gains notwithstanding loadshedding costs and ongoing price investment"

INCOME STATEMENT	2023 Rm	2022 Rm	% change
Turnover and concession sales	43 292	39 896	8.5
Concession sales	(829)	(656)	26.4
Turnover - own buy	$42\ 463$	39 240	8.2
Cost of sales	32 123	29 810	7.8
Gross profit - own buy	10 340	9 430	9.7
Concession and other revenue	156	153	2.0
Expenses	7 520	6 690	12.4
Store costs	5 167	4 706	9.8
Other operating costs	2 353	1 984	18.6
Adjusted operating profit	2 976	2 893	2.9
Net finance costs	(275)	(237)	16.0
Adjusted profit before tax	2 701	2 656	1.7

The Food business grew turnover and concession sales by 8.5% and by 6.3% on a comparable store basis for the full year. Growth accelerated to 9.4% in H2 (7.2% in comparable stores), driven by both increased footfall and improved availability, notwithstanding the considerable disruption caused by higher levels of loadshedding. Price movement of 8.3% for the year was below underlying product inflation of 9.9%, as we continued to further enhance our overall customer value proposition. Trading space increased by 3.6% on last year. Online sales increased by 28.5% and contributed 3.8% of South African sales, supported by the further rollout of our Woolies Dash ondemand offering.

Gross profit margin increased by 40bps to 24.4%, notwithstanding the impact of loadshedding on waste and supply chain costs, the growth in online sales, and the ongoing investment in price. Additional loadshedding-related diesel costs, coupled with higher cost inflation, resulted in expense growth of 12.4%.

Adjusted operating profit grew by 2.9% to R2 976 million, returning an operating profit margin of 6.9% for the current year, compared to 7.3% in the prior year. Excluding the impact of loadshedding, adjusted operating profit grew by 9.1%, returning an operating margin of 7.3%, above our medium-term margin guidance.

WHL

WOOLWORTHS FINANCIAL SERVICES

"Good book growth | Increased pressure on consumers has driven a material increase in impairments"

	2023 Rm		2022 Rm		% change
Average total financial services assets	14 831		13 181		12.5
INCOME STATEMENT		% to book		% to book	
Net interest income	1 713	11.6	1 402	10.6	22.2
Impairment charge	1 078	7.3	614	4.7	75.6
Risk-adjusted margin	635	4.3	788	6.0	(19.4)
Non-interest revenue	1 009	6.8	865	6.6	16.6
Operating costs	1 328	9.0	1 197	9.1	10.9
Profit before tax	316	2.1	456	3.5	(30.7)
Tax	114	0.8	128	1.0	(10.9)
Profit after tax	202	1.4	328	2.5	(38.4)
50% equity accounted	101		164		
Return on equity	10.3%		18.4%		

The WFS book reflects a year-on-year increase of 14.5% to the end of June 2023, driven by growth in new accounts and credit card advances. The impairment rate for the 12 months ended 30 June 2023 was 7.3%, compared to 4.7% in the prior year, reflective of increased pressure on consumers in the current macroeconomic climate, which has resulted in elevated default rates, particularly in the last quarter of the year.





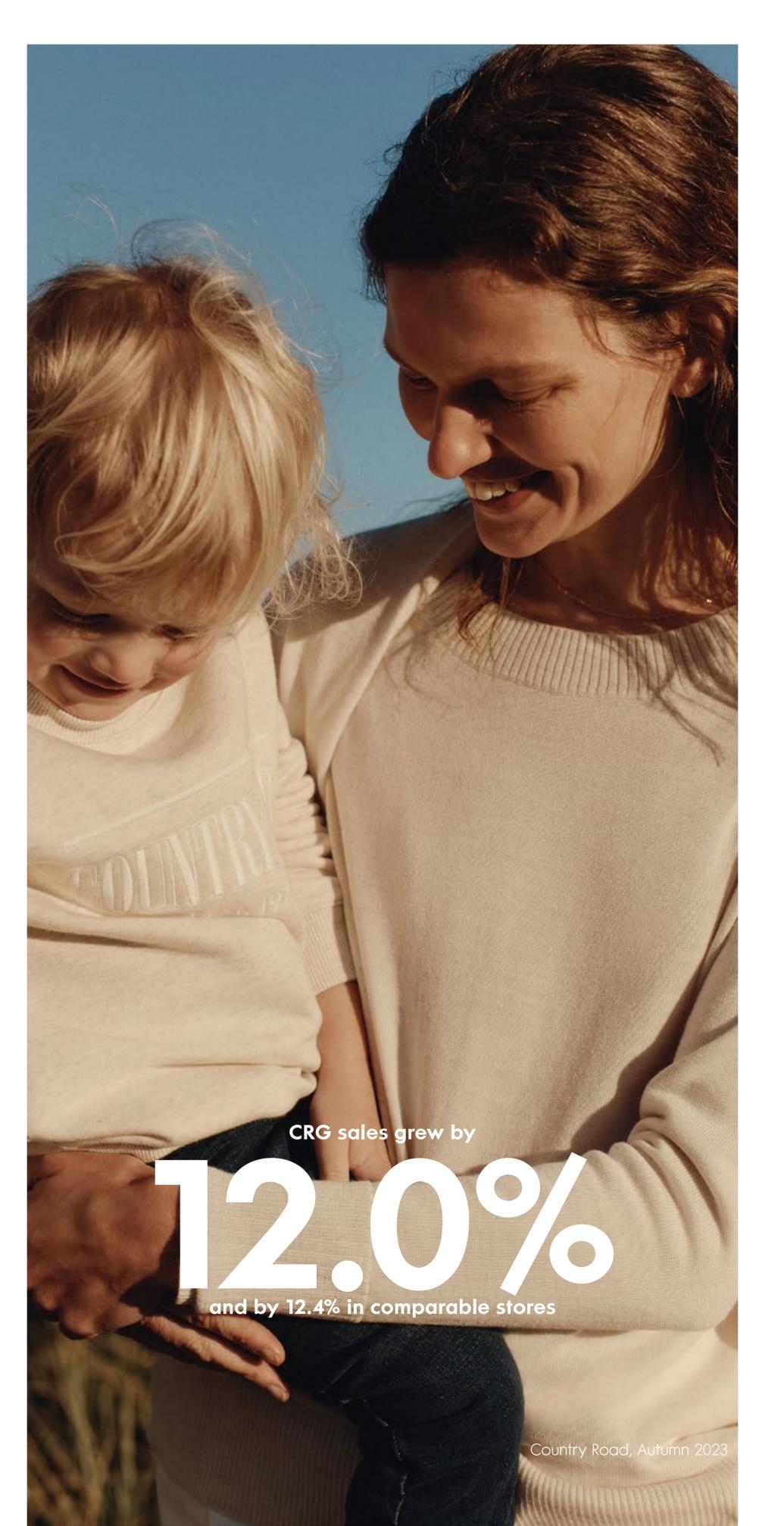
COUNTRY ROAD GROUP

"Significant contribution to Group results | Strong topline growth | Higher full-price sales and supply chain efficiencies driving GP margin gains"

INCOME STATEMENT	2023 A\$m	2022 A\$m	% change
Turnover	1 214.5	1 084.2	12.0
Cost of sales	454.0	438.7	3.5
Gross profit	760.5	645.5	17.8
Other revenue	1.7	1.9	(10.5)
Expenses	611.2	527.2	15.9
Store costs	382.8	365.9	4.6
Other operating costs	228.4	161.3	41.6
Adjusted operating profit	151.0	120.2	25.6
Net finance costs	(15.5)	(17.4)	(10.9)
Adjusted profit before tax	135.5	102.8	31.8

Country Road Group sales grew by 12.0% and by 12.4% in comparable stores, underpinned by strong growth from the Country Road, Politix, and Witchery brands. Whilst sales growth in H2 slowed to 0.6%, it remained ahead of the market. Net space reduced by 3.9% during the year, as we continued to optimise our footprint. Online sales contributed 27.1% to total sales, compared to 31.6% for the prior year, as customers returned to physical stores.

Strong full-price sales, reduced promotional activity, and supply chain efficiencies drove an increase in gross profit margin of 310bps to 62.6%. Expenses increased by 15.9% on the lockdown-impacted prior year base. Adjusted operating profit increased by 25.6% to A\$151.0 million, returning an operating profit margin of 12.4%, compared to 11.1% in the prior year.



DAVID JONES

"David Jones sold in March and disclosed as a discontinued operation"

INCOME STATEMENT	9 months 2023 A\$m	12 months 2022 A\$m
Turnover and concession sales	1 825.4	2 058.1
Concession sales	(685.8)	(729.3)
Turnover - own buy	1 139.6	1 328.8
Cost of sales	664.3	790.7
Gross profit - own buy	475.3	538.1
Concession and other revenue	169.5	186.4
Gross profit	644.8	724.5
Expenses	517.2	661.1
Store costs	373.0	495.6
Other operating costs	144.2	165.5
Department store adjusted		
operating profit	127.6	63.4
Financial services operating profit	13.2	20.3
Adjusted operating profit	140.8	83.7
Net finance costs	(50.6)	(70.7)
Adjusted profit before tax	90.2	13.0

David Jones turnover and concession sales for the nine months in the current year decreased by 11.3% relative to the statutory twelve months reported in the prior year. Turnover and concession sales on a comparable nine-month basis ('comparable period') increased by 23.6% and by 21.0% in comparable stores.

Gross profit margin was in line with the comparable period, at 35.3%, while expenses were well controlled, increasing by only 1.6% on the prior year. Adjusted operating profit for the nine months was A\$140.8 million, returning an operating profit margin of 7.7%, compared to 2.0% in the prior comparable period.





WHL

CLICK ON BOX TO GO TO THAT SECTION

OUR SOCIAL AND ETHICS COMMITTEE REPORT



I am pleased to again present this report on behalf of the Social and Ethics Committee (SEC) and to confirm that the committee has executed its mandate for the year.

EXECUTION OF OUR MANDATE

The committee's remit is to assist the Board in setting the tone for an ethical organisational culture and to perform the statutory duties required of Social and Ethics Committees in terms of the Companies Act. In addition, we assist the Board in executing its responsibilities for monitoring that the Group is operating as a responsible corporate citizen. Our remit includes the Group's operations in Africa, Australia, and New Zealand.

During the year, the compliance-related oversight previously provided by the Risk and Compliance Committee (now renamed to the Risk, Technology and Information Committee) were moved to the remit of this committee.

We work closely with other Board committees. In this regard, we enlist the support of the Risk, Information and Technology and Remuneration and Talent Management Committees, to which certain of the SEC's monitoring and reporting functions have been delegated. We also work together with the Sustainability Committee to deliver the Group's sustainability strategy, which is articulated as Vision 2025⁺.

We monitor performance on the functions delegated through our cross-memberships on the committees mentioned (refer to the committee memberships on pages 23 to 29 of this report), as well as the feedback provided by the respective committee chairmen at the quarterly Board meetings. This integrated approach to our monitoring and reporting functions ensures the efficient use of resources and appropriate emphasis on delivering on our Vision 2025⁺ sustainability strategy and shared value creation.

The integrated approach to our monitoring and reporting functions ensures the efficient use of resources and appropriate emphasis on delivering on our Vision 2025⁺ sustainability strategy and shared value creation.



RESPONSIBLE CORPORATE CITIZENSHIP

As a Group, we take our role as a responsible corporate citizen seriously and remain committed to ensuring that our business activities have positive and lasting impacts on our people, communities, the environment, and society at large. Our sustainability strategy, Vision 2025⁺, supports our vision to be one of the world's most responsible retailers.

Vision 2025⁺ has three main pillars, which are addressed through eight focus areas. Each pillar and focus area has ambitious goals delivering to the overall strategic intent of Vision 2025⁺, as well as clearly defined strategy and management approaches. The Social and Ethics Committee oversees the Inclusive Justice pillar and the people, social development, and health and wellness focus areas, while the Sustainability Committee oversees the remaining focus areas.

We are committed to ensuring that our business activities have positive and lasting impacts on all our stakeholders, society at large, and the environment.



VISION 2025+ PILLARS



INCLUSIVE JUSTICE

We care for our people and are committed to being a diverse and inclusive business, enhancing the wellbeing of our employees, customers, and communities.



ETHICAL AND FAIR

We care how our products are made and are committed to a fully transparent, traceable, and ethical supply chain.



THRIVING AND RESILIENT

We care for the environment and are committed to working towards net zero impact and a just transition to a low carbon economy.





DIVERSITY AND INCLUSION

Our approach to diversity and inclusion is founded on our deep belief in human rights - principles for which we actively advocate and expect not only of the Group, but also of our business partners. We are non-negotiable on our respect for human rights and our drive for diversity and inclusion. We remain a signatory to the UN Global Compact and, through our various policies, are determined to play our part in eradicating any form of disregard or disrespect for human rights within the Group's sphere of influence. I am pleased to report that during the year, no grievances that involved human rights were recorded through our formal mechanisms for reporting human rights grievances and violations.

Through the Inclusive Justice Initiative (IJI), we aim to instil practices and foster a culture that advances dignity, freedom, and equality for everyone, including our people, customers, and the communities where we operate. We are pleased with the progress that our teams have made during the year to operationalise the IJI across the Group. A clear roadmap has been developed under the overarching theme of 'Non-discrimination and Equal Opportunity', which is underpinned by four supporting themes, as well as action steps and people initiatives – details are illustrated below.

While the supporting themes are being implemented concurrently, emphasis has been on the 'Women Empowerment and Gender Equality' theme, which management launched as a lead corporate advocacy issue across the Group during the year. In this regard, and as communicated last year, the Group became a signatory to the United Nations Women's Empowerment Principles (UN WEP) in March 2022. Developed in partnership with the United Nations Women and the UN Global Compact Office, the UN WEP comprises seven principles to guide companies in promoting gender equality and women empowerment in the workplace.

Our teams in WSA and CRG conducted a gap analysis of the principles, based on a tool that assesses application. The Group achieved 'Improver' status and our teams are actively working on closing the gaps identified so as to reach 'Achiever' status by the end of 2025 and, ultimately, 'Leader' status.

In addition to the Group approach, WSA and CRG, have adopted approaches that are nuanced to the geographic and demographic differences in each of the regions. WSA has chosen to act on aspects



By signing and committing to the UN WEP principles, our Group has acknowledged that gender equality is not a women's issue but rather a business priority in which we all have a stake and for which we are all responsible.

IJI DIRECTIONAL THEMES						
OVERARCHING THEME: NON-DISCRIMINATION AND EQUAL OPPORTUNITY						
SUPPORTING THEMES	Economic Inclusion	Women Empowerment and Gender Equality	Empowerment	Leadership and Culture		
PEOPLE INITIATIVES	Fair and responsible remuneration	Employment equity targets	Training and Development	Values		
	Gain-share scheme	Gender-neutral store working wardrobe	Bursaries for staff and dependents	Leadership Way training		
	Redeployment of staff from closed stores	LGBTQIA+ awareness and sensitisation	Employee assistance programme	Policies		
				Voice platforms		
STRATEGIES, GUIDING PRINCIPLES, COMPLIANCE, INTERNAL AND EXTERNAL COMMUNICATIONS						

relating to racism, gender equity, gender-based violence, diversity and inclusion, social and community development, fair and responsible pay, the development of small to medium businesses, and ethical and local sourcing.

In Australia, there is a growing need for the recognition and inclusion of Aboriginal and Torres Strait Islander communities – the indigenous people of Australia - in all aspects of their population. CRG has, accordingly, responded by developing a Diversity, Equality, and Inclusive, strategy as an enabler to shift the business culture to be even more diverse and inclusive.

In keeping with the Group's commitment to a sustainable and inclusive future for all, WSA launched its Youth Makers competition in Youth Month (June 2023). Youth Makers aims to support young South African entrepreneurs (aged from 18 to 35 years old) who have existing businesses in aspects of product creation relating to food, beauty, fashion or homeware. Winners will be given access to the company's market insights, retail experience and valued customers, exposing them to ninety years' worth of business expertise. In this way, young entrepreneurs will be provided with opportunities to improve their product knowledge, market confidence and business acumen; and to help build sound foundations for the retail world.

We invite you to follow the progress of our young designers on our social media platforms and read more about the IJI initiatives in the People chapter of the Good Business Journey Report.

It would be remiss of me, not to mention the South African public reception we received to the Pride campaign and support of the LGBTQIA+ community campaign that was launched across the Group in June 2023. The public response to the campaign was positive in the main; however, certain stakeholders felt differently and publicly criticised WSA's stance. Management responded in line with our stakeholder engagement approach, initiating direct engagement with stakeholders in question, as well as with our own people. The committee reiterates its support of the Pride initiative and management's approach in engaging with any stakeholder who elected to reach out to the team. We recognise that embracing all aspects of diversity and inclusion may be challenging for some stakeholders and that some of our IJI campaigns may not resonate with all of of our stakeholders at all times. We nevertheless remain resolute in our purpose to create and enable an inclusive culture where everybody feels they belong.

We also appreciate that there were learnings from this campaign for us as well and we will continue to refine and build on our approach. We extend our appreciation to all of our staff for responding and dealing with the issues both at a stakeholder engagement level and also our store staff on the front line. For more detail on this, refer to our Pride campaign case study on page 38 of this report.



OUR PEOPLE

In our report last year, we called out how special our employees are – their resilience, their passion, and their commitment in the face of continuous external challenges. Our people remain the most special part of "the Difference". We understand that it is vital that we engage them appropriately to foster inclusivity and better understand their needs. It is only through continuous engagement with our employees that we can keep abreast of the fundamental shift in their needs and preserve the Difference that sets us apart from our competitors.

During the year, our people strategy underwent a comprehensive review. This resulted in the development of a comprehensive and new people strategy to be executed over a three-year period and the refresh of the former Employee Value Proposition into a more holistic People Value Proposition (PVP). Our PVP provides an important frame of reference and anchor for the ongoing development of our people strategy and unifies our internal stakeholders in the shared vision to become the employer of choice in retail.

The PVP, articulated in a bespoke Group 'Our People Way' framework, is supported by six key levers:

Our Leadership Way, which commits to providing a consistent leadership experience to our people

Our Talent and Development Way, through which we commit to embrace our employees' diverse strengths and focus on their development to enable and empower them to do their best

Our Performance Way, which commits to driving high performance that delivers results and keeps the customer at the heart of all that we do, ensuring a consistent balance between quality and speed

Our Inclusive Way, which commits to creating and enabling an inclusive culture where everybody belongs

Our Rewards Way aims to offer competitive, performance-based rewards grounded on fair and responsible pay principles and flexible benefits

Team Engagement and Wellbeing Way, which prioritises wellbeing and provides our employees with access to information, benefits, and services, as well as an overall environment that supports wellbeing.



More detail on this framework and the six levers that underpin the framework are included in the People chapter of the Good Business Journey Report and in the Remuneration Report on <u>page 109</u> of this Report. We encourage you to delve into more of this detail, as we believe our PVP will unlock even more value for our Group.

Given that the attraction, development, retention, and upskilling of talent for future ways of working and the strategic demands of the Group is one of the Group's material issues, the committee will continue to monitor the implementation and effectiveness of the PVP in this context.







HEALTH AND WELLNESS

The committee supports management's approach to creating a working environment that will enable employees to thrive. Employee wellbeing is also integral to our IJI and is one of the six strategic levers of our PVP. The wellbeing initiatives are tailored to the specific needs and requirements of the geographies where we trade. They are also informed by the IJI main themes of economic inclusion, women's empowerment and gender equality, and empowerment

In South Africa, the focus of our Staying Strong programme was refreshed and rebooted to help employees identify and cope with life's challenges and to assist in 'stress proofing' their lifestyles. We are pleased to report that the programme was recognised at South Africa's 66th Institute of People Management (IPM) Convention, where WSA received the HR Excellence Award for its efforts to empower its people and provide added support through its employee wellness services.

Our digitally enabled Employee Assistance Programme has provided our employees with increased access to information, education, and one-on-one support to help manage mental health and other matters affecting them. The service is available in multiple South African languages and is open to employees' immediate family members.

A further area of intense focus in South Africa is managing the prevention of Gender-based Violence and Femicide (GBVF).

approximately

18828
employees accessed the programme through the app.

As an employer of 27 160 women and given that one in five women in South Africa is subjected to some form of GBVF, we consider it essential to take an active stance on this pervasive issue. The Group has zero tolerance for sexual harassment in the workplace. Management recently updated the Group Statement on Harassment, and revised the Sexual Harassment Policy, making it more relevant to the current state of affairs. The Policy incorporates principles of the recently released Code of Good Practice on Harassment in the Workplace issued by the Department of Labour, further entrenching the legal responsibility of employers to report instances of GBVF.

Training on the revised Sexual Harassment Policy has been conducted for all our employees. Specific in-person leadership training was run nationally, particularly in stores and distribution centres. Tools to detect, manage, and increase sensitivity on harassment issues were provided to the leadership, ensuring they are well-equipped and committed to preventing harassment.

Country Road Group's wellbeing vision is 'to foster a wellbeing culture that supports and empowers people to thrive'. It has been informed by the Australian government's national focus on mental health and psychological wellbeing – driven by the National Mental Health and Suicide Plan. The Country Road Group's wellbeing programme is a holistic and integrated approach to support 'thriving vs surviving' and is based on four pillars: healthy lifestyle; healthy workplace; healthy relationships; and wellbeing insights.

In keeping with its theme of fostering mental fitness, Country Road Group actively supports R U OK? Day. R U OK? is a harm-prevention charity in Australia that encourages people to stay connected and have conversations that might help others through difficult times. R U OK? Day is a dedicated day, held in September, to raise awareness through national communication and initiatives that are generally supported by corporates and other community organisations. Country Road Group continually evolves its activation initiatives and calls to action with tools and a training module to support team members to connect with their colleagues and start a conversation meaningfully.

On our customer wellbeing, our Group remains committed to offering our customers food that is better for them, better for the environment, and better for the people who produce it. As a Group, we also focus on inspiring healthy living and healthy food choices through the Good Food Journey. The Good Food Journey advocates the use of non-artificial colourants and flavourants in our food and offers customers more organic and free-range choices to promote healthy eating as part of a healthy lifestyle, while also ensuring a more caring approach to animal welfare. There is much to celebrate in the Good Food Journey, which is the emphasis of our Investor Sustainability Day for 2023.

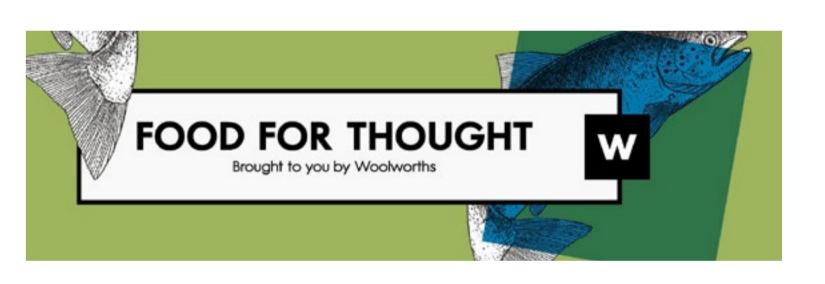
This year, the Food team launched the 'Food for Thought' podcast series, which provides a platform to engage with our customers on a range of topics. The topics covered are listed alongside.

FOOD FOR THOUGHT

Woolworths Food launched a 'Food for Thought' podcast series. It aimed to engage customers on the food landscape and what they consume, and discuss, debate, demystify, and debunk food and its culture.

TOPICS COVERED INCLUDED:

- The Great Milk debate is plant-based milk better for your health and the planet than dairy?
- Can veganism help save the planet?
- What will we eat in 50 years?
- Why does all my food come in plastic?
- What is health at every size demystifying healthy eating
- Sustainable seafood reality or myth?



More details are provided in the Health and Wellness chapter of the Good Business Journey Report.

Health and wellness will continue to be a priority focus for our employees and broader stakeholders as the current challenges continue to affect their wellbeing and overall health.



STAKEHOLDER ENGAGEMENT

Stakeholder engagement is important to the Group and remains a key area of oversight for the committee. Our stakeholder engagement programme helps the Group better navigate the complex regulatory, legislative, and political landscape. It also provides us with ongoing insights that are vital to ensuring enduring constructive relationships and informing our responses to rapidly evolving social, technological, and environmental events that 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 committee receives regular reports from these stakeholder engagements and reports on them at the quarterly Board meetings.

The Group regularly conducts Company-wide employee engagement surveys to inform our understanding of how our people experience working for us, how we measure against their expectations, and where we can improve. The surveys are confidential and are used to understand how to create a modern employee experience from an employee perspective. More detail on the employee surveys can be found in the People chapter of the Good Business Journey Report.

The results of the stakeholder perception survey conducted towards the end of last year reflected that our stakeholders believe that we are a purpose-led organisation. We are actioning stakeholder feedback on the areas which require improvement insofar as they relate to the desired quality of stakeholder engagement, and we are clear on what our stakeholders expect of us.

Last year, we reported on the extensive review undertaken by management into the Group's approach to stakeholder management, which resulted in the development of a Stakeholder Management Strategic Framework, inclusive of a Policy Framework and country-specific guidelines. The Board subsequently endorsed the committee's recommendation and approved the Group Stakeholder Management policy. Management has developed a roadmap for the implementation of the policy and finalised the guidelines, which are being rolled out across the business. In the rest of Africa operations, a stakeholder management toolkit has been launched to provide support to the leadership in the various operating regions in engaging with their respective stakeholders.

A comprehensive view of our stakeholder engagement programme is provided earlier in this Report on pages 40 to 46.

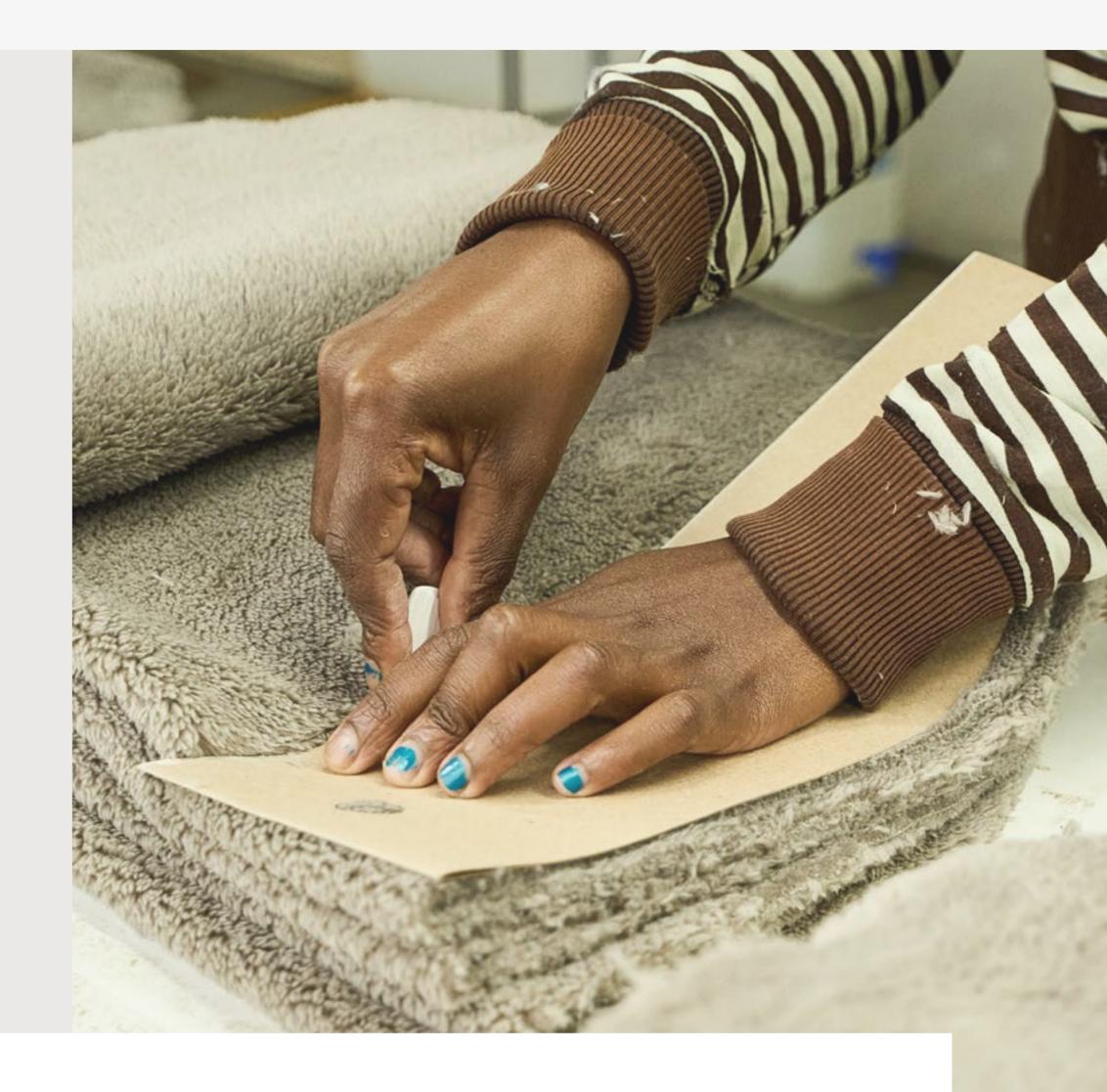
CUSTOMER RELATIONSHIPS

As a values-led Group that aspires to be 'customer obsessed', our customers are a key priority. We are committed to ensuring that our market conduct supports the fair treatment of customers and that the Group observes applicable consumer laws. We are pleased to report that there have been no material instances of non-compliance in this regard during the year.

SUPPLY CHAIN

As a Group, we acknowledge the role we have to play as a large business in the development of small, locally owned businesses, thereby contributing meaningfully to job creation, access to the mainstream economy, and inclusive economic growth. To this end, WSA's Enterprise and Supplier Development (ESD) programme aims to stimulate the growth of an inclusive South African economy and actively create local jobs by providing market access and support for the sustainable growth of small, Blackand Black-women-owned small, medium and micro-enterprises (SMMEs).

After more than 13 years of the ESD programme, we have a wealth of learnings from the successes and failures of small businesses in different sectors of the economy. Our teams are consolidating these learnings into a future programme that will enhance our contribution to inclusive and sustainable economic growth through SMME development in the future. The ESD initiative is being incorporated under the Inclusive Justice Initiative, with the goal of elevating the ESD supplier base through a more integrated approach by providing them with access to formal operational governance structures.



Woolworths South Africa's Enterprise and Supplier Development (ESD) programme aims to stimulate the growth of an inclusive South African economy and actively create local jobs by providing market access and support for the sustainable growth of small, Black- and Black-women-owned small, medium and micro-enterprises (SMMEs).



ETHICS GOVERNANCE

As reported in the Governance Report, the Board has adopted a suite of policies to articulate and embed ethical practices across the Group and has delegated responsibility for monitoring and reviewing the policy suite to the relevant Board committees. The policies that fall within the committee's remit relate to ethics governance and good corporate citizenship and cover the areas of anti-bribery and corruption, whistle-blowing, and conflicts of interest.

The committee annually reviews the Group's anti-bribery and corruption policy, which is based on the guidance provided by the Organisation for Economic Co-operation and Development's principles on anti-corruption and the UN Global Compact. The policy articulates the Group's zero-tolerance approach to fraud, theft, corruption or any similar illegal behaviour and embeds the business-relevant anti-bribery and corruption compliance framework and processes in our daily activities. Our policies on such key issues are brought to life through the Group's Governance Academy, which delivers bite-sized snippets of the policy to employees in an interactive and purposeful way.

We remain committed to conducting business transparently and in an honest and ethical manner and to complying with all applicable anti-bribery and corruption laws, regulations, rules, self-regulatory organisation standards, and codes of conduct in the countries in which we operate.

All of the Group's suppliers and service providers, irrespective of location, are bound by our Supplier Codes of Conduct (codes), all of which are aligned with the International Labour Organisation's conventions concerning ethical trade, as well as the Ethical Trading Initiative Base Code. The codes outline our requirements for human rights, labour practices, health and safety standards, environmental stewardship, animal welfare, and our zero tolerance for bribery and corruption.

We monitor our suppliers' performance through various programmes on which they are required to report. Suppliers are being encouraged to sign up for the Supplier Ethical Data Exchange (SEDEX) platform to enhance consistency across the Group. The Group is a member of SEDEX, which is a global platform that helps companies manage ethical supply chain risk and streamline the challenges of engaging with multi-tier supply chains by providing a single platform for ethical audit report storage, enabling performance transparency, greater efficiency, and consistency.

We continue to make progress in converting our supply base to SEDEX Members Ethical Trade Audits (SMETA), SEDEX's ethical audit methodology and one of the most widely used ethical audit formats in the world. SMETA audits suppliers' performance against labour, health and safety, environment, and business ethics.

PROTECTION FOR WHISTLE-BLOWERS

The Group Whistle-blower policy aims to facilitate and maintain an environment in which any concerns relating to wrongdoing can be safely and confidently expressed without fear of punishment or unfair treatment. To this end, we have an independent and secure reporting channel on which all employees, as well as key customers and suppliers in the South African, rest of Africa, and Australian businesses can report suspected fraud or other activities considered to be ethical transgressions. The committee reviewed the policy during the year and, as the policy remains relevant and fit for purpose, no material changes were made.

In addition, no material reports were received through the independently monitored whistle-blowing hotline during the year.

Awareness and refresher training on the scope and intent of the Group's Whistle-blower policy is provided on an ongoing basis.

BBBEE

The Group was rated as a level 5 BBBEE contributor in 2023 based on the measurement criteria contained in the BBBEE Codes of Practice (level 5 in 2022). The committee will continue to monitor the effectiveness of management's broader approach to inclusive growth and to hold management accountable for the achievement of an elevated result until the set goal has been reached.

COMMITTEE EFFECTIVENESS EVALUATION

An external independent evaluation of the committee's performance was undertaken as part of the 2023 external Board effectiveness evaluation. The outcome of the review was that the committee is highly effective in fulfilling and delivering value on its mandate.

All employees, as well as key customers and suppliers in the South African, rest of Africa and Australian businesses can report suspected wrongdoing on our independent and secure reporting channel.

CLOSING REMARKS

The committee has had a productive year and has been successful in realigning its workplan to optimise its time and ensure appropriate focus on priority areas. We appreciate the assistance in this endeavour from the relevant management teams.

Once again, I feel privileged to acknowledge, on behalf of the committee, our employees for their ongoing commitment and dedication to the Group, regardless of the challenges they may be facing. We also appreciate the support of our customers, the communities in which we operate, our suppliers and business partners, and our broader stakeholder community – they all make our work worthwhile.

On behalf of the committee, I thank our executives and management for their strong and consistent leadership and our colleagues on the Board, the Sustainability Committee, and the other committees that contribute to our collective efforts in driving our Vision 2025⁺ sustainability strategy.

Sincerely, Thembisa Skweyiya



WHL

REMUNERATION REPORT



CLICK ON BOX TO GO TO THAT SECTION

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

Trading on two continents – Africa and Australasia – brings not only differing challenges but also new opportunities. Developed countries are experiencing a global phenomenon of 'quiet quitting' and productivity is dropping due to the fatigue of working from home. South Africa continues to be plagued by a challenging socio-economic environment and high unemployment levels.

As a result of this, employers are adjusting remuneration policies to balance new demands to attract, motivate, and retain employees and, more specifically, their key talent. Specialised roles that are required to drive the strategic objectives of the business into the future are becoming increasingly difficult to fill and to retain, given the competitive demand for talent. Employees are seeking out a holistic employee value proposition when deciding where to work, specifically post the pandemic, where aspects such as a company's culture, values, governance, diversity, and inclusivity provide a more holistic and compelling proposition, with remuneration still being a key consideration.

With that global and local context in mind, the Group's People function finalised their People Strategy, supported by key strategic levers to enable a compelling People Value Proposition (PVP). The committee, in supporting this new PVP, dedicated a significant portion of its time in reviewing global trends, including trends relating to remuneration (facilitated by Bowmans) and balancing this against the business's strategic objectives and shareholder alignment.

As a result of this review of executive reward trends and feedback from our engagements with shareholders, we undertook a thorough review of the Group's remuneration policy. We considered additional ways to supplement our fair and responsible wage (more of that later in the report) as well as a reset of the Group's variable incentives.

CONSIDERATION OF A 'SINGLE-INCENTIVE' SCHEME FOR VARIABLE REMUNERATION

The committee, having taken into account shareholder feedback from our 2022 shareholder Governance roadshow and the global rewards trend analysis, undertook a detailed review of the components of all aspects of the Group's variable remuneration. This review was comprehensive and we initially commenced with a view to introduce a 'single-incentive' scheme to replace the existing short-and long-term schemes.

A 'single incentive' scheme would combine the short- and long-term incentive schemes into one all-encompassing scheme using a balanced scorecard approach.

The Committee deliberated the use of a single-incentive scheme at length and arrived at the conclusion that it would create a new set of challenges.

The proposed scheme would not reduce the complexity of our current schemes and we concluded that it would not drive and motivate employees to achieve both short-term performance and longer-term strategic initiatives, something that our existing schemes are achieving.

Having had many engagements on the most appropriate executive incentive schemes for management, I am pleased to be in a position to update stakeholders on the reset of our variable incentives.

Overwhelmingly, the committee agreed to retain the construct of our existing remuneration policy. However we have simplified the workings of the scheme and aligned them more closely to management line of sight which we believe will increase shareholder value.

In particular, there will be greater alignment to shareholder returns while rewarding employees on the delivery of strategic objectives that would ensure the continued trajectory of the Group.

TO ACHIEVE A BETTER FIT FOR PURPOSE THE FOLLOWING HIGH-LEVEL CHANGES HAVE BEEN MADE

CHANGES TO THE GROUP'S STI EFFECTIVE FOR FY2024

- Reduce the gatekeeper for the financial component from 93% to 90% of budgets, which introduces a more gradual increase for outperformance
- Simplified the calculations for the overachievement of the financial targets
- A maximum cap on STI achievable is now two times the on-target percentage
- Individual outcomes 'IPM' will only impact the strategic component and not the financial component of the STI
- Weightings between Group, the relevant entity, and the specific business areas have been adapted to better reflect the employees' areas of impact and line of sight
- Adjust on-target values to market-related benchmarks for levels below the WHL Exco

CHANGES TO EXISTING LTI EFFECTIVE FOR FY2024

- We have introduced a Forfeitable Share Plan for 2024 comprising Performance Shares and Performance Units
- For WSA, we will now award shares purchased on market (and not a right to a share) with the same type of performance conditions that our shareholders are used to seeing on our PSP scheme – if the Group performance conditions are not met, the shares are forfeited
- For CRG, we will now award Performance Units for CRG (i.e., this is still a conditional right to a share) and peg the exchange rate at the grant date to eliminate uncontrollable gains or losses due to fluctuations in exchange rates between Australia and South Africa, with the risk being capped at 15%
- Reduce the number of eligible participants in the LTI and reward those participants that no longer participate in the Group's LTI by aligning their STI component to more market-related benchmarks
- Adjust face value of allocations to market-related values for levels below the WHL Exco
- The ability to moderate share allocations based on employee performance (as determined by their IPM score) – this will allow us to reward exceptional performance and to deter non-performance.

CHANGES TO THE PERFORMANCE CONDITIONS OF LTI

In previous years, we have utilised adjusted HEPS (aHEPS) as a performance metric. This has been modified for FY2024 to adjusted diluted (adHEPS), which aligns with the Group's external reporting to stakeholders.

The LTI performance conditions and the weightings are the same as FY2023 and are summarised below, with further detail in the report. The main change is the separation of measures between South African and Australian participants with specific reference to their jurisdictions.

PERFORMANCE MEASURES	WEIGHTINGS	WHL AND WSA PARTICIPANTS	CRG PARTICIPANTS
adHEPS	40%	WHL adHEPS GROWTH OF SA CPI +4% PER YEAR	WHL adHEPS GROWTH OF SA CPI +4% PER YEAR
ROCE	40%	WHL ROCE > WACC + 5%	CRG ROCE > WACC + 5%
ESG	20%	WSA ESG SCORECARD ELEMENTS	CRG ESG SCORECARD ELEMENTS

FY2023 FINANCIAL PERFORMANCE

FY2023 has been a significant year in the Group's ninety-plus year history. The successful sale of David Jones has not only removed c.R22bn of liabilities from the balance sheet and driven a more than 5 ppt improvement in ROCE, but has repositioned the Group for growth, enabling the shift of both capital and management focus towards our core (and more value-accretive) Woolworths and CRG businesses.

From a financial performance perspective, the Group achieved a strong set of results for the year, growing adHEPS by 35.7%, notwithstanding a very challenging macro backdrop in both South Africa and Australia. This is well ahead of comparative peer-set results.

Having reduced debt by R9bn over the past three years, the balance sheet is in a very healthy position, and improving cash generation has enabled both a normalisation of our dividend payout ratio to 70% of earnings, and the repurchase of 63.4 million of our shares (at a value of R3.8 billion) over the last eighteen months – returning even further value to our shareholders.

While Total Shareholder Return (TSR) is only one measure of performance, it is very pleasing to see that the successful execution of the Group's strategic initiatives has resulted in a leading sector TSR (to end June 2023) on both a 12 month and a 3 year basis.

Highest Total Shareholder Return for the Year +36%
Dividends paid

increase

+31%

Share price increase

IMPLEMENTATION OF REMUNERATION POLICIES FOR FY2023

GUARANTEED PAY

The committee considers a number of factors in determining the annual increase for guaranteed pay component based on the underlying principle of fair and responsible remuneration for all employees. Increasing inflation rates and higher energy and fuel costs have led to a cost-of-living crisis – putting additional pressure on salary adjustments.

South African employees' guaranteed pay increases ranged from 5% to 6.5%. Applying our 'Just Wage' commitment, store staff's hourly base rate was increased by 9.4%, significantly above that of management and the executive directors.

Country Road Group applied a guaranteed pay increase of between 3% and 6% in exceptional circumstances..

As seen in our Fair and Responsible Pay Barometer (see <u>page 116</u>), guaranteed pay increases are also set at higher levels for more junior employees than those at more senior levels. Addressing the inequities of the past is a key element of our Inclusive Justice Initiative, with the aim to provide for economic inclusion of our employees. This is further addressed in closing the any income differentials that may inadvertently exist.

For the first time in five years, the PSP shares have vested at

SHORT-TERM PERFORMANCE FY2023 BONUS

Based on the Group's strong aPBT performance (assisted by the performance of DJ in the first 9 months of FY2023), the Corporate STI resulted in payouts for FY2023 at an out-performance level based on the scheme rules, i.e., 20% of the out-performance for above target performance is shared with participants.

Along with the overachievement at Group level, it was pleasing, both at a company and business level, that CRG and WSA (Food and FBH) also overachieved on their targets. More details can be found on page 117.

LONG-TERM INCENTIVE SCHEMES – PERFORMANCE FROM JULY 2020 TO JUNE 2023

The outcomes of the three-year performance LTI allocations awarded in September 2020 were reviewed to determine whether the performance conditions had been met and whether vesting would take place. The performance measures were aHEPS, relative HEPS, ROCE, and a reduction in the Group's debt levels.

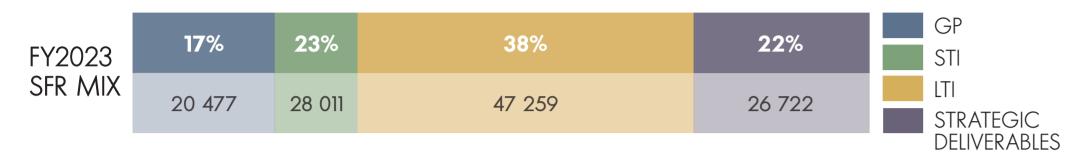
Despite the negative prolonged impact of COVID-19 (in FY2020 and in partial FY2021), the performance for FY2021 and FY2022 improved significantly, and we are therefore pleased that the Group met its performance targets over the three periods and that our employees receive the benefit of having delivered shareholder value.





EXECUTIVE DIRECTOR REMUNERATION

GROUP CHIEF EXECUTIVE OFFICER (CEO) - FY2023 REMUNERATION



SHORT-TERM INCENTIVES (STI)

Notwithstanding the strong performance of the Group, the STI calculation for Roy was capped at 150% of his GP (maximum percentage).

LONG-TERM INCENTIVES (LTI)

LTI awards allocated in FY2020 have a three-year performance period. As a result of the performance of the group in the last three years, the LTI have vested at 100%. The performance conditions attached to this award were aHEPS growth, Relative HEPS, ROCE, and reduction in the Group's debt levels.

Roy has voluntarily pledged 100% of this award towards his MSR limit.

STRATEGIC DELIVERABLES

Roy Bagattini was appointed as Group CEO in February 2020. As previously reported, Roy was awarded a sign-on grant of RSP shares upon his appointment, partly to compensate him for remuneration that he forfeited from his previous employer, but mainly for the achievement of key strategic deliverables that were agreed upfront with the Board. The RSP grant was based on a vesting in three tranches of 25% (in year 3), 25% (in year 4) and 50% (in year 5) depending on the delivery of strategic deliverables that would restore and drive value creation for our shareholders.

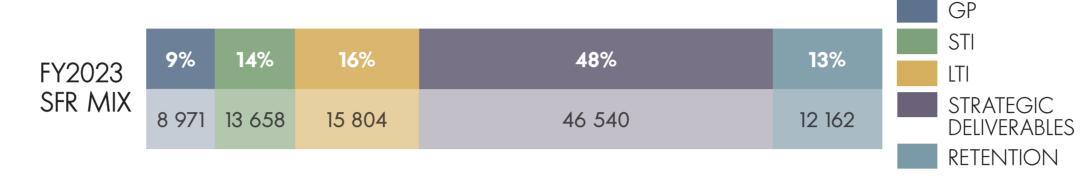
As a reminder, the strategic deliverables are:

- the achievement of the capital plan and a restructure of the Group's balance sheet
- a strategic reset of DJ, CRG, and WSA FBH businesses
- digital and data transformation and talent, culture and succession

The Nominations Committee was satisfied that the delivery had been achieved and the first tranche of Roy's RSP shares vested in February 2023 - three years after his appointment.

The increase in Roy's total disclosed Single Figure Remuneration reflects the combination of: increased variable pay following the Group's outperformance in FY2023, paying STI's on the back of a reinstated 100% bonus pool, 25% vesting of his sign-on RSPs following the achievement of the strategic deliverables, and 100% vesting of LTI rolling allocations allocated in 2020. More details can be found on pages 117 and 118.

GROUP CHIEF OPERATING OFFICER (GCOO) - FY2023 REMUNERATION



STI AND ANNUAL PSPs

Similar to the Group CEO, Sam's STI was capped at 150% of his GP and also achieved 100% vesting of his 2020 PSP allocation.

RETENTION AND STRATEGIC DELIVERABLES

In September 2020, he was awarded further RSP shares. Vesting of this award was based on the critical strategic deliverables, being:

- the formulation and implementation of a refreshed digital strategy across both Australia and SA, including the roll-out of Woolies Dash
- the establishment of advanced data analytics capability, including the successful implementation of specific 'Use Cases'
- leading the group-wide cost optimisation and cost-out programme He has successfully achieved the strategic deliverables attached to the award and, therefore, the committee approved 100% vesting.

During FY2019 (August 2018), he received a retention RSP award linked to a retention mechanism based on the changes to the Group leadership structure and the intent to ensure stability at the time. This RSP had a staggered vesting of three tranches from August 2021 to August 2023 – vesting at 25%, 25%, and 50% for each year.

Sam has voluntarily pledged 100% of the last tranche of his 2018 RSP retention allocation, 100% of his 2020 RSP allocation and 100% of his 2020 PSP allocation towards his MSR limit.

RESIGNATION OF GROUP FINANCE DIRECTOR (GROUP FD)

Reeza Isaacs, the Group FD, left the Group effective 30 June 2023 to pursue other interests. The committee considered both STI and LTI schemes in determining the remuneration he would be entitled to as a result of his departure.

It was agreed that he would receive a moderated STI for FY2023, based on the financial performance of the Group and the final decision of the WHL Remuneration and Talent Management Committee. In addition, the equivalent of a prorata vesting of his August 2018 RSPs (last 50% vesting in August 2023) and a pro rata vesting of his September 2020 PSP allocation were approved by the committee. As a result of his resignation Reeza forfeited all share allocations made to him in 2021 and 2022. In exercising their discretion, the committee also considered the principles of King IV™ good governance practices, and reviewed his performance against key deliverables, being:

- Implementation of Investment Optimisation Project
- Optimisation project to drive sustainable savings
- Introduction of capital allocation framework
- Improvement in WSA FBH

All unvested shares allocated after 2020 were forfeited

The Group delivered a strong set of results in FY2023 and demonstrable progress against its strategic initiatives, creating significant value for our shareholders. This has resulted in an increase in the vesting of LTIs, and the payment of STIs in the current year, which sees our people sharing in this value too.

NON-EXECUTIVE DIRECTORS' FEES

During the year, a bespoke benchmarking exercise was conducted to review and understand the fees paid to non-executive directors based in Australia and the United Kingdom.

The benchmarking analysed a number of WHL's peer group companies based on market caps ranging between US\$3m and US\$5m. On this basis, 13 companies in Australia and 15 in United Kingdom were selected.

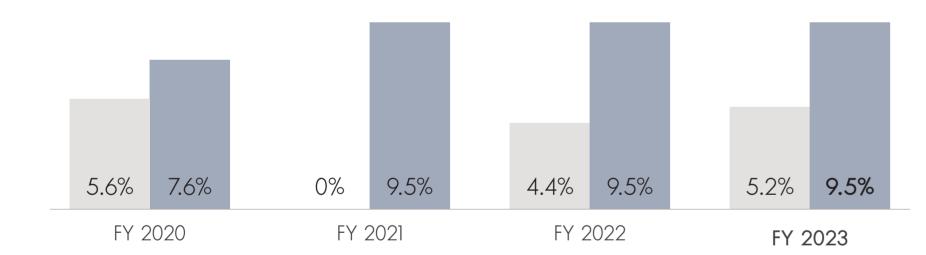
Directors' fees paid to Australia-based directors were below the midquartile and individual committee fees were also below the market. The Board is recommending an adjustment (for shareholder approval) for Australia-based annual directors' fees to A\$170 000 from A\$143 000 and an annual committees' fees of A\$16 500 for FY2024.

In addition, to mitigate the effects of foreign exchange fluctuations and to provide certainty of fees to be earned, it is proposed that all fees payable to our non-executive directors in the United Kingdom and Australia be approved in their respective currency. For more details see page 113.

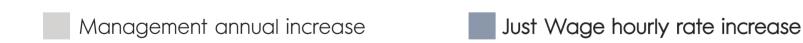
Inflation-adjusted increases for the Board and committee fees will be recommended for shareholder approval.

FAIR AND RESPONSIBLE REMUNERATION: WOOLWORTHS SOUTH AFRICA'S 'JUST WAGE'

Implemented in 2019, the 'Just Wage' initiative was a conscious decision of the Group to address the disposable income of WSA store staff. A commitment of R120 million was made at the time to close the gap between salary differentials and drive economic inclusion for our more than 20 000 store employees.



FY2024 Cumulative Just Wage increase 35.2%



The 'Just Wage' was also a deliberate intent to move away from paying the minimum legislative wage requirements to a wage that would go some way to a living wage. We, therefore, agreed that Woolworths' hourly rate would exceed South Africa's minimum wage and the Retail sectoral wage determination. South Africa's current minimum wage is R25.42 and R33.10 for the Retail sector (comparable jobs to WSA). Our 'Just Wage' of R40 exceeds the minimum and sector wages by 57.4% and 20.8%, respectively. This is set to increase further, effective 1 October 2023, to our targeted hourly rate of R41.25 – representing a cumulative increase of 35.2%.

We will continue to build on the positive momentum of our 'Just Wage', with a number of further initiatives identified for implementation over the medium term.

The 'Just Wage' percentage increases have far exceeded those of executive directors and management and in FY2021, when management salaries were kept at the same level paid in FY2020, the 'Just Wage' still increased by 9.4%.

SHAREHOLDER ENGAGEMENT

Post the publication of the FY2022 Remuneration Report, the Board Chairman, Lead Independent Director and the Group Company Secretary engaged with key shareholders on the Group's Remuneration Policy and the Implementation Report.

The primary feedback from our engagements was consideration of introducing a 'single-incentive' scheme, reducing the complexity of the STI and a benchmarking of the NED fees. Shareholders were complimentary of our 'Just Wage' initiative and that we have introduced minimum shareholdings requirements of executive management.

SHAREHOLDER VOTING AT AGMs

REMUNERATION POLICY

	2022	2021	2020	2019
Remuneration Policy	95%	95%	88%	75%
Implementation Report	70%	75%	18%	69%
Non-executive directors' remuneration	98%	98%	96%	95%

ACCESS TO INFORMATION AND ADVISORS

The committee continues to make use of independent external advice on remuneration trends and market benchmarks. Trends and benchmarks are reviewed every two years and have been updated during FY2023. Bowmans provided an update on local and global remuneration trends and took part in the variable pay review project with PWC. Executive director remuneration guidance (and for WHL Exco) was provided by DG Capital, and for the Australian operations, Mercer.

GOVERNANCE

The Remuneration Policy (pages 109 to 114) and the Implementation Report (pages 115 to 122) will be tabled as non-binding advisory shareholder resolutions at the AGM on 22 November 2023. 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 changes made to the Group's remuneration philosophy and policies are more aligned to its strategy and market best practice, and will continue to be 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 KnealeChairman of the Remuneration
and Talent Management Committee

THIS REPORT IS STRUCTURED AS FOLLOWS:

More detailed information on our 2024 financial year Remuneration

staff. Will be voted on at the AGM on 22 November 2023

Policies and practices applicable to the executive directors and other

AT A GLANCE

High level summaries of our Remuneration Policy and the Implementation Report



IMPLEMENTATION REPORT

Detailed information on how we have implemented the Remuneration Policy based on the Group's performance in 2023. Will be voted on at the AGM on 22 November 2023



SHAREHOLDER SUPPORT

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

POLICY

95%

FY2023 Remuneration Policy

OUTCOMES

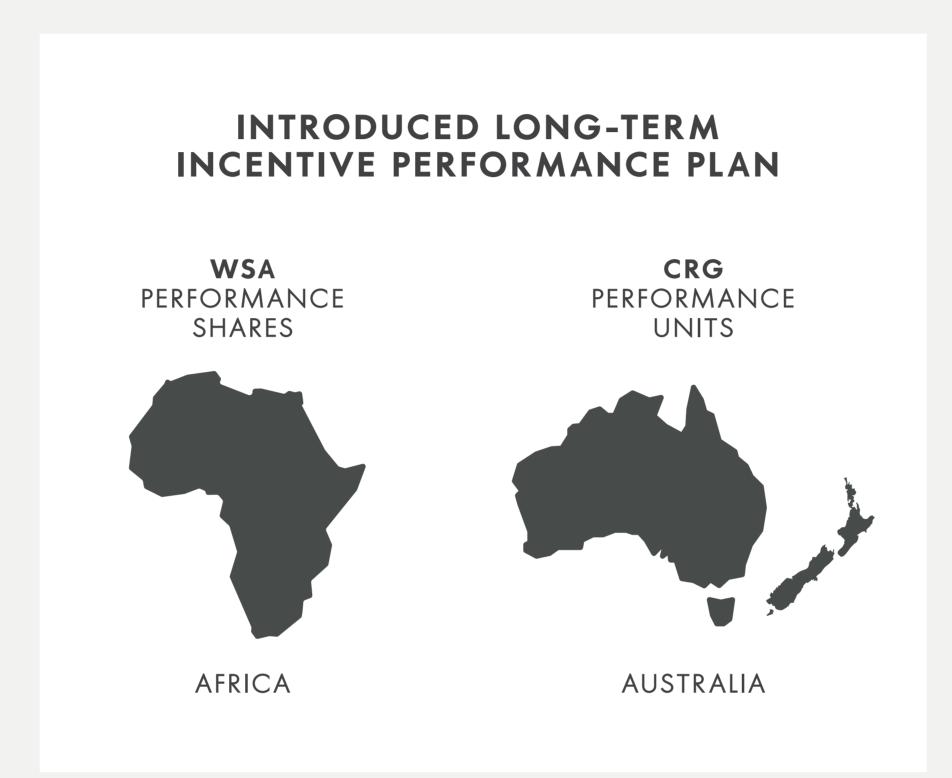
70.0%

FY2022 Implementation Report

2023 NON-EXECUTIVE DIRECTORS' FEES

98.2%

ENHANCEMENTS MADE TO FY2024 REMUNERATION LONG-TERM INCENTIVES



ENHANCEMENTS TO STI AND LTI SCHEMES

ENHANCEMENTS INCLUDE THE FOLLOWING:

- Weightings between Group, company, and business area are more closely aligned to better reflect participants' roles and their line of sight
- Earnings potential and LTI allocations have been adjusted to market-related benchmarks
- LTI measures more specific to WSA and CRG

ESG MEASURES

WSA







FOOD SUSTAINABLITY
ATTRIBUTES



FBH LOCAL SOURCING

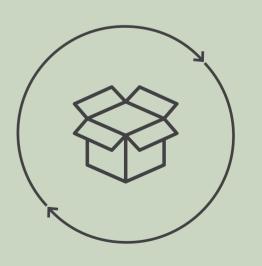


ELECTRICITY CONSUMPTION

CRG



RENEWABLE ENERGY OR GREEN POWER



PACKAGING RECYCLABLE OR REUSABLE

REMUNERATION OUTCOMES

BASED ON THE 2023 FINANCIAL YEAR PERFORMANCE



STRATEGIC DELIVERY ON TRACK

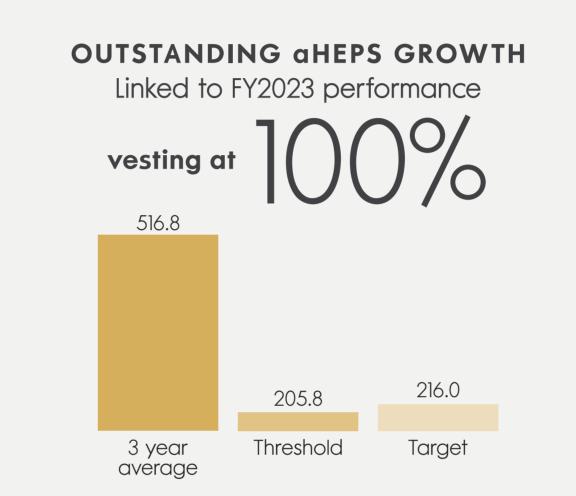
+21.3% aEBIT growth

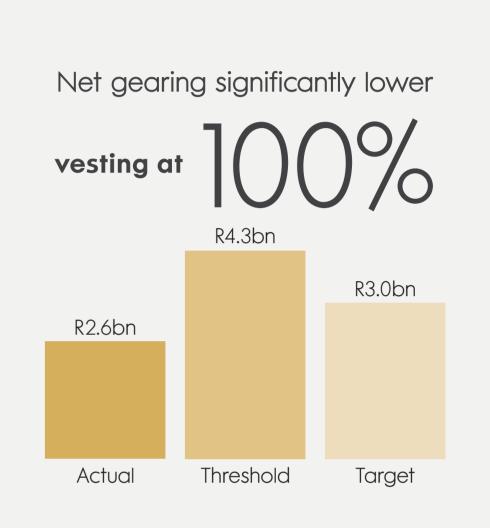
516.8 CPS

23.5% ROCE

Net debt:EBITDA including lease obligations



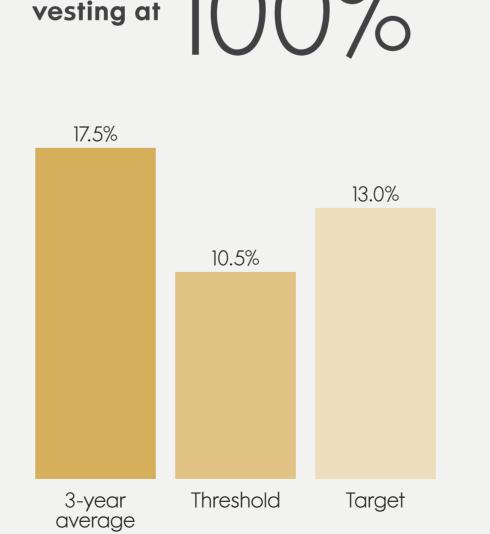




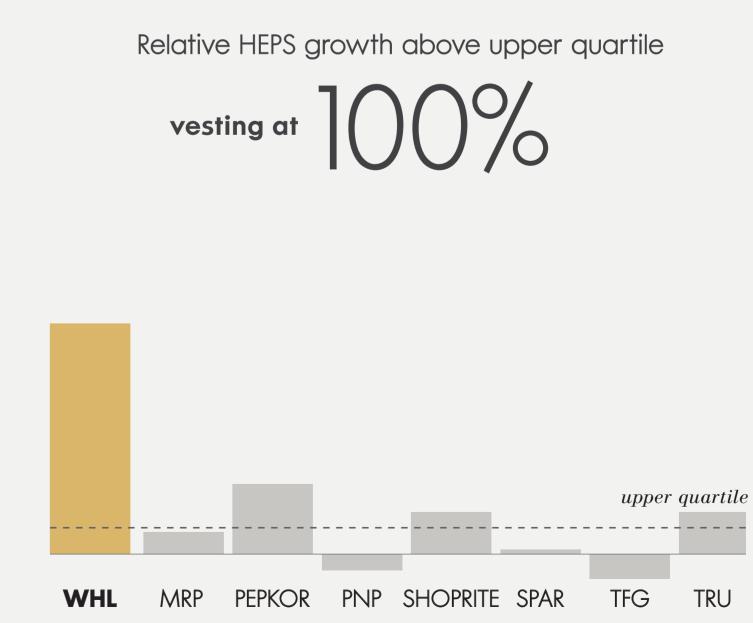
HEALTHY LONG-TERM PERFORMANCE EXCEEDS TARGETS FY2021 - FY2023

Performance well above target Corporate STI payouts for employees 120% 102% 104%





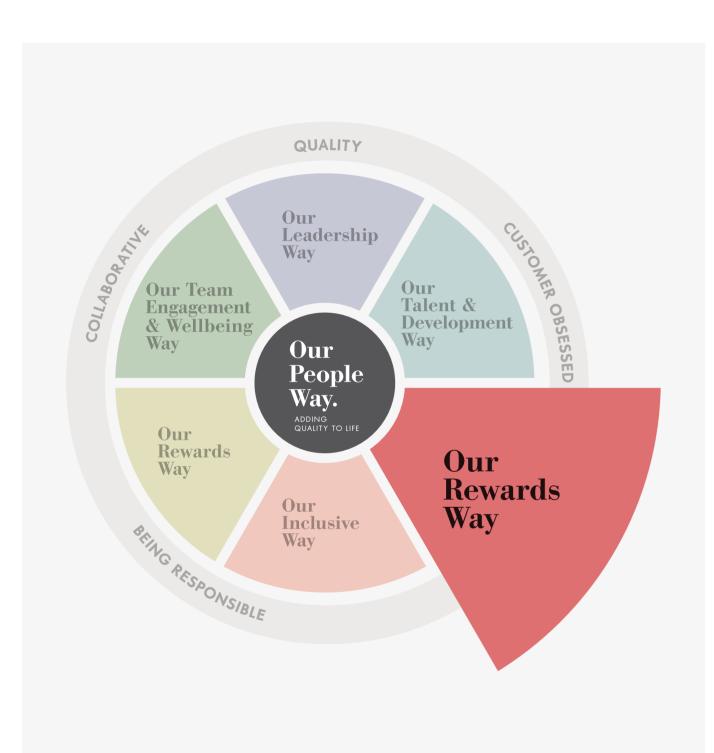
ROCE exceeds WACC



REMUNERATION POLICY FOR FY2024

This report specifically deals with the remuneration for the Group Chief Executive Officer (Group CEO), executive directors, and executive management. Disclosure is also provided in line with the requirements of South African legislation and King IVTM.

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 aim of the policy is to attract, retain, and motivate employees through the operational execution of the remuneration framework.

The Remuneration Policy is informed by our People Value Proposition (PVP) and alignment with shareholder value creation. Remuneration and benefits are a key element in our PVP and are expressed as 'Our Rewards Way'. Our aspirational commitment to employees is to:

 Offer competitive, performance-based rewards based on fair and responsible pay principles and flexible benefits.

Given this committment, the Group's remuneration framework consists of guaranteed pay – the annual base salary and benefits – and variable pay made up of short- and longer-term performance-based incentive schemes.

The Remuneration Policies recognise and reward individual responsibility, performance, and values-based leadership 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 aim of the policy is to attract, retain, and motivate employees through the operational execution of the remuneration framework.

It 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 also guided by the King IVTM principles relating to fair and responsible remuneration that have been adopted by the Group.

REMUNERATION FRAMEWORK

Our remuneration framework balances financial and non-financial rewards to drive a high-performance culture. It also aims to reduce the gap of remuneration paid to executive management and those employees in our stores and distribution centres.

REMUNERATION							
GUARAN	TEED PAY	VARIAE	BLE PAY				
Benchmarked against applicable 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 Employees in the Group participate in an 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 Plan - Performance Shares - Performance Units Restricted Share Plan (RSP)				



POLICIES FOR EXECUTIVE DIRECTORS AND SENIOR MANANGEMENT

LINK OF STRATEGY, THE FINACIAL INTEGRATED BUSINESS PLAN TO VARIABLE REMUNERATION

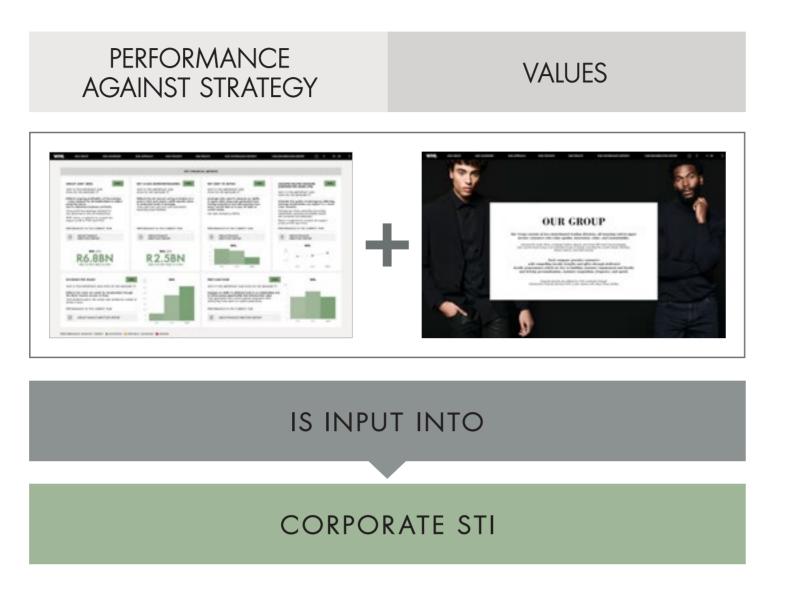
ALIGNMENT TO STRATEGY

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. It also identifies various strategic initiatives that will drive value creation and positioning the Group for the future.

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.

More detail on the executive directors' strategic objectives can be found on page 117.



ALIGNMENT TO INTEGRATED BUSINESS PLAN

Our three-year aspirational 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.

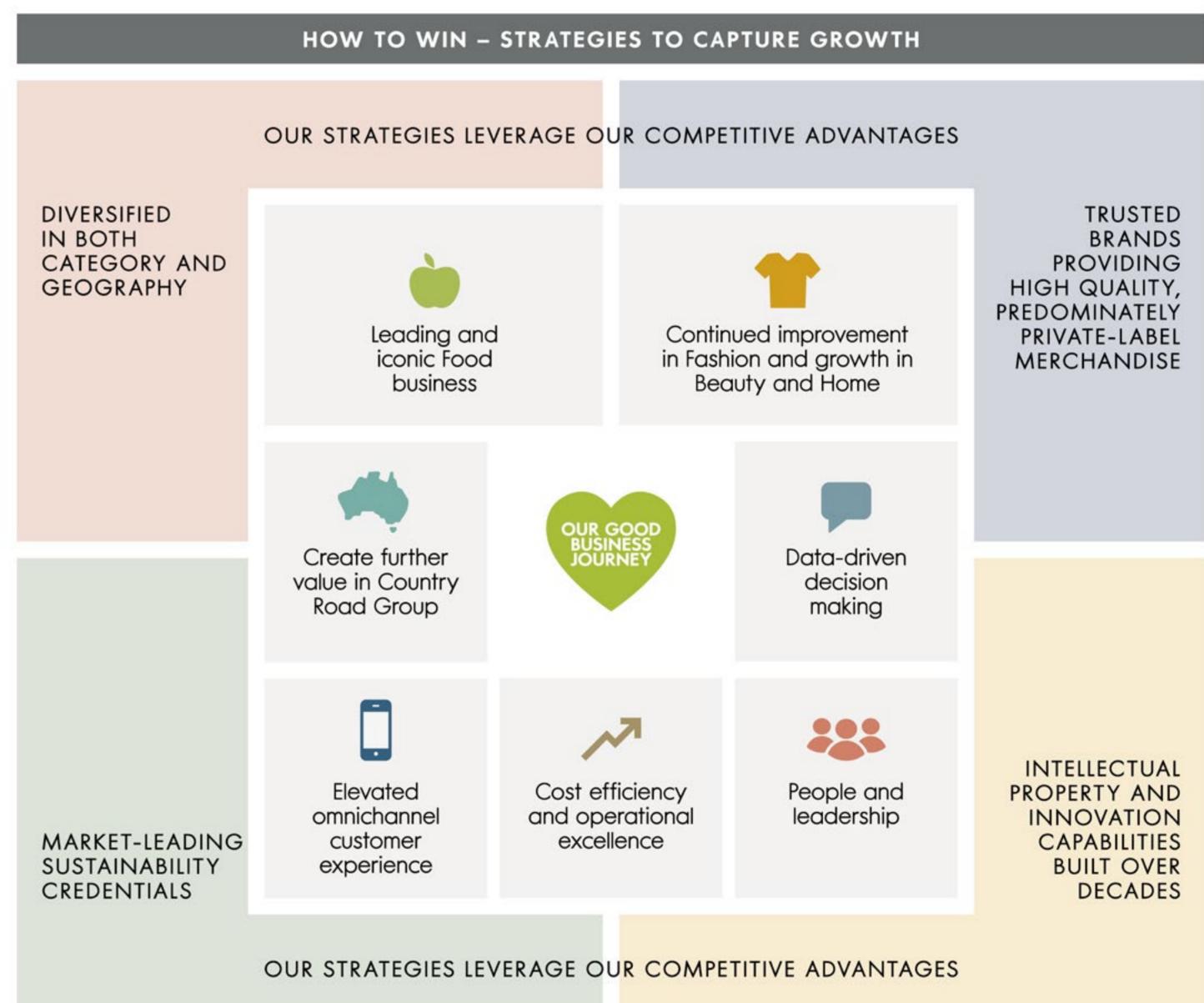
Achievement of these measures improves the opportunity to increase the contribution of variable pay for executive directors and senior management levels.

INTEGRATED		PERFORMANCE CONDITIONS MEASURES				
BUSINESS PLAN (3 YEARS)	7	BALANCED SCORECARD	SHORT-TERM INCENTIVES (1 YEAR)	LONG-TERM INCENTIVES (3-5 YEARS)		
Sales	INCLUDED					
aEBIT	JDE					
Operating profit margin %						
adHEPS						
ROCE						
Net debt						
GBJ scorecard						
STRATEGY Strategic objectives						

LINKAGE TO GROUP CEO'S AND EXECUTIVE DIRECTORS' VARIABLE REMUNERATION

As part of the Group's transformation plan, the Board approved a strategic framework in FY2022. 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 committed 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.





FAIR AND RESPONSIBLE REMUNERATION

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

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

- economic inclusion a key pillar of the Group's Inclusive Justice Initiative
- 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 address unjustifiable income disparities)

- all permanent employees of the Group lexcluding certain categories of employees in Australia subject to bargaining arrangements) participate in some form of short-term incentive or store and distribution gain-share schemes
- all permanent employees participate in equal measure on product discounts
- specific corporate initiatives are applied to enhance work experience and improve the PVP for employees

The Group measures fair and responsible remuneration 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 on page 116.

WOOLWORTHS SOUTH AFRICA 'JUST WAGE'

Our 'Just Wage' initiative proactively manages an equitable, ethically based wage, demonstrating the construct of a living wage in the context of the Group's values and the socioeconomic environment of South Africa. It is also based on driving economic inclusion, mainly for employees in our stores and distribution centres. which is illustrated below.

In October 2023, WSA will have achieved its targeted hourly rate of R41.25 as a minimum for store and supply chain staff. Although this is a big achievement in addressing income disparities, our focus continues to be on the total PVP for store and supply chain employees,

SA MINIMUM WAGE	WSA 'JUST WAGE'		WSA PAY CONTRIBUTION TO COST OF LIVING	N WSA PVP
Retail sector additional minimum wage	Financial benefits • Pension • Optional healthcare • Additional hours above guaranteed hours • Guaranteed bonus	Non-financial benefits • Work in a store closer to home • Flexible hours • Maternity/ paternity leave • Educational bursaries for self and dependents	Gain share scheme • Variable remuneration dependent on the achievement of operational metrics	 Other benefits Provision of working wardrobe Transport available to staff working after hours Discounts on purchases to make more affordable Vouchers to use for surplus food Fruit in canteens



REMUNERATION POLICY APPLICABLE TO THE 2024 FINANCIAL YEAR

The Remuneration Policy has been updated to align the performance of the Group, companies, and business unit areas, and that of the participants more closely. As the Group trades in two different geographies, each with its own uniqueness and market competitiveness, the changes have taken that into account without losing sight of the Group performance.

Key changes to the Corporate STI scheme include:

- Financial gatekeeper is set at 90%
- Weightings between Group, company, and business area are more closely aligned to better reflect participants' roles and their line of sight
- Earnings potential have been adjusted to market related benchmarks

Key changes to the LTI schemes include:

• Replace PSP shares with a forfeitable share plan, and maintain the naming convention of Performance Plan

- Performance Units will be available to CRG participants with specific CRG performance conditions
- Performance Shares will be acquired on the market for the Group and WSA participants with specific WHL and WSA performance conditions
- The face value of share allocations has been amended to be market related
- The committee has the discretion to either increase or decrease allocations based on employees exceptional over-performance or under-performance

GUARAN	TEED PAY
BASE SALARY	OTHER BENEFITS
PURPOSE AND LINK TO STRATEGY Market-related level of remuneration with consideration to specific requirements of the role	PURPOSE AND LINK TO STRATEGY Benefits and allowances of a compulsory and non- compulsory nature appropriate to the market and contribute to wellbeing of employees, in line with PVP
MECHANICS Reviewed annually against retail peer companies in South Africa, Australia, and other countries in which the Group trades Market conditions, company performance, internal comparability and 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	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 Base salary reviewed in context of company and Group performance, in-country CPI, and affordability	OPPORTUNITY Some benefits and the quantum of benefits will vary according to Group's subsidiaries and the market in which they trade



The table alongside sets out the components of the remuneration framework to be applied by the committee in the 2024 financial year for the Group CEO, executive directors, and Execs.

Components of the framework may differ between WSA and CRG these differences are highlighted. The framework is applied to all Group employees. It is not applicable to specific management roles.

MALUS AND **CLAWBACK**

Malus and twoyear clawback provisions apply to the Group CEO, executive directors, and Execs

SHORT-TERM INCENTIVES LONG-TERM INCENTIVES FORFEITURE PERFORMANCE UNITS (FPU) SHORT-TERM INCENTIVE SCHEME FORFEITURE PERFORMANCE SHARES (FPS) No retesting of performance conditions. Awards lapse if performance conditions are not achieved **PURPOSE** Motivate executives and senior management to achieve short-term strategic, financial, and non-financial objectives in **PURPOSE PURPOSE PURPOSE** the one-year business plan Motivate employees to achieve three-year strategy aligning Motivate employees to achieve three-year strategy aligning shareholder Retain and motivate employees who are key to the delivery of shareholder and executive interests and executive interests the Group's long-term strategy In most cases only used for critical, core and scarce roles **MECHANICS** Bonus split: 60% financial and 40% strategic objectives **MECHANICS MECHANICS MECHANICS** (individual) Participants are allocated Restricted Shares with three-Participants are entitled to the delivery of conditional awards in shares Participants are allocated Performance shares in the form of restricted The target is determined annually in advance to five-year performance conditions after three years from date of grant provided that certain performance equity with three-year performance conditions. Shares are held in escrow and are restricted for the full vesting period. Financial STI calculated as follows: conditions are met Vesting and ownership to participants occurs on condition that the participant is still in the employ of the Group on the expiry Vesting occurs subject to the achievement of performance conditions over the three-year performance period Vesting occurs subject to the achievement of performance conditions over • Group CEO: 100% based on Group performance the three-year performance period of the agreed vesting period and any applicable performance • Group COO: 25% Group performance and 75% WSA conditions are achieved Vesting occurs on a linear scale in accordance with an agreed threshold Vesting occurs on a linear scale in accordance with an agreed threshold performance and stretch taraet and stretch taraet Participants are entitled to receive dividends during the • Group FD: 100% based on Group performance vesting period Participants receive a payment settled in equity on vesting equal to the Participants are entitled to receive dividends during the vesting period • CRG CEO: 20% based on Group performance and 80% value of vested shares and dividends paid on the vested shares during

20% WSA and 60% FBH or Food performance **OPPORTUNITY AND MAXIMUM LIMIT**

CRG senior

the vesting period

Grants are made annually at the discretion of the committee based on GP at grant date. Allocations capped at:

CRG CEO		100%
CRG Exco	46% to 50%	
management	20% to 25%	

OPPORTUNITY AND MAXIMUM LIMIT

Grants are made annually at the discretion of the committee based on GP at grant date. Allocations capped at:

Group CEO		150%
WHL Exco	100%	
Execs (WSA)	15% to 80%	

OPPORTUNITY AND MAXIMUM LIMIT

Grants are made as appropriate and at the discretion of the committee based on GP at grant date

RESTRICTED SHARE PLAN (RSP)

PERFORMANCE CONDITIONS

WHL and CRG Exco, and WSA Senior Executives: Annual allocation based on financial performance conditions and weightings as below Senior management: Annual allocation with 50% based on financial performance conditions and 50% based on non-financial individual performance (IPM)

PERFORMANCE CONDITIONS

Achievement of agreed strategic initiatives or other performance conditions agreed by the committee from time to time

Group CEO	100%	200%	PERFORMANCE	WEIGHTING	MEASUREMENT	VESTING	
Group COO and Group FD	80% 160)%	CONDITIONS		WHL AND WSA FPS FINANCIAL PER	FORMANCE CONDITIONS	
WHL Exco: Execs:			adHEPS growth	40%	3-year CAGR of adHEPS > SA CPI	 threshold 30%: SA CPI +1% per year target 100%: SA CPI +4% per year 	
WSA 20% to	50% 40% to 100%		ROCE	40%	WHL ROCE performance > WACC from IBP	 threshold 30%: WACC +1% stretch target 100%: WACC +5% 	
PERFORMANCE COND • 60% Financial target of	aPBT or aEBIT, gatekeeper o	of 90%	ESG	20%	WSA ESG scorecard measures	target 100%: • BBBEE Level 4: 87.93 points (between range of 80 and 90 points) • percentage of WSA foods with sustainability attributes • percentage of WSA FBH GRN locally sourced* • targeted (kwh per m²) stores electricity intensity**	
applied at company I	-	EDIT	CRG FPU FINANCIAL PERFORMANCE CONDITIONS				
	40% Strategic objectives, gatekeeper of 80% of aEBIT	GERII	adHEPS growth	40%	3-year CAGR of WHL adHEPS > SA CPI	 threshold 30%: SA CPI +1% per year target 100%: SA CPI +4% per year 	
Payments made annu	ually in Santambar		ROCE	40%	CRG ROCE performance > WACC from IBP	threshold 30%: WACC +1%target 100%: WACC +5%	
 Payments made annu Store and supply chain in a contract of the contract of t	STI schemes: be made monthly, quarterl	ly or	ESG	20%	CRG ESG measures	target 100%: • all packaging recyclable or reusable • all electricity from renewables or Green Power (from assets under operational control of CRG)	
OTHER			MINIMUM SHARE	HOLDING R	EQUIREMENT • Group CFO: 200% • Group COC	and FD: 150% • WHI Exco: 100%	

OTHER

on CRG performance

been achieved

Group CEO

business area performance

OPPORTUNITY AND MAXIMUM LIMIT

On-target and stretch performance of GP:

• WSA CEO FBH and WSA CEO Food: 20% Group,

• Execs: 10% based on Group performance with remaining

90% based on line of sight to company and/or specific

Strategic objective measures are specific to each employee

Earnings potential is applied on a sliding scale between threshold and on-target. After on-target performance a

STEP approach follows until individual maximums have

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

Store and supply chain employees participate in gain-share or commission schemes appropriate to their employer company

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

MINIMUM SHAKEHOLDING REQUIREMENT • Group CEO: 200% • Group COO and FD: 150% • VVHL EXCO: 100% Requirement to be met in a five-year period from 1 September 2022

OTHER

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

OTHER

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

Dividends are repayable when a participant is defined as a bad leaver Rules governing cessation of employment, change in control and delisting as per scheme rules aligned with King IVTM recommendations

OTHER

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

Subject to the decision by the committee, dividends are repaid if performance conditions are not met Rules governing cessation of employment, change in control, and delisting as per scheme rules aligned with King IV^TM recommendations

^{*} The total number of locally sourced FBH goods received note (GRN) units expressed as a percentage of total FBH GRN units (excluding non-Woolworths branded beauty and homeware, and beauty services) as at 25 June 2023. Locally sourced refers to any product that is assembled in South Africa, for which raw materials were either locally produced or imported

^{**} The annual energy consumption per square metre of general letting area on a like-for-like basis for Woolworths South Africa corporate stores using the metering online system. The intensity is calculated in kWh/m2/annum as the sum of like-for-like energy consumption for the period divided by the sum of like-for-like gross leasable area (GLA) for the period

NON-EXECUTIVE DIRECTORS

REMUNERATION POLICY APPLICABLE TO THE 2024 FINANCIAL YEAR

The table alongside sets out the Remuneration Policy for the 2024 financial year for nonexecutive directors. These principles form the underlying basis for the directors' fees tabled for shareholder approval at the AGM to be held on 22 November 2023.

settled by the Company

EMOLUMENTS	
FEES	BENEFITS
CHAIRMAN, LEAD INDEPENDENT DIRECTOR, AND DIRECTORS A market-related fee to attract and retain high calibre and experienced non-executive directors Fees are independently benchmarked on a biennial basis	MECHANICS Non-executive directors receive product discounts on purchases made in Group stores. No other benefits are provided.
COMMITTEE MEMBERSHIP The fees reflect the additional responsibilities taken through the membership of Board committees. Committee chairmen receive a higher amount than committee members given the additional demand on their time	Non-executive directors do not participate in any STI or LTI schemes.
MECHANICS Non-executive director fees are approved by shareholders annually Fees are based on an annual construct as directors provide input throughout the year, not merely confined to attendance at meetings International-based director fees are based on relevant market-related fees and paid in the currency of that country Fees reflect the time commitment, demands, international travel requirments, responsibilites, and calibre Audited non-executive directors' fees for the 2023 financial year are shown on page 122	
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	
OTHER Fees are paid quarterly with no additional fees paid for ad hoc committee meetings All travel and accommodation expenses are settled by the Company	

PROPOSED FEES FOR FY2024

Non-executive director fees were independently benchmarked in FY2023, in line with our standard policy.

The outcome of the international benchmarking reflects that the remuneration paid to our non-executive directors based in the United Kingdom is comparable to their UK peers, while the fees paid to our Australia-based non-executive director have lagged behind the regional market. For this reason, we propose a higher than inflation increase.

In addition, to mitigate the effects of foreign exchange fluctuations and to provide certainty of fees to be earned, it is proposed that all fees payable to our non-executive directors in the United Kingdom and Australia be approved in their respective currency. In addition, a standard fee per committee is applied in respect of their services as committee chairmen and/ or members where such roles are filled by foreign based directors.

Fees for Australia-based directors are proposed to increase by 18.8%. Apart from the Australian based fees, the Board has proposed a fee increase of 6.0% (exclusive of South African VAT), for all non-executive directors which is in line with management's increases, from 1 January 2024, as shown in the table alongside:

PEER GROUPS:

Australia: ALS Limited, Aurizon Holdings Limited, Carsales.com Ltd, Contact Energy Limited, Harvey Norman Holdings Limited, JB Hi-Fi Limited, Lendlease Group, New Hope Corporation Limited, NEXTDC Ltd, Orica Ltd, QUBE Holdings Ltd, Steadfast Group Ltd and Worley Ltd.

UK: Airtel Africa PLC, B&M European Value retail, Berkley Group Holdings, Computacenter PLC, EasyJet PLC, Frasers Group PLC, IG Group Holdings PLC, InchCape PLC, Investec PLC, Marks & Spencer Group PLC, Mediclinic International PLC, Nomad Foods Ltd (NYSE), Ocado Group, Tate & Lyle PLC and The Weir Group PLC.

SA industry-based comparator: Bid Corporation, Clicks, Dis-Chem, Foschini, Mr Price, Pepkor, Pick n Pay, Shoprite, Spar, and Truworths

SA size-based comparator: African Rainbow Minerals, Aspen, Bidvest, Discovery, Exxaro Growthpoint, Harmony Gold, Nedbank, Northam Platinum, Old Mutual, Remgro, and Sibanye

	Current approved fees	Proposed fees	% Increase
(paid in R)			
Chairman	2 468 780	2 616 907	6
Lead Independent Director	872 300	924 638	6
Member of the Board	461 530	489 222	6
Audit Committee chairman	397 590	421 445	6
Audit Committee member	217 980	231 059	6
Nominations Committee chairman	205 190	217 501	6
Nominations Committee member	128 230	135 924	6
Remuneration and Talent Management Committee chairman	269 360	285 522	6
Remuneration and Talent Management Committee member	141 020	149 481	6
Risk, Information and Technology Committee chairman	269 250	285 405	6
Risk, Information and Technology Committee member	141 020	149 481	6
Social and Ethics Committee member	217 980	231 059	6
Social and Ethics Committee member	128 230	135 924	6
Sustainability Committee chairman	217 980	231 059	6
Sustainability Committee member	128 230	135 924	6
Treasury Committee chairman	269 270	285 426	6
Treasury Committee member	142 500	151 050	6
Hourly rate for additional services	6 140	6 508	6

United Kingdom-based (paid in £)			
Member of the Board	£ 83 521	€88 532	6
Committee chairman	N/A	€ 12 700	
Committee member	N/A	€ 7 400	
Australia-based director (paid in A\$)			
Member of the Board	A\$143 151	A\$170 063	18.8
Committee member	N/A	A\$16 500	

MALUS AND CLAWBACK

Malus and clawback provisions are applicable for all Corporate STI and LTI share scheme awards made to the Group CEO, executive directors, and WHL Exco.

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 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 requirements were effective from 1 September 2022. The requirements apply to the Group CEO, executive directors, and members of WHL Exco. The Group CEO is required to hold 200%, executive directors 150%, and WHL Exco members 100% of their respective GP.

Participants will have a period of five years in which to reach the MSR % of GP requirements by 'pledging' a portion of LTI vestings to MSR. These shares will become restricted and only shares in excess of the MSR % may be sold.

SERVICE CONTRACTS AND NOTICE PERIODS

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 partly paid in South African rands and partly paid in Australian dollars, given the time and focus on the two geographies.

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

Other 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 include restraint of trade agreements.

COMMITTEE 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 committee determines the size of the STI pools for each entity and may exercise reasonability and discretion to award ex gratia payments or adjustments in instances where extraordinary value has been created by executives, or where STI payments are not warranted. In the event that the committee exercises its discretion, this will be disclosed in the Implementation Report.

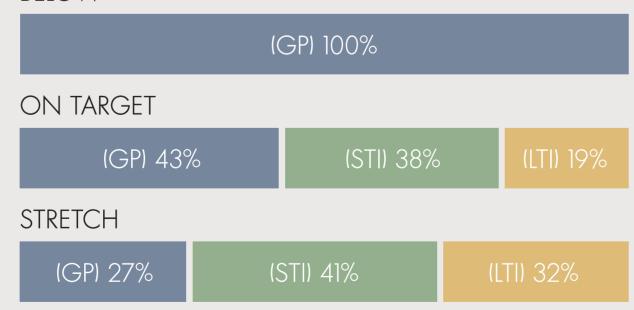
Discretion has not been exercised in the calculation of the performance conditions for STI and LTI incentive schemes, however moderation was applied in finalising the bonus for the Group FD.

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.

BELOW



- 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

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.

17.5m shares were available at the end of FY2023 for allocation to employees under our JSE Schedule 14 scheme.

JSE-APPROVED SCHEDULE 14 SHARE SCHEME

The Company repurchased 63.4 million of its own shares from 9 June 2022 to 25 June 2023 in terms of share buy backs. 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 prior to the repurchase. The maximum award to any one participant has also been reduced.

The maximum number of shares available for utilisation for the JSE Schedule 14 scheme is 79 878 768, representing 7.9% of the issued share capital as at 25 June 2023.

The Group issued 1.8 million RSP shares during the period.

Grants awarded in terms of JSE Schedule 14 scheme:

- in any one financial year may not exceed 250% of an employee's guaranteed pay
- in aggregate, an employee may not hold more than 11 934 827 awards

Shares allocated to participants under the Group's LTI schemes may either be purchased on the open market or new shares may be issued.

UTILISATION OF SHARES FOR LTI SHARE SCHEMES

	JSE Schedule 14 Share scheme
Maximum available for utilisation	79 878 768
Available for utilisation/awarded at 26 June 2022	16 094 616
Allocations made to participants during the year	6 128 305
Exercised	3 302 817
Reduction as a result of share buy back	902 826
Available for utilisation/awarded at 25 June 2023	17 597 428

RSP AND NEWLY INTRODUCED FORFEITURE PERFORMANCE PLAN SCHEME (PREVIOUS PERFORMANCE SHARE PLAN)

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. 1.8m shares were allocated to participants during FY2023.

The Forfeiture Performance Plan scheme – FPU and FSP – will be effective for awards allocated after 1 July 2023. It is not a JSE Schedule 14 scheme and therefore there are no restrictions on the number of shares or units awarded to an employee in any financial year or the aggregate held by an employee.

All Forfeitable and RSP shares awarded to participants are purchased on the open market at the prevailing market price when the awards are made. We will continue to report the number of allocations made to employees under these schemes.

IMPLEMENTATION REPORT

FOR THE 2023 FINANCIAL YEAR ENDED 25 JUNE 2023

COMPLIANCE WITH THE REMUNERATION POLICY

The 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 2023 Remuneration Policy as set out in the 2022 Integrated Annual Report.

No discretion was exercised by the committee and no circumstances warranted the application of any malus or clawback provisions.

FAIR AND RESPONSIBLE REMUNERATION

The 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 2023 financial year and a three-year average from 2020 – 2022.

A transformational year for the Group, with significant progress against our strategies delivering both strong operational and financial results.



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 25 June 2023. It should be compared to the potential remuneration mix based on the Remuneration Policy shown on page 114.

The achieved remuneration mix varies from the potential mix due to the overachievement of the 2023 STI performance and the 100% LTI vesting.

AGGREGATE EXECUTIVE DIRECTORS (INCLUDING GROUP CEO)

ACHIEVED	(GP) 37%		(STI) 27%	(LTI) 37%		
ON TARGET*	(GP) 41%		(STI) 35%	(LTI) 24%		
STRETCH	(GP) 27%		(STI) 41%	(LTI) 32%		

Group CEO and executive directors	% INCREASE 6.50	_
WSA Executives and management	5.18	
WSA Store staff	5.69	9.5%*
CRG Executives and management	5.80	*including just wage adjustment
CRG Store staff	3.10	

GUARANTEED PAY

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

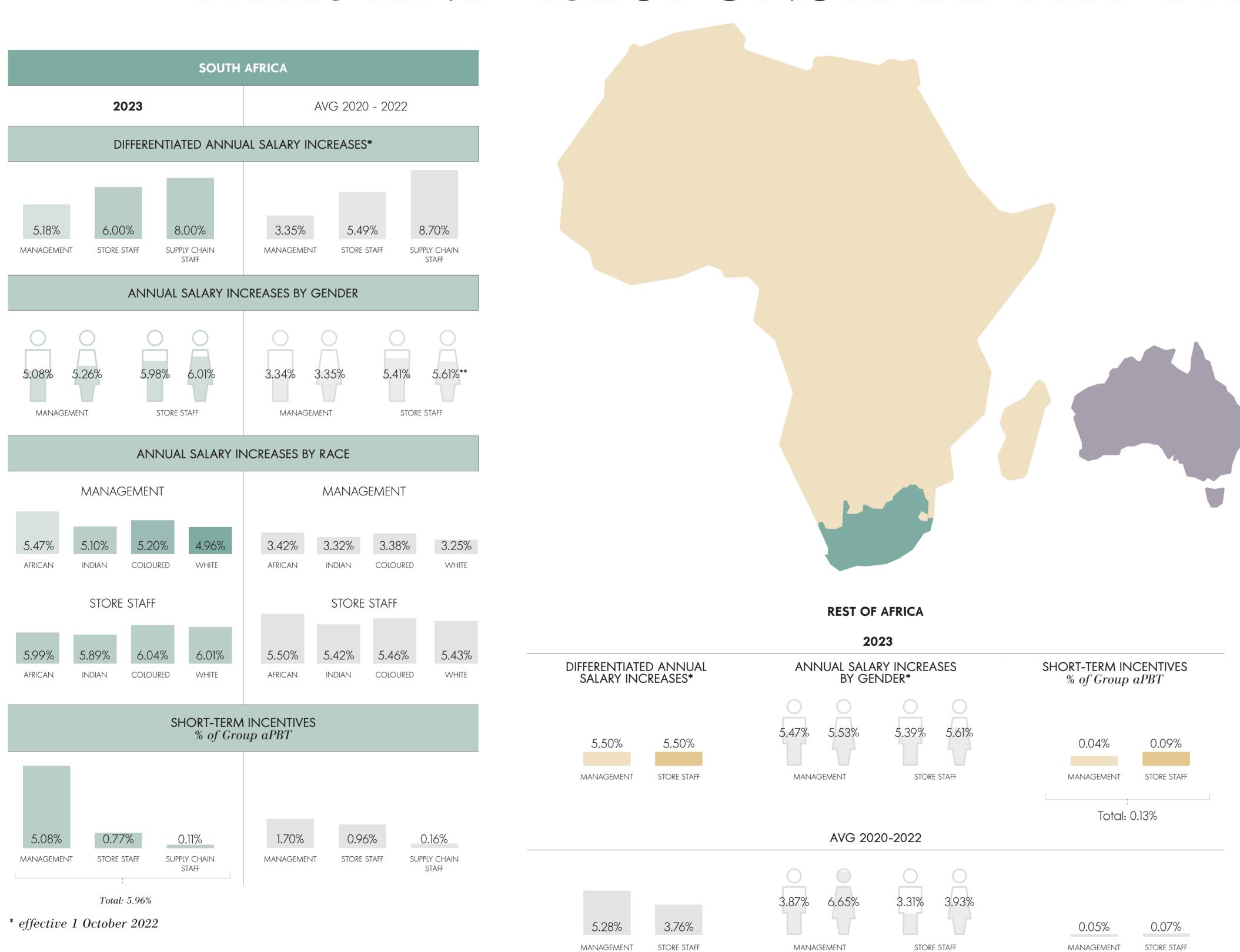
Inflation-based increases were effective 1 October 2022.

The Group continues (inclusive of the just wage adjustments) 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 119.



FAIR AND RESPONSIBLE PAY BAROMETER



2023 AVG 2020 - 2022 DIFFERENTIATED ANNUAL SALARY INCREASES* 4.51% **SHORT-TERM INCENTIVES** % of Group aPBT 0.36% 0.75% **AUSTRALIA AND NEW ZEALAND** AVG 2020 - 2022** 2023 DIFFERENTIATED ANNUAL SALARY INCREASES* 1.48% 3.11% 2.29% STORE STAFF STORE STAFF MANAGEMENT MANAGEMENT ANNUAL SALARY INCREASES BY GENDER 1.50% 4.09% 2.97% 1.45% 2.31% STORE STAFF STORE STAFF MANAGEMENT MANAGEMENT SHORT-TERM INCENTIVES % of Group aPBT 1.47% 1.13% 2.34% MANAGEMENT STORE STAFF MANAGEMENT STORE STAFF *Total:* 3.53% ** History includes David Jones

EXECUTIVE DIRECTORS INCLUDING GROUP CEO

SHORT-TERM INCENTIVES (STI)

The high-level design of the FY2023 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 to the over-achievement of profit into the bonus pool

THE CONSTRUCT OF THE CORPORATE STI SCHEME IS SHOWN BELOW:



Group CEO, Group COO, and Group FD: 100% based on Group 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 reduce it, based on the performance of the individual.

FINANCIAL PERFORMANCE FOR 2023 FINANCIAL YEAR AND STI VESTING WITH OUTCOMES

The Group's strong performance for FY2023 significantly exceeded the STI target by R1.1 billion. The over-achievement against the STI target was realised notwithstanding the challenging macro backdrop in both geographies, loadshedding in South Africa, and a 9-month contribution of DJ, compared with the original 12-month contribution included in the STI target.

WSA aEBIT increased by 2.8% despite the severe impact of loadshedding from the debilitating energy crisis. This predominately affected our fresh Food business with increased waste and a higher overall cost of doing business to protect the product integrity and manage the operational

impact on the store network and supply chain operations. Significant progress has been made in improving the underlying health of FBH. Gross profit margin gains and the benefit of reducing unproductive store space delivered a healthy increase in aPBT.

CRG performance was heavily impacted by sustained increase in interest rates which weighed on consumer confidence. Efficiencies in their gross profit margin were offset with a 15.9% increase in their expenses on a lockdown-impacted prior year base. aEBIT increased by 3.9% and exceeded the STI target of A\$6 million.

FINANCIAL PERFORMANCE TARGETS										
		Target (mill)	Achieved (mill)	% Achievement						
GROUP aPBT	aPBT/aEBIT as per audited	> R5 584	R6 693	120						
WSA aEBIT	accounts, pre-IFRS 16	> R5 209	R5 356	102						
CRG aEBIT	and pre-STI payments	> A\$155	A\$161	104						

The tables alongside 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 BAG		TOTAL							
Guaranteed Pay	A\$1.06m	R6.0m		R18.7m						
Corporate STI payment	A\$1.6m		R9.0m R28							
	s ngume	ENI	R	ISAACS						
Guaranteed Pay	R9.1m									
Corporate STI payment	ayment R13.6m									

^{*} pre-IFRS 16 and pre-incentives

Roy Bagattini - Group Chief Executive Officer								
	Financial	Strategic						
WEIGHTING	60%	40%						
PERFORMANCE	over-achieved	achieved						
TERIORIVIAINCE	Over-acriieved	acriieved						

FINANCIAL PERFORMANCE

The Group achieved aPBT of R6.6bn*, above the STI target, which added 20% (R221m) to the STI pool for distribution to participants

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

Sam Ngumeni - Group Chief Operating Officer									
	Financial	Strategic							
WEIGHTING	60%	40%							
PERFORMANCE	over-achieved	over-achieved							

FINANCIAL PERFORMANCE

The Group achieved aPBT of R6.6bn*, above the STI target, which added 20% (R221m) to the STI pool for distribution to participants

STRATEGIC PERFORMANCE

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

Reeza Isaacs - Group Finance Director								
	Financial	Strategic						
WEIGHTING	60%	40%						
PERFORMANCE	ORMANCE achieved							

FINANCIAL PERFORMANCE

Although the group exceeded the aPBT target for STI purposes, a moderated STI amount was approved by the WHL Remuneration and Talent Management Committee

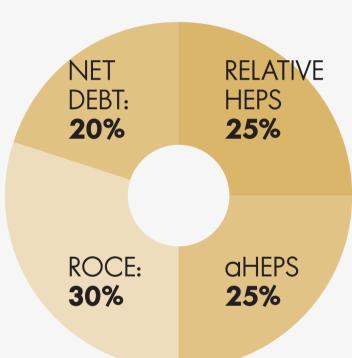
STRATEGIC PERFORMANCE

- 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

LONG-TERM INCENTIVES

VESTING OF 2020 LTI ALLOCATIONS BASED ON FINANCIAL PERFORMANCE FOR THE PERIOD ENDING JUNE 2023





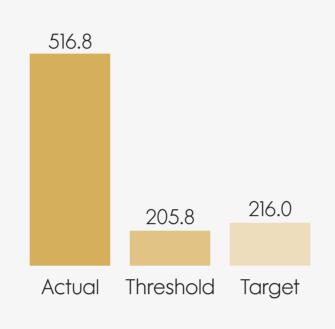
Performance conditions for 100% vesting:

- aHEPS growth of weighted CPI + 3%
- Relative HEPS above upper quartile
- ROCE > WACC +3%
- Net debt of less than R3.0bn

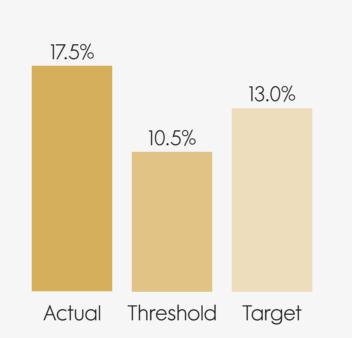
SIGNIFCANT HEPS OVER PERFORMANCE TO PEER GROUP



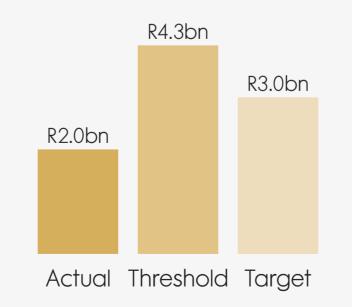












ALLOCATIONS DURING THE 2023 FINANCIAL YEAR

ANNUAL ROLLING ALLOCATIONS

The annual rolling PSP allocations, and their performance conditions, awarded to the executive directors as approved by the committee, are shown below. In terms of his employment agreement, Roy Bagattini's annual allocations may be either RSP or PSP shares. The committee elected to award RSP shares with LTI performance conditions to Roy Bagattini for FY2023 and therefore no PSP shares were awarded to Roy.

		RSP	PSP	
	Basis	Number	Number	Face value R'000
Roy Bagattini	150% of GP	404 484		25 887
Reeza Isaacs	100% of GP		125 423*	6 864
Sam Ngumeni	100% of GP		151 927	8 287
TOTAL		404 484	277 350	41 038

^{*} Forfeited on his departure from the Group on 30 June 2023



	WEIGHTINGS AND PERFORMANCE CONDITIONS										
Measure	Weighting	Threshold (30% vesting)	On target (100% vesting)								
aHEPS	40%	aHEPS growth > SA CPI +1% per year	aHEPS growth > SA CPI +4% per year								
ROCE	40%	ROCE > WACC +1%	ROCE > WACC +3%								
ESG	20%		 BBBEE Level 4 Im FBH units per annum back to SA production All stores are plastic bag shopping free 								

All LTI allocations to executive directors and execs were made in line with the percentage allocations described in the Remuneration Policy tabled in the FY2022 Integrated Report.

SINGLE-FIGURE REMUNERATION FOR THE YEAR ENDED 25 JUNE 2023 (AUDITED)

The Group discloses the single-figure remuneration paid to executive directors in connection with the affairs of the Company and its subsidiaries during the year ended 25 June 2023 and comparatives for 26 June 2022.

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 INCEN		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
2023							
Roy Bagattini A\$	1 054	3	1 057	1 599	-	-	2 656
Rand equivalent	12 580	31	12 611	19 075	-	-	31 686
Roy Bagattini (6)	5 603	2 263	7 866	8 936	66 795	7 185	90 782
Total Roy Bagattini	18 183	2 294	20 477	28 011	66 795	7 185	122 468
Sam Ngumeni	8 423	548	8 971	13 658	71 870	2 637	97 136
Reeza Isaacs (7)	6 778	907	7 685	8 318	19 182	1 088	36 273
	33 384	3 749	37 133	49 987	157 847	10 910	255 877
2022							
Roy Bagattini A\$	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
Total Roy Bagattini			18 158	14 332	-	3 643	36 133
Sam Ngumeni	7 740	7 740 509 8 249		4 809	8 489	1 392	22 939
Reeza Isaacs (7)	6 450	416	6 866	5 116	5 831	401	18 214
	30 684	2 589	33 273	24 257	14 320	5 436	77 286



- 1. Benefits include retirement, healthcare, related benefits, long-service awards, and discounts received on purchases made in WHL Group stores.

- Guaranteed pay and other benefits: actual payments made in the financial year.
 Short-term incentives: amounts accrued in the financial year relating to the financial performance against target for the year.
 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 25 June 2023 of R65.39 (2022: 30-day VWAP R54.40).
 Dividends received during the financial year on all unvested RSP shares held during the year.
 Roy Bagattini's remuneration is paid in Rands and Australian dollars to reflect the time and focus spent in the different geographics.

- 7. Reeza Isaacs left the Group with effect from 30 June 2023. His pro rata vesting of RSP and PSP are shown in the fair value shares.





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 at 25 June 2023 are set out below.

				As at 26 June 2022		Awarde	d	Forfeite	ed	Sold or transferred		As	at 25 June 202	3		
Scheme	Award Date	Vesting Date	Expiry Date	Number	Price Rands	Number	Price Rands	Number	Price Rands (2)	Number	Price Rands	Realisation value (1) Rands	Vested	Unvested	Total	Fair value (3) Rands
ROY BAC	SATTINI															
RSP	20 Feb 2020	20 Feb 2023	20 Feb 2025	1 432 537	37.87					358 134	75.08	26 888 701		1 074 403	1 074 403	70 255 212
	17 Sep 2020	17 Sep 2023	17 Sep 2023	663 356	35.05									663 356	663 356	43 376 849
	26 Aug 2021	26 Aug 2024	23 Aug 2024	390 491	61.85									390 491	390 491	25 534 206
	01 Sep 2022	01 Sep 2025	01 Sep 2025			404 484	63.55							404 484	404 484	26 449 209
TOTAL				2 486 384		404 484				358 134		26 888 701		2 532 734	2 532 734	165 615 476
TOTAL				2 486 384		404 484								2 532 734	2 532 734	165 615 476
SAM NO	SUMENI															
RSP	23 Aug 2018	23 Aug 2022	23 Aug 2023	278 979	54.26					92 992	58.19	5 411 204		185 987	185 987	12 161 690
	17 Sep 2020	17 Sep 2023	17 Sep 2023	671 424	35.05									671 424	671 424	43 904 415
TOTAL				950 403						92 992		5 411 204		857 411	857 411	56 066 105
PSP	29 Aug 2019	29 Aug 2022	29 Aug 2022	142 918	51.78	12 205		92 198		62 925	58.19	3 661 606		-	-	
	17 Sept 2020	17 Sept 2023	17 Sept 2023	222 976	35.18			13 479*						209 497	209 497	13 699 009
	26 Aug 2021	26 Aug 2024	23 Aug 2024	131 197	59.79			7 931*						123 266	123 266	8 060 364
	01 Sep 2022	01 Sep 2025	01 Sep 2025			151 927	54.73	5 334*						146 593	146 593	9 585 716
TOTAL				497 091		164 132		118 942		62 925		3 661 606		479 356	479 356	31 345 089
TOTAL				1 447 494		164 132		118 942		155 917		9 072 810		1 336 767	1 336 767	87 411 194

^{*} Forfeited due to share buy-back adjustment (see page 114).

Realisation value: taxable value realised by the individual on sale or transfer of awards.
 The grant price is the volume weighted average price of a share, as quoted on the Johannesburg Stock Exchange, for the five business days immediately preceding the date of grant. The grant price for RSP is the price of a share, as quoted on the Johannesburg Stock Exchange, on the date the share is purchased.
 Fair value calculated based on 30-day VWAP at 25 June 2023 of R65.39 (2022: R54.40), 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 at 25 June 2023 are set out below.

			As at 26 June 2022		Awarded		Forfeited		Sold or transferred			As at 25 June 2023				
Scheme	Award Date	Vesting Date	Expiry Date	Number	Price Rands	Number	Price Rands (2)	Number	Price Rands	Number	Price Rands	Realisation value (1) Rands	Vested	Unvested	Total	Fair value (3) Rands
REEZA IS	AACS															
RSP	23 Aug 2018	23 Aug 2022	23 Aug 2023	162 777	54.26					54 259	58.19	3 157 331		108 518	108 518	7 095 992
	06 Dec 2021	06 Dec 2024	06 Dec 2024	245 151*	53.72									245 151	245 151	0
TOTAL				407 928						54 259		3 157 331		353 669	353 669	7 095 992
PSP	29 Aug 2019	29 Aug 2022	29 Aug 2022	119 967	51.78	10 245		77 392		52 820	58.19	3 073 596		-	-	
	17 Sept 2020	17 Sept 2023	17 Sept 2023	187 168	35.18			11 314**						175 854	175 854	11 499 093
	26 Aug 2021	26 Aug 2024	23 Aug 2024	110 128*	59.79			6 658**						103 470	103 470	0
	01 Sep 2022	01 Sep 2025	01 Sep 2025			125 423*	54.73	4 402**						121 021	121 021	0
TOTAL				417 263		135 668		99 766		52 820		3 073 596		400 345	400 345	11 499 093
TOTAL				825 191		135 668		99 766		107 079		6 230 927		754 014	754 014	18 595 075

^{*} Forfeited as a result of his resignation

NOTES

^{**} Forfeited due to share buy-back adjustment (see page 114).

Realisation value: taxable value realised by the individual on sale or transfer of awards.
 The grant price is the volume weighted average price of a share, as quoted on the Johannesburg Stock Exchange, for the five business days immediately preceding the date of grant. The grant price for RSP is the price of a share, as quoted on the Johannesburg Stock Exchange, on the date the share is purchased.
 Fair value calculated based on 30-day VWAP at 25 June 2023 of R65.39 (2022: R54.40), 100% vesting probability for unvested PSP awards and 100% vesting for RSP awards.



NON-EXECUTIVE DIRECTORS' FEES AND EMOLUMENTS (AUDITED)

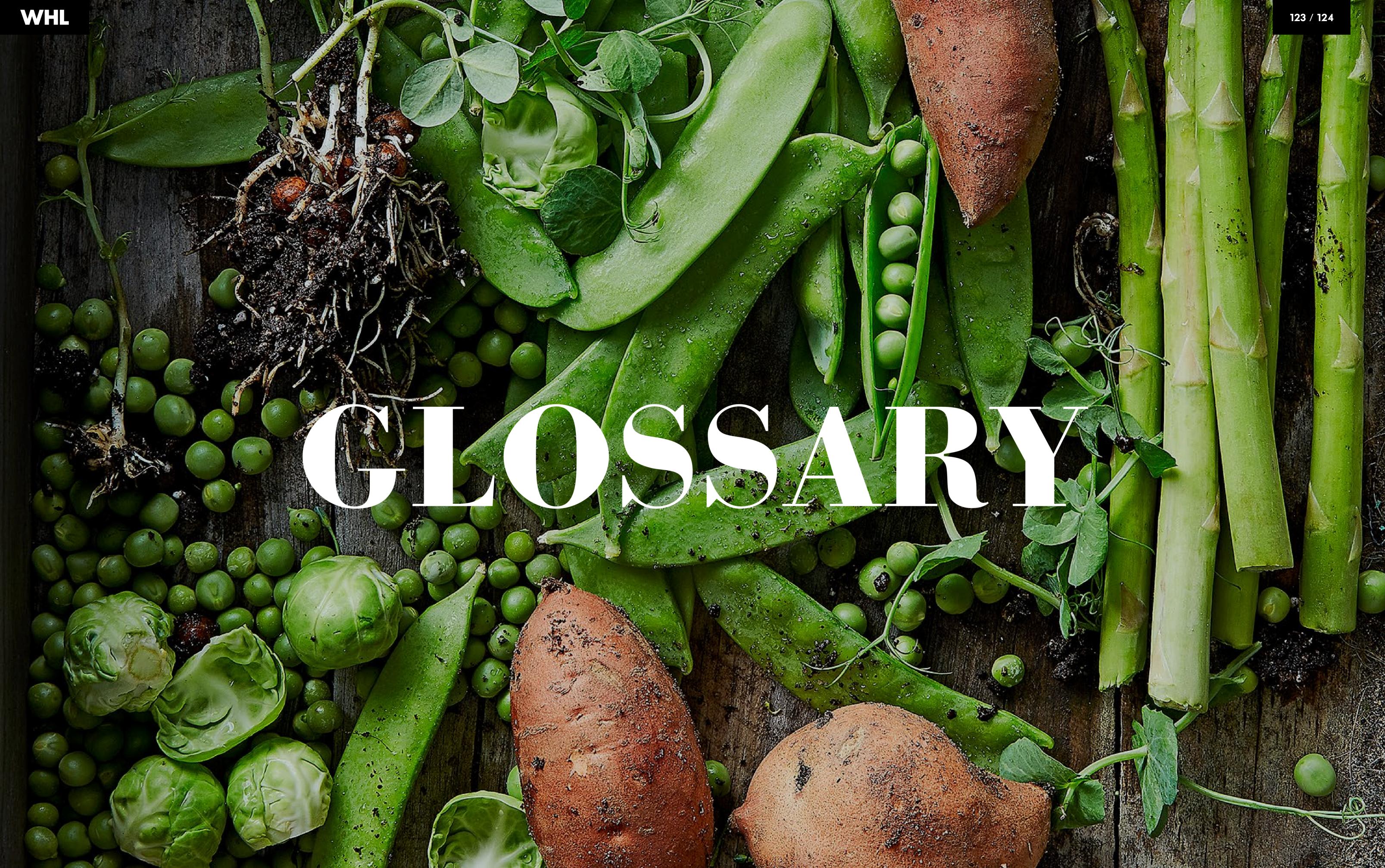
Emoluments paid to non-executive directors of Woolworths Holdings Limited in connection with the affairs of the Company and its subsidiaries during the year ended 25 June 2023 and comparatives for 26 June 2022 are set out below.

2023											
	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, Information and Technology 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		2 407	-	200	138	137	125	125	139	27	3 298
Lwazi Bam	(3)	77	36	-	-	24	-	-	-	3	140
Christopher Colfer		1 679	213	125	137	137	-	-	-	-	2 291
Rob Collins	(4)	947	-	-	-	104	-	-	-	-	1 051
Belinda Earl		1 515	-	-	-	137	-	213	-	-	1 865
David Kneale		450	-	125	303	263	-	-	-	47	1 188
Phumzile Langeni	(5)	219	104	-	-	67	-	-	-	4	394
Nombulelo Moholi	(6)	844	-	125	138	137	125	125	-	72	1 566
Thembisa Skweyiya		450	212	-	-	138	213	125	139	19	1 296
Clive Thomson		450	388	-	-	138	125	-	262	50	1 413
		9 038	953	575	716	1 282	588	588	540	222	14 502

	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, Information and Technology 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	(7)	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		430	-	119	204	172	-	-	-	27	952
Phumzile Langeni		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

NOTES

- 1. Directors' fees are exclusive of VAT.
- Directors fees are exclusive of VAT.
 Benefits are discounts received on purchases made in WHL Group stores and additional services undertaken by Christopher Colfer for the sale of David Jones.
 Lwazi Bam joined the Board effective 1 May 2023 and was appointed as a member of the Risk, Information and Technology and Audit Committees on that date.
 Rob Collins joined the Board effective 1 October 2022 and was appointed as a member of the Risk, Information and Technology Committee on that date.
 Phumzile Langeni resigned from the Board effective 31 December 2022.
 Nombulelo Moholi was appointed as the Lead Independent Director effective 7 July 2022.
 Zarina Bassa resigned from the Board effective 3 March 2022.



ABBREVIATIONS USED IN THIS INTEGRATED ANNUAL REPORT

Α

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

В

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; Former wholly owned subsidiary of WHL based mainly in Australia. Was sold off during FY2023

dtic: Department of Trade, Industry and Competition

Ε

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

Н

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

HDSA: Historically Disadvantaged South Africans

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

- 1

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

0

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

Т

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

V

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 two operating subsidiaries, including Woolworths Proprietary Limited (Woolworths or WSA) 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

Υ

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

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

For company-specific information, visit

f Country Road | Mimco | Trenery | Politix | Witchery

We appreciate any feedback on our Integrated Report. Please contact <u>InvestorRelations@woolworths.co.za</u>