

WOOLWORTHS HOLDINGS LIMITED

REMUNERATION REPORT

2023

As extracted from the 2023 Integrated Annual Report

START



OUR REMUNERATION REPORT



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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 page 116), 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

100%

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 pay-outs 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

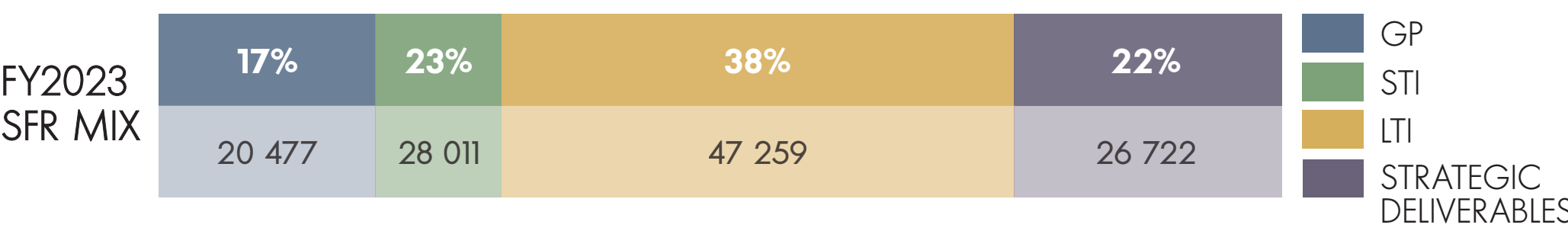
The outcomes of the three-year performance LTI allocations awarded in September 2020 were reviewed to determine whether the performance conditions had been met and whether vesting would take place. The performance measures were aHEPS, relative HEPS, ROCE, and a reduction in the Group’s debt levels.

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 percentagel).

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.

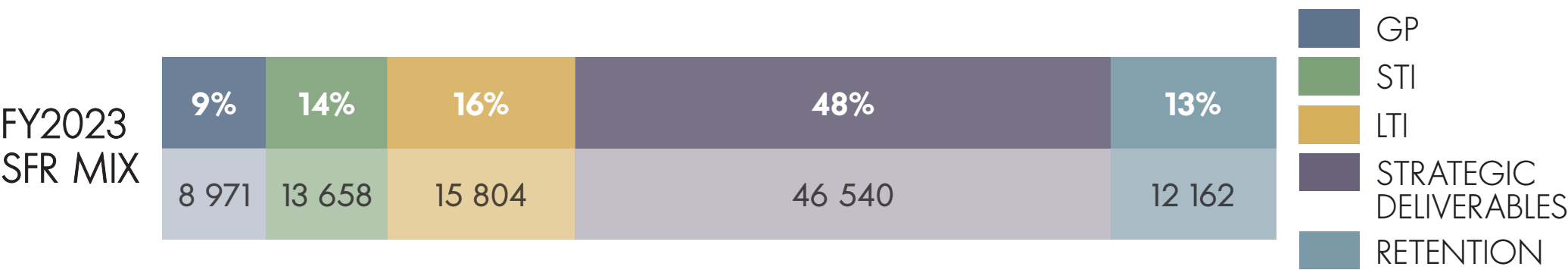
As a reminder, the strategic deliverables are:

- 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.

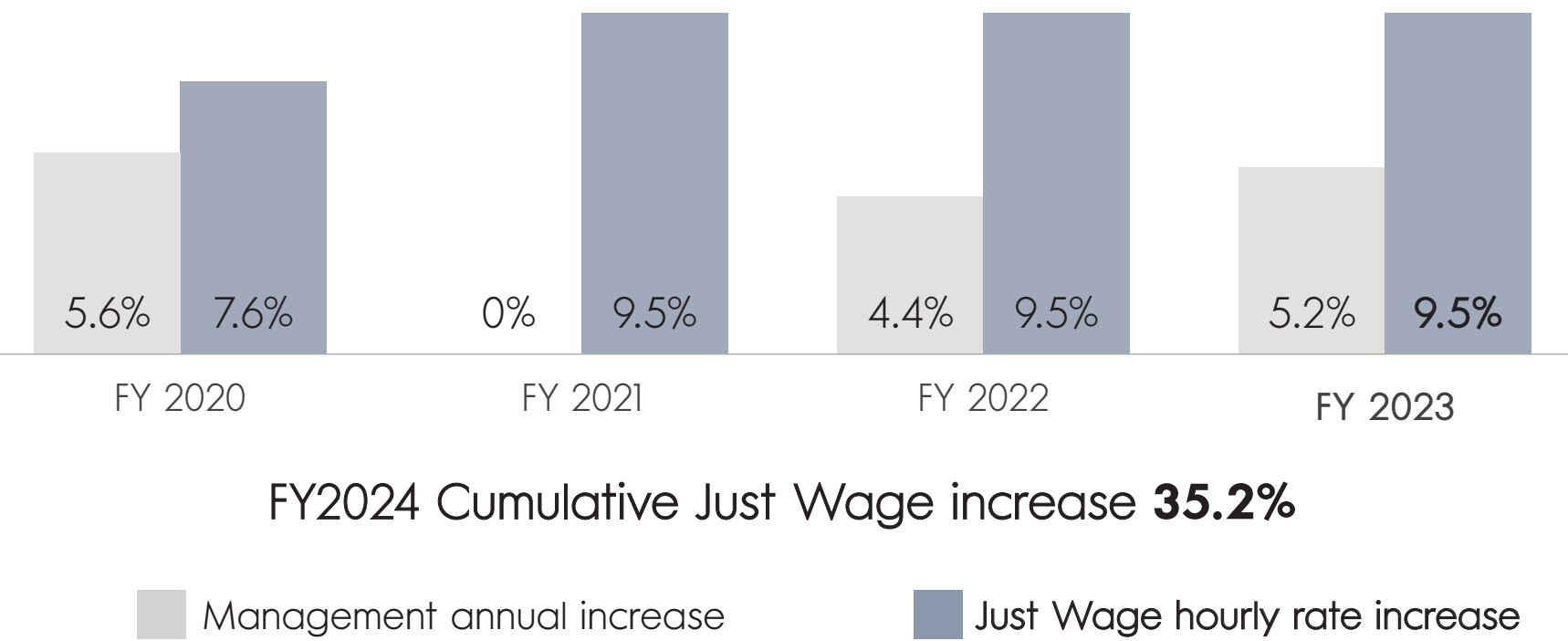
Directors’ fees paid to Australia-based directors were below the mid-quartile and individual committee fees were also below the market. The Board is recommending an adjustment (for shareholder approval) for Australia-based annual directors’ fees to A\$170 000 from A\$143 000 and an annual committees’ 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.



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

	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 Kneale
Chairman of the Remuneration and Talent Management Committee

THIS REPORT IS STRUCTURED AS FOLLOWS:

AT A GLANCE

High level summaries of our Remuneration Policy and the Implementation Report



REMUNERATION POLICY

More detailed information on our 2024 financial year Remuneration Policies and practices applicable to the executive directors and other staff. Will be voted on at the AGM on 22 November 2023

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

INTRODUCED LONG-TERM INCENTIVE PERFORMANCE PLAN

WSA
PERFORMANCE
SHARES



AFRICA

CRG
PERFORMANCE
UNITS



AUSTRALIA

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



BBBEE



FOOD SUSTAINABILITY
ATTRIBUTES

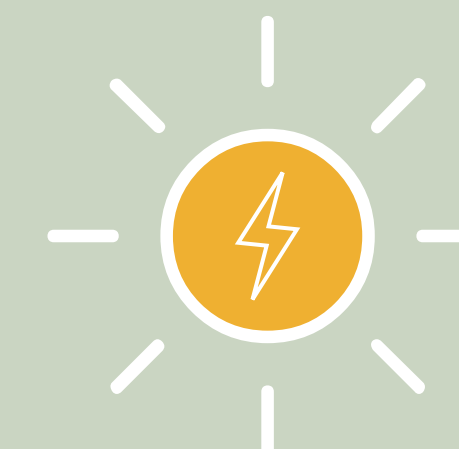


FBH LOCAL
SOURCING



ELECTRICITY
CONSUMPTION

CRG



RENEWABLE
ENERGY OR
GREEN POWER



PACKAGING
RECYCLABLE OR
REUSABLE

REMUNERATION OUTCOMES

BASED ON THE 2023 FINANCIAL YEAR PERFORMANCE

GROUP
PERFORMANCE

STRATEGIC
DELIVERY
ON TRACK

+21.3%
aEBIT growth

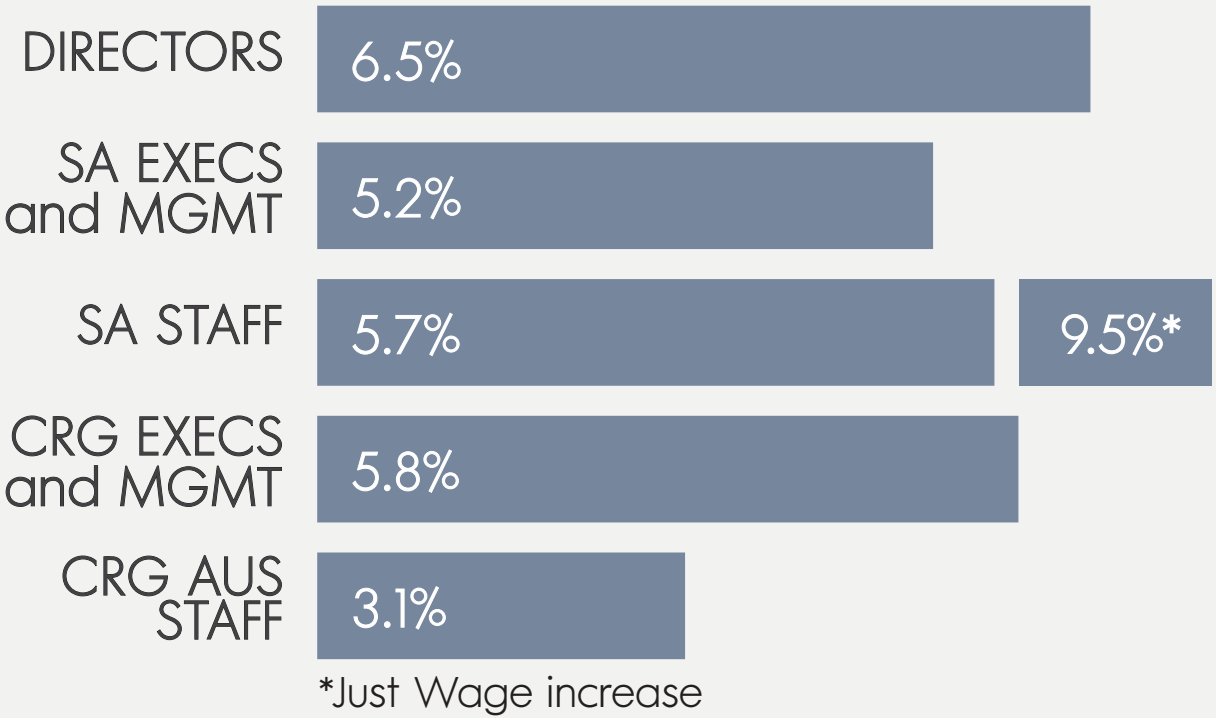
516.8 CPS
aHEPS

23.5%
ROCE

0.9X
Net debt:EBITDA
including lease obligations

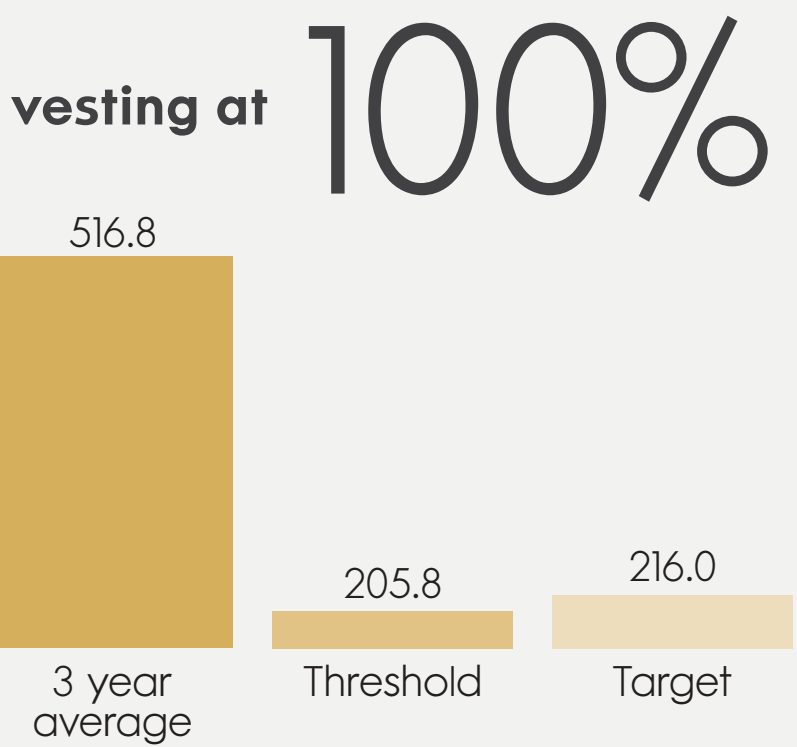
GUARANTEED PAY

Increase effective 1 October 2022

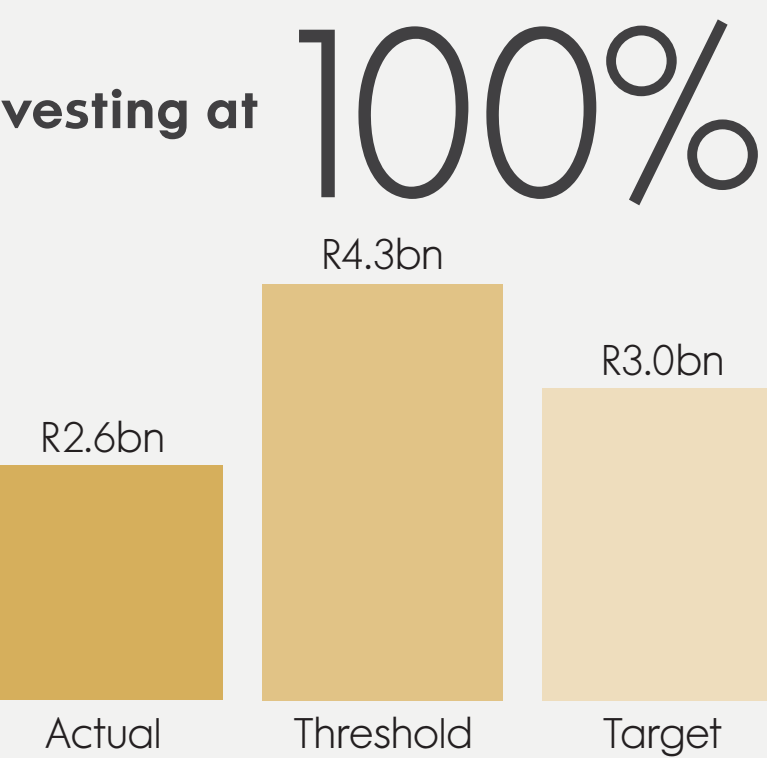


OUTSTANDING aHEPS GROWTH

Linked to FY2023 performance



Net gearing significantly lower



HEALTHY LONG-TERM PERFORMANCE EXCEEDS TARGETS
FY2021 – FY2023

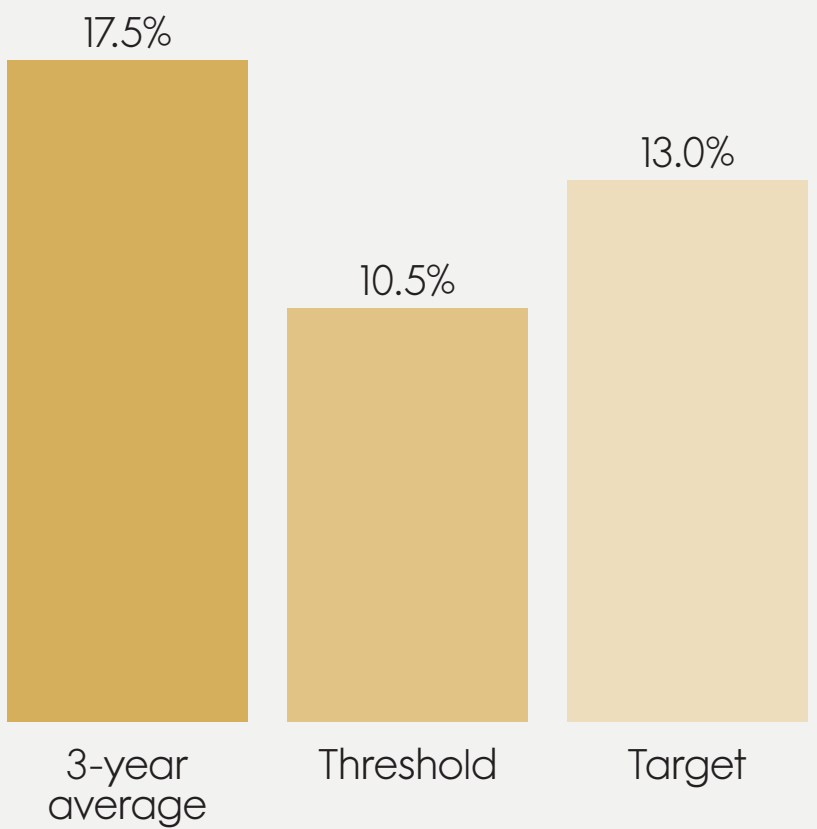
STRONG SHORT-TERM INCENTIVES

Performance well above target

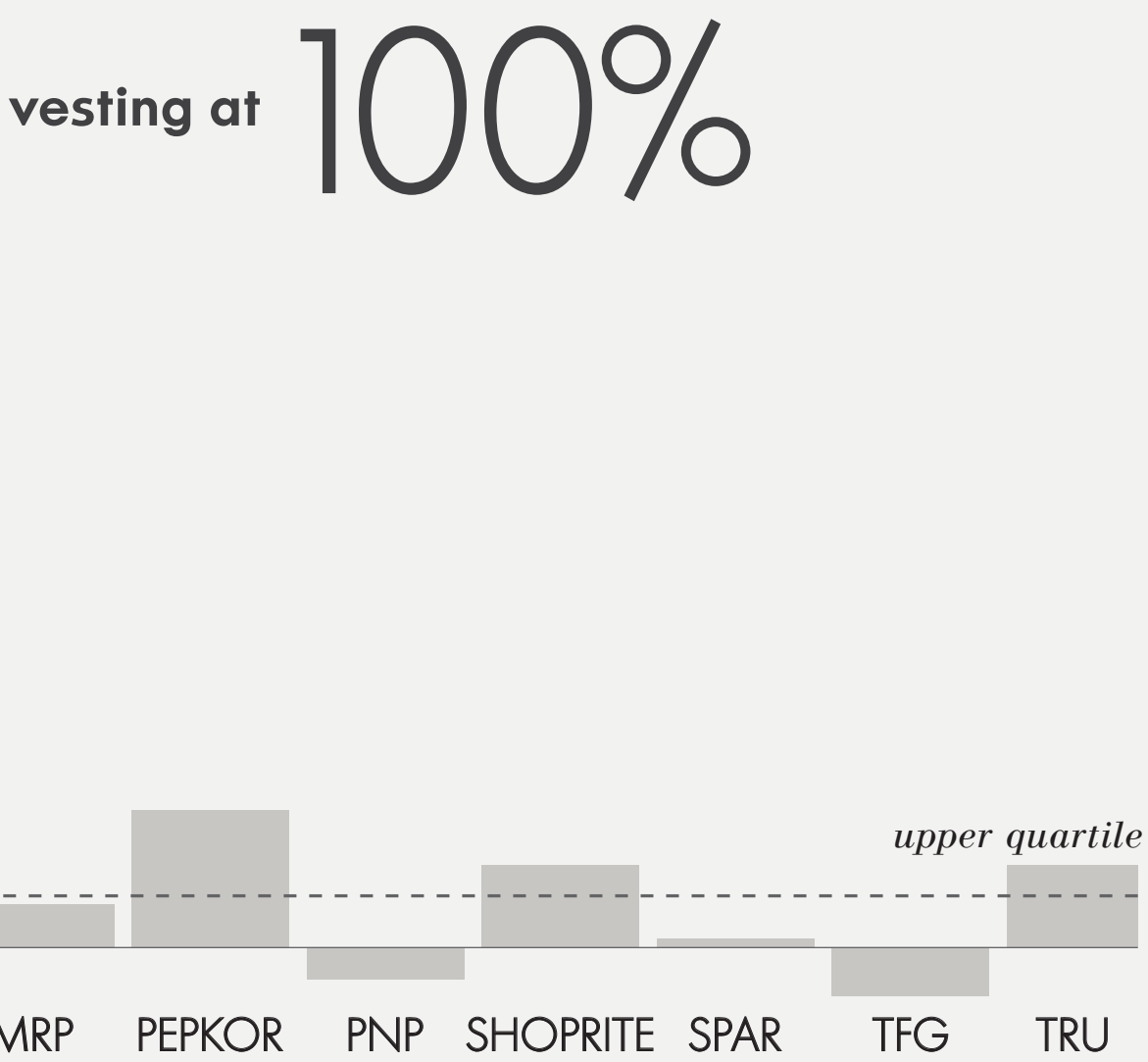
Corporate STI payouts
for employees



ROCE exceeds WACC
vesting at 100%



Relative HEPS growth above upper quartile



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 IV™. In order to provide a more comprehensive view, policies applicable either to different levels of employee and/or different geographic areas are included where appropriate.



The 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 commitment, 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 IV™ 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			
GUARANTEED PAY		VARIABLE 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

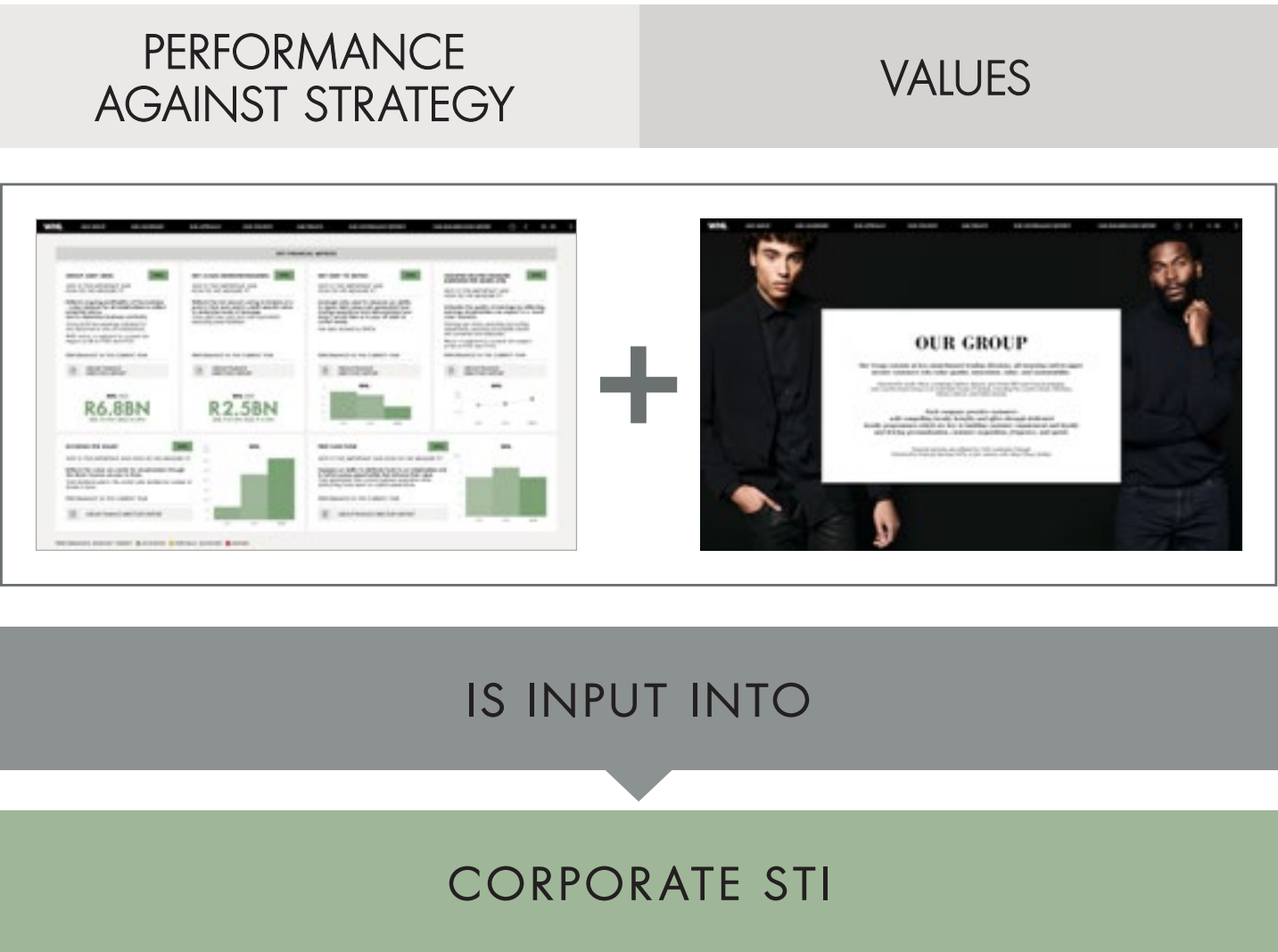
ALIGNMENT TO STRATEGY

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.

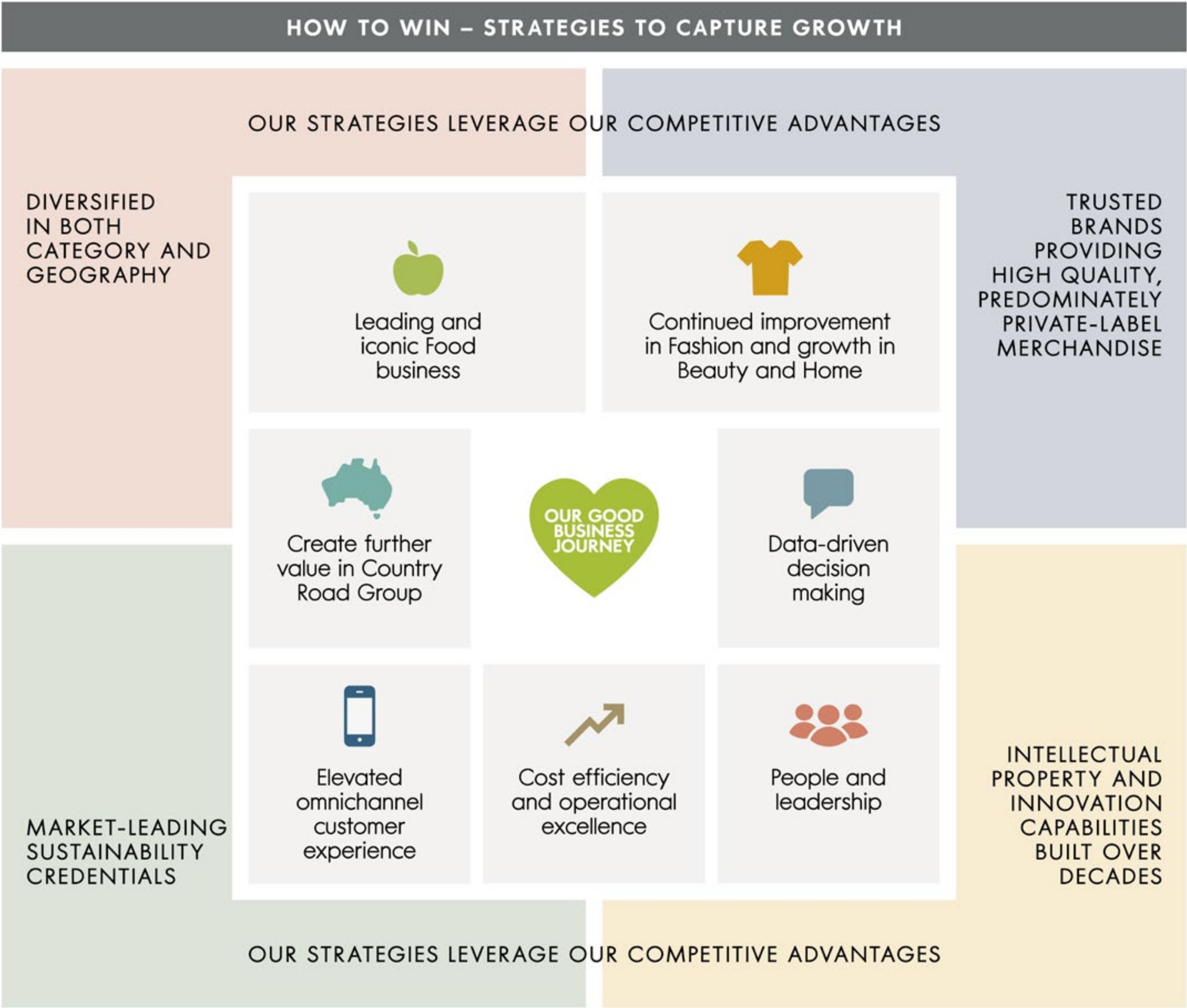
Achievement of these measures improves the opportunity to increase the contribution of variable pay for executive directors and senior management levels.

INTEGRATED BUSINESS PLAN (3 YEARS)	INCLUDED IN	PERFORMANCE CONDITIONS MEASURES		
		BALANCED SCORECARD	SHORT-TERM INCENTIVES (1 YEAR)	LONG-TERM INCENTIVES (3-5 YEARS)
Sales	INCLUDED IN	●		
aEBIT		●	●	
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)

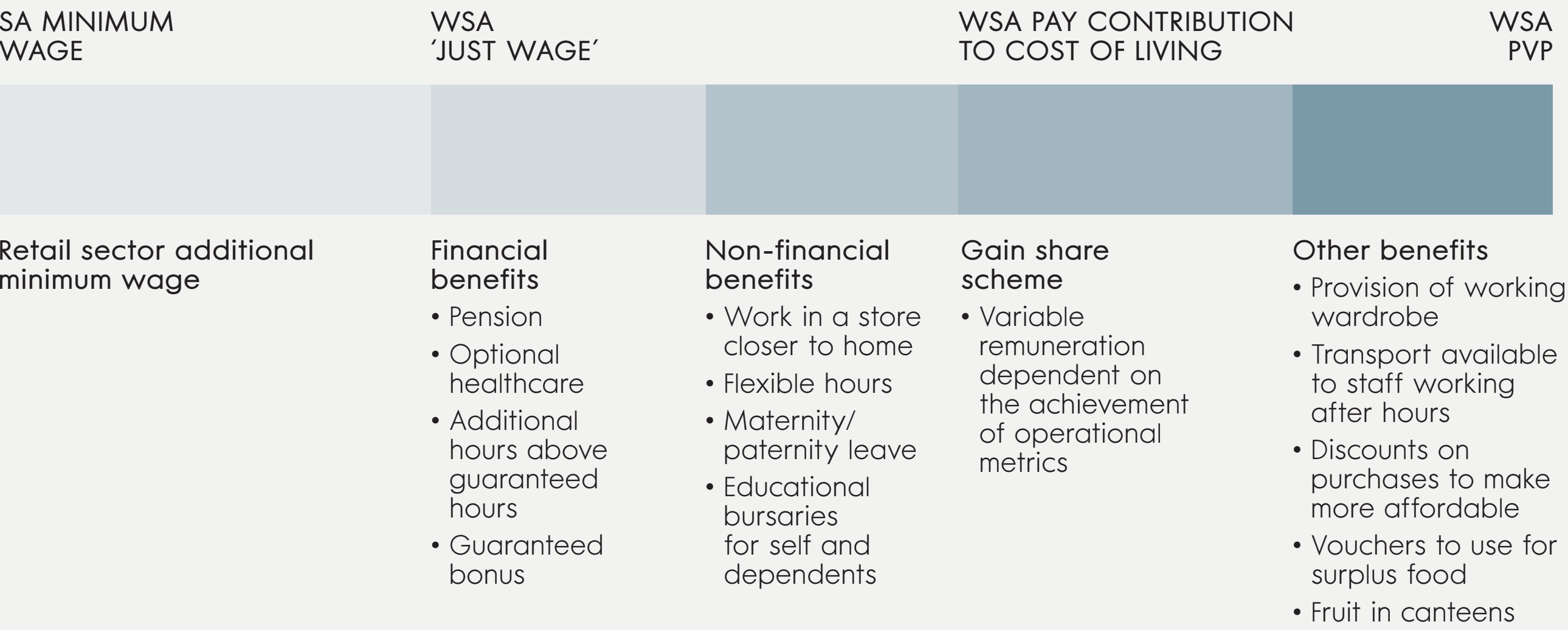
- all permanent employees of the Group (excluding certain categories of employees in Australia subject to bargaining arrangements) participate in some form of short-term incentive or store and distribution gain-share schemes
- all permanent employees participate in equal measure on product discounts
- 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 socio-economic environment of South Africa. It is also based on driving economic inclusion, mainly for employees in our stores and distribution centres.

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, which is illustrated below.



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

GUARANTEED PAY	
BASE SALARY	OTHER BENEFITS
<p>PURPOSE AND LINK TO STRATEGY</p> <p>Market-related level of remuneration with consideration to specific requirements of the role</p>	<p>PURPOSE AND LINK TO STRATEGY</p> <p>Benefits and allowances of a compulsory and non-compulsory nature appropriate to the market and contribute to wellbeing of employees, in line with PVP</p>
<p>MECHANICS</p> <p>Reviewed annually against retail peer companies in South Africa, Australia, and other countries in which the Group trades</p> <p>Market conditions, company performance, internal comparability and individual performance and responsibility are taken into consideration</p> <p>Includes performance against financial and non-financial objectives and individual behaviour against Group values</p> <p>No obligation to increase base salary</p>	<p>MECHANICS</p> <p>Benefits include:</p> <ul style="list-style-type: none">• 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
<p>OPPORTUNITY</p> <p>Base salary reviewed in context of company and Group performance, in-country CPI, and affordability</p>	<p>OPPORTUNITY</p> <p>Some benefits and the quantum of benefits will vary according to Group’s subsidiaries and the market in which they trade</p>



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 two-year clawback provisions apply to the Group CEO, executive directors, and Execs

SHORT-TERM INCENTIVES		LONG-TERM INCENTIVES					
SHORT-TERM INCENTIVE SCHEME		FORFEITURE PERFORMANCE UNITS (FPU)		FORFEITURE PERFORMANCE SHARES (FPS)		RESTRICTED SHARE PLAN (RSP)	
PURPOSE Motivate executives and senior management to achieve short-term strategic, financial, and non-financial objectives in the one-year business plan		PURPOSE Motivate employees to achieve three-year strategy aligning shareholder and executive interests				PURPOSE Retain and motivate employees who are key to the delivery of 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 (individual) The target is determined annually in advance Financial STI calculated as follows: <ul style="list-style-type: none">• Group CEO: 100% based on Group performance• Group COO: 25% Group performance and 75% WSA performance• Group FD: 100% based on Group performance• CRG CEO: 20% based on Group performance and 80% on CRG performance• WSA CEO FBH and WSA CEO Food: 20% Group, 20% WSA and 60% FBH or Food performance• Execs: 10% based on Group performance with remaining 90% based on line of sight to company and/or specific business area performance Strategic objective measures are specific to each employee Earnings potential is applied on a sliding scale between threshold and on-target. After on-target performance a STEP approach follows until individual maximums have been achieved		MECHANICS Participants are entitled to the delivery of conditional awards in shares after three years from date of grant provided that certain performance conditions are met Vesting occurs subject to the achievement of performance conditions over the three-year performance period Vesting occurs on a linear scale in accordance with an agreed threshold and stretch target Participants receive a payment settled in equity on vesting equal to the value of vested shares and dividends paid on the vested shares during the vesting period		MECHANICS Participants are allocated Performance shares in the form of restricted equity with three-year performance conditions. Shares are held in escrow and are restricted for the full vesting period. Vesting occurs subject to the achievement of performance conditions over the three-year performance period Vesting occurs on a linear scale in accordance with an agreed threshold and stretch target Participants are entitled to receive dividends during the vesting period		MECHANICS Participants are allocated Restricted Shares with three-to five-year performance conditions Vesting and ownership to participants occurs on condition that the participant is still in the employ of the Group on the expiry of the agreed vesting period and any applicable performance conditions are achieved Participants are entitled to receive dividends during the vesting period	
OPPORTUNITY AND MAXIMUM LIMIT On-target and stretch performance of GP: <div><div>Group CEO</div><div>100%</div><div>200%</div></div> <div><div>Group COO and Group FD</div><div>80%</div><div>160%</div></div> <div><div>WHL Exco:</div><div>80% to 160%</div></div> <div><div>Execs:</div><div>WSA</div><div>20% to 50%</div><div>40% to 100%</div></div> <div><div>AUS</div><div>20% to 45%</div><div>40% to 90%</div></div>		OPPORTUNITY AND MAXIMUM LIMIT Grants are made annually at the discretion of the committee based on GP at grant date. Allocations capped at: <div><div>CRG CEO</div><div>100%</div></div> <div><div>CRG Exco</div><div>46% to 50%</div></div> <div><div>CRG senior management</div><div>20% to 25%</div></div>		OPPORTUNITY AND MAXIMUM LIMIT Grants are made annually at the discretion of the committee based on GP at grant date. Allocations capped at: <div><div>Group CEO</div><div>150%</div></div> <div><div>WHL Exco</div><div>100%</div></div> <div><div>Execs (WSA)</div><div>15% to 80%</div></div>		OPPORTUNITY AND MAXIMUM LIMIT Grants are made as appropriate and at the discretion of the committee based on GP at grant date	
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 (IPMI)		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 (IPMI)		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 (IPMI)		PERFORMANCE CONDITIONS Achievement of agreed strategic initiatives or other performance conditions agreed by the committee from time to time	
		PERFORMANCE CONDITIONS		WEIGHTING		MEASUREMENT	
		VESTING		VESTING		VESTING	
		adHEPS growth		40%		3-year CAGR of adHEPS > SA CPI	
		ROCE		40%		WHL ROCE performance > WACC from IBP	
		ESG		20%		WSA ESG scorecard measures	
		CRG FPU FINANCIAL PERFORMANCE CONDITIONS		CRG FPU FINANCIAL PERFORMANCE CONDITIONS		CRG FPU FINANCIAL PERFORMANCE CONDITIONS	
		adHEPS growth		40%		3-year CAGR of WHL adHEPS > SA CPI	
		ROCE		40%		CRG ROCE performance > WACC from IBP	
		ESG		20%		CRG ESG measures	
OTHER 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 SHAREHOLDING REQUIREMENT • Group CEO: 200% • Group COO and FD: 150% • WHL 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 IV™ 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 IV™ recommendations	
		OTHER Rules governing cessation of employment, change in control and delisting as per scheme rules aligned with King IV™ 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 IV™ 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™ 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 non-executive 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.

EMOLUMENTS

FEES	BENEFITS
<p>CHAIRMAN, LEAD INDEPENDENT DIRECTOR, AND DIRECTORS</p> <p>A market-related fee to attract and retain high calibre and experienced non-executive directors</p> <p>Fees are independently benchmarked on a biennial basis</p>	<p>MECHANICS</p> <p>Non-executive directors receive product discounts on purchases made in Group stores. No other benefits are provided.</p> <p>Non-executive directors do not participate in any STI or LTI schemes.</p>
<p>COMMITTEE MEMBERSHIP</p> <p>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</p>	
<p>MECHANICS</p> <p>Non-executive director fees are approved by shareholders annually</p> <p>Fees are based on an annual construct as directors provide input throughout the year, not merely confined to attendance at meetings</p> <p>International-based director fees are based on relevant market-related fees and paid in the currency of that country</p> <p>Fees reflect the time commitment, demands, international travel requirements, responsibilities, and calibre</p> <p>Audited non-executive directors’ fees for the 2023 financial year are shown on page 122</p>	
<p>SERVICE CONTRACTS</p> <p>Non-executive directors do not have service contracts. They serve the company through letters of appointment, which may be terminated without liability for compensation</p> <p>Non-executive directors must be re-elected by shareholders at an AGM on a rotational basis, usually at three-year intervals</p>	
<p>OTHER</p> <p>Fees are paid quarterly with no additional fees paid for ad hoc committee meetings</p> <p>All travel and accommodation expenses are settled by the Company</p>	

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.

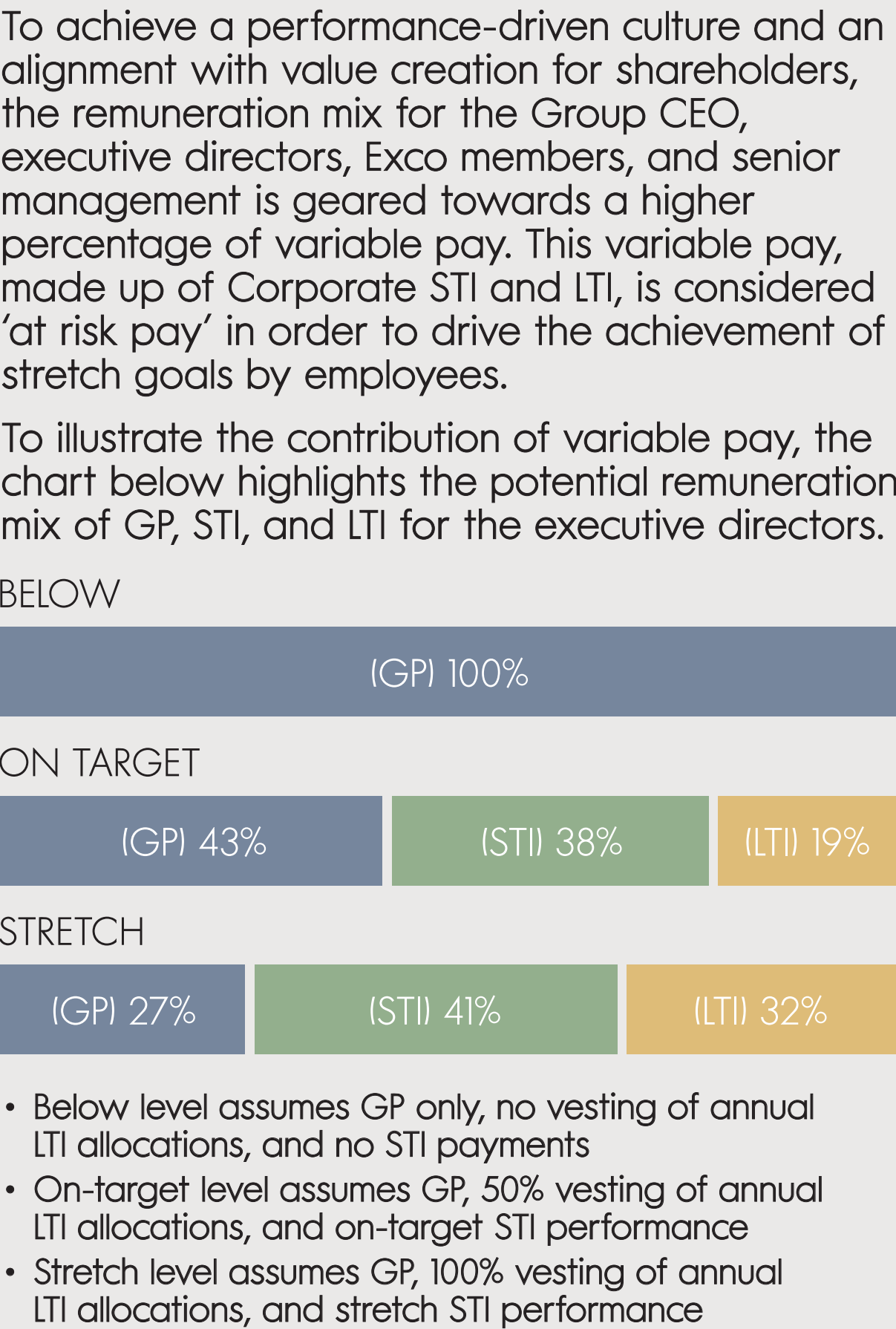
COMMITTEE DISCRETION

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



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.

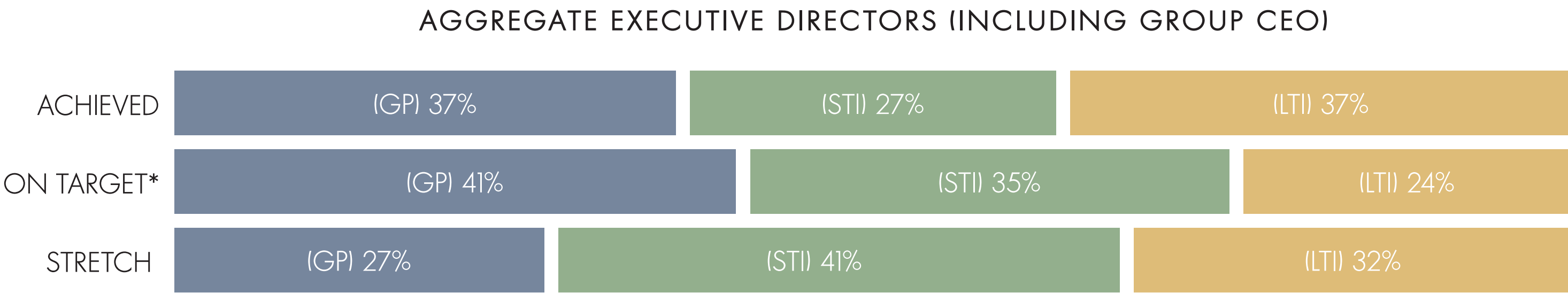


Witchery, Autumn 2023

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.



	% INCREASE	
Group CEO and executive directors	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	

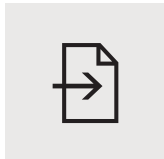
GUARANTEED PAY

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

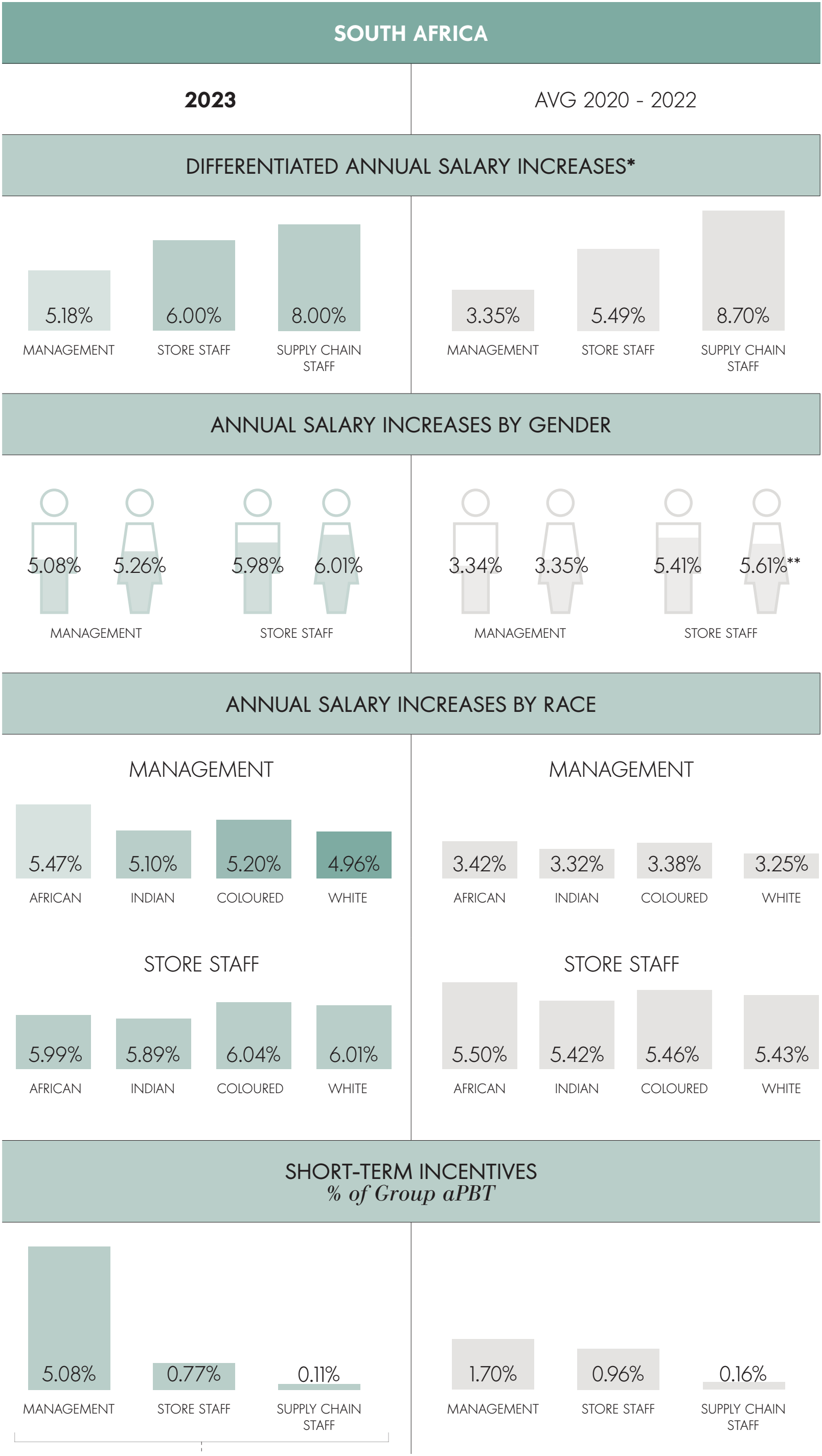
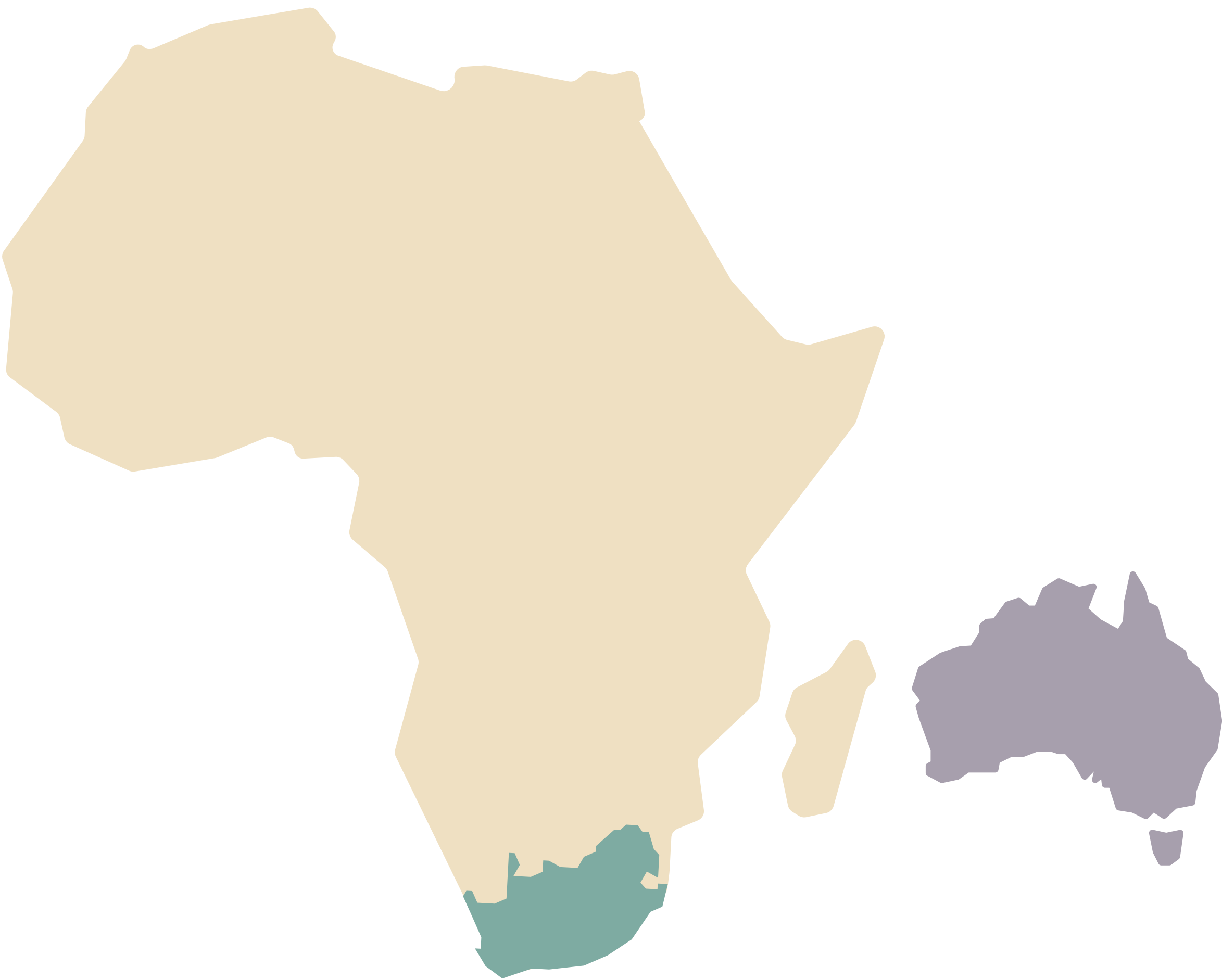
Inflation-based increases were effective 1 October 2022.

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.

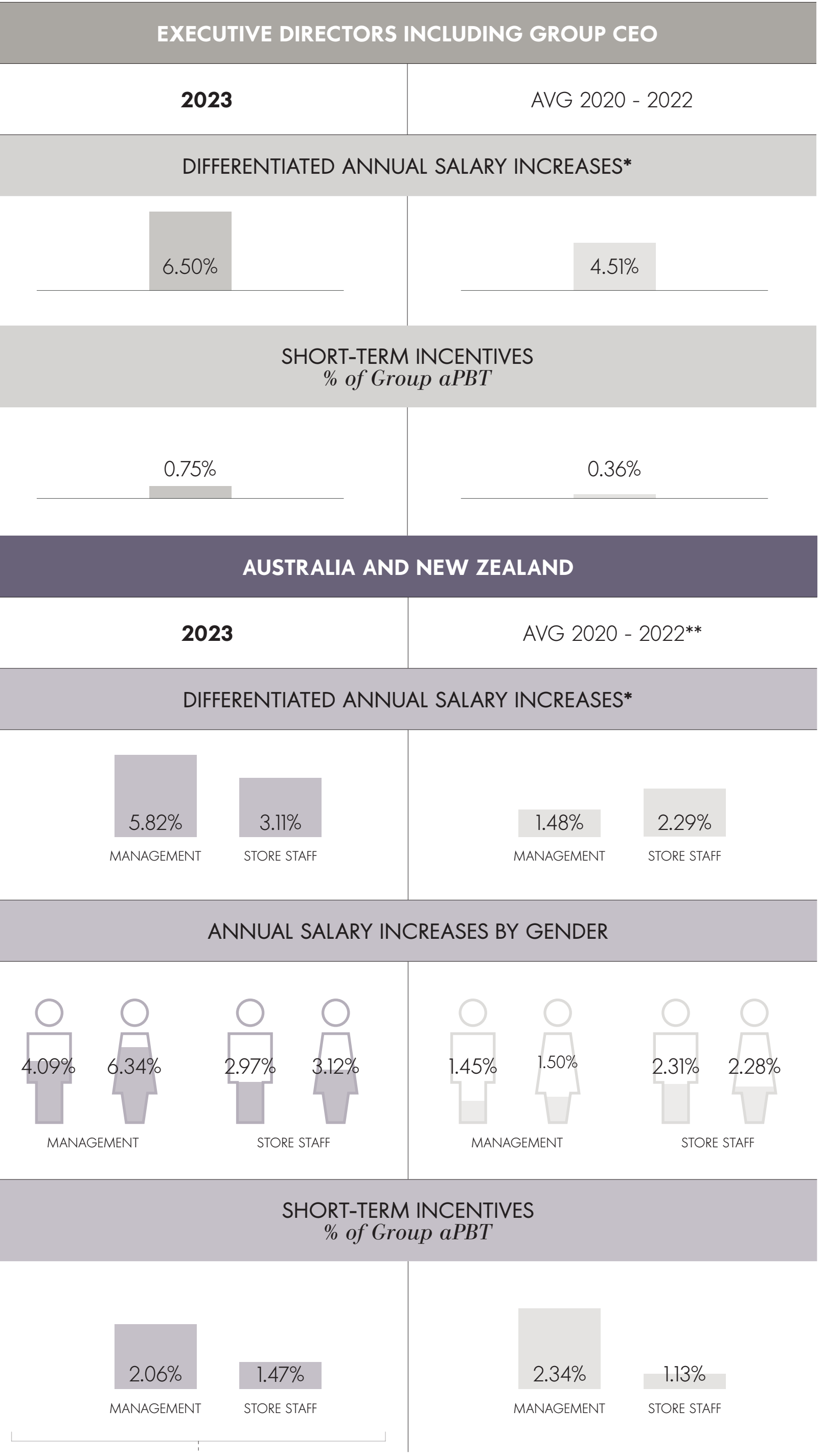
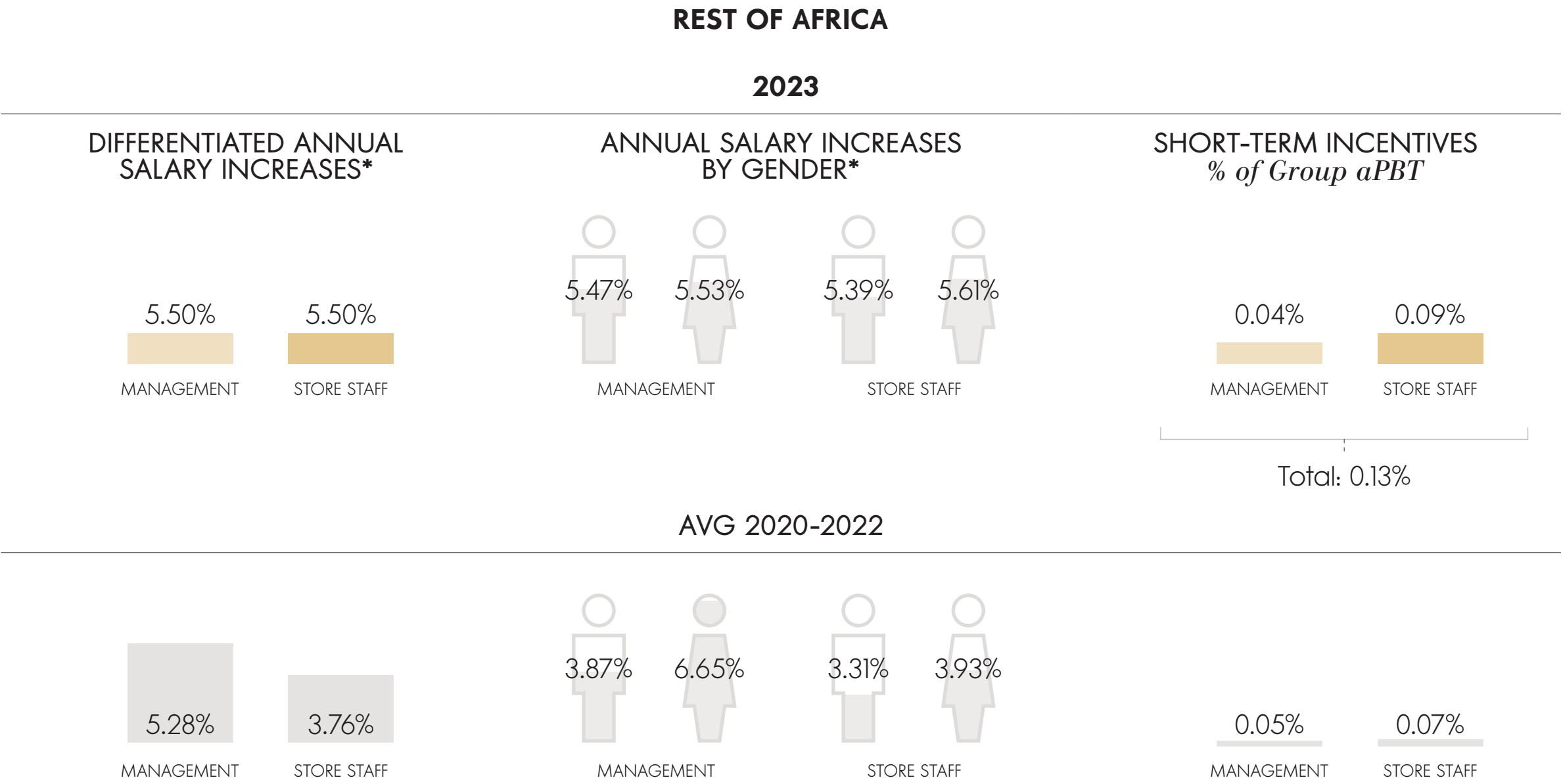
The guaranteed pay (included in single-figure remuneration) of executive directors is shown on [page 119](#).



FAIR AND RESPONSIBLE PAY BAROMETER



* effective 1 October 2022



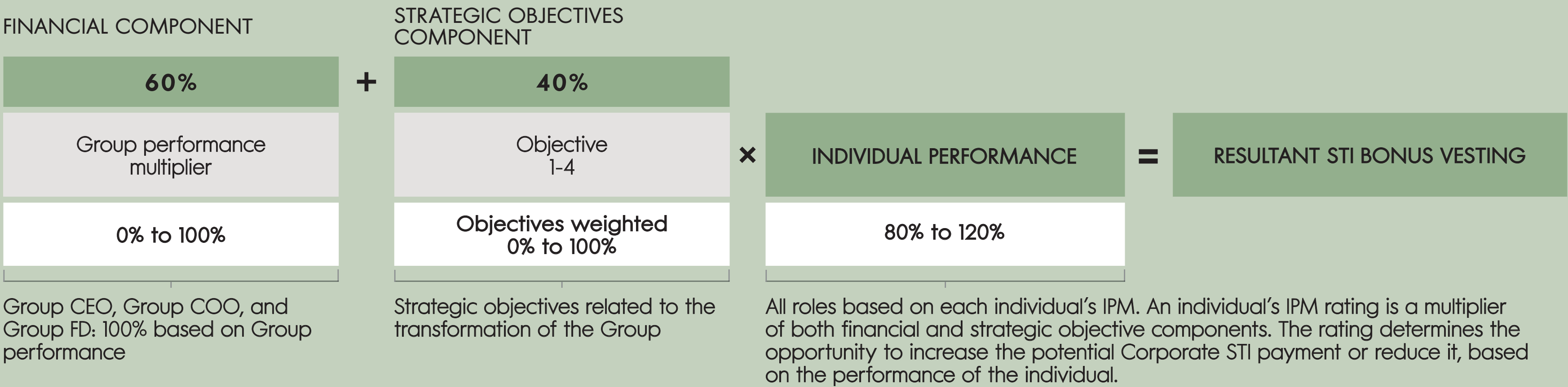
** History includes David Jones

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:



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 accounts, pre-IFRS 16 and pre-STI payments	> R5 584	R6 693	120
WSA aEBIT		> R5 209	R5 356	102
CRG aEBIT		> 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 BAGATTINI			TOTAL
Guaranteed Pay	A\$1.06m	R6.0m	R18.7m
Corporate STI payment	A\$1.6m	R9.0m	R28.0m
S NGUMENI			R ISAACS
Guaranteed Pay	R9.1m	R7.2m	
Corporate STI payment	R13.6m	R8.3m	

* pre-IFRS 16 and pre-incentives

Roy Bagattini - Group Chief Executive Officer		
	Financial	Strategic
WEIGHTING	60%	40%
PERFORMANCE	over-achieved	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
- 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		

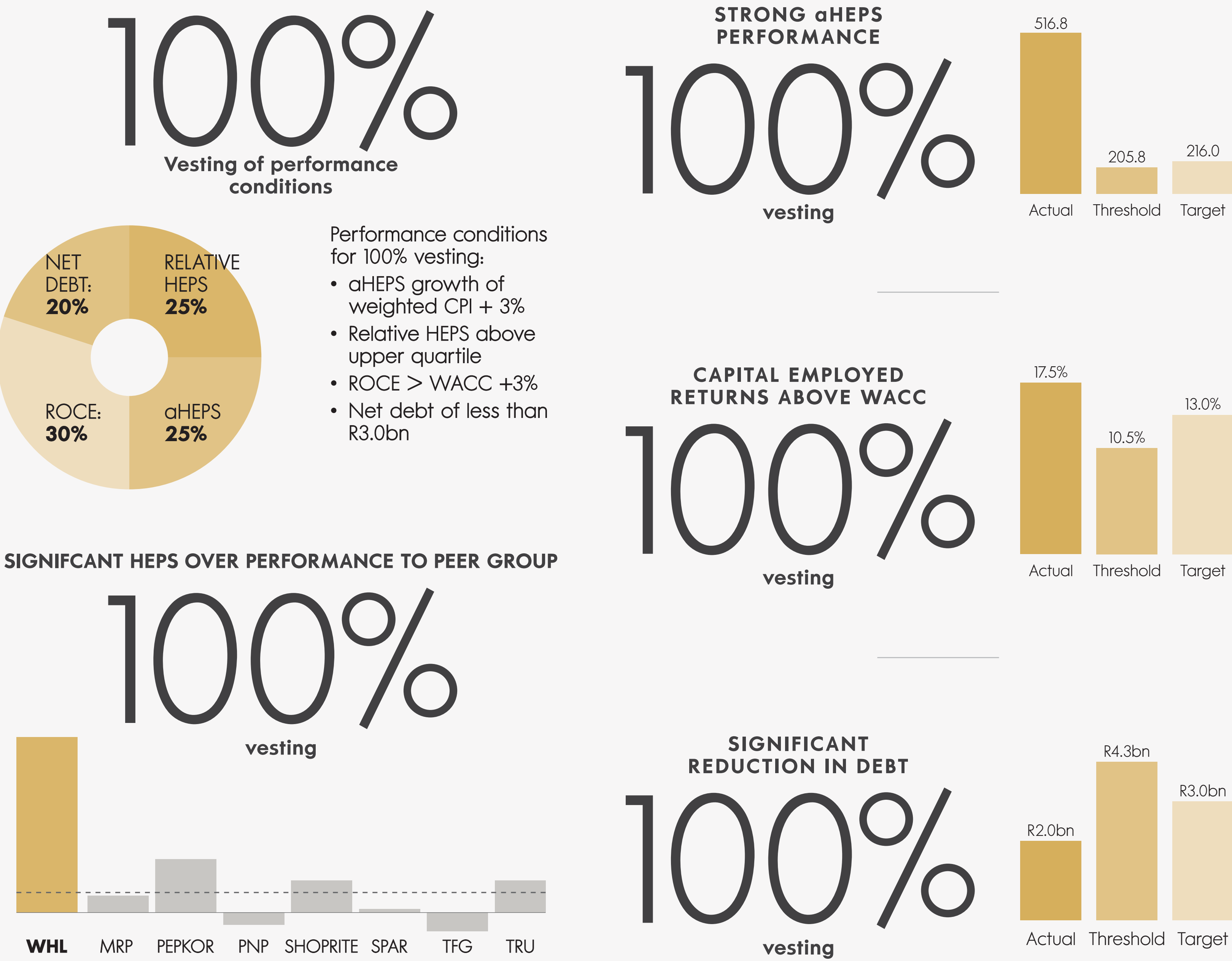
- STRATEGIC PERFORMANCE
- The Group’s digital and data strategy
 - Value-accretive data insights initiatives
 - Refreshed supply chain strategies

Reeza Isaacs - Group Finance Director		
	Financial	Strategic
WEIGHTING	60%	40%
PERFORMANCE	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



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	Face value R'000
Basis		Number	Number	
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%		<ul style="list-style-type: none">• BBBEE Level 4• 1m 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-TERM INCENTIVES		SINGLE-FIGURE REMUNERATION
		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
Notes								
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	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

NOTES

- 1. Benefits include retirement, healthcare, related benefits, long-service awards, and discounts received on purchases made in WHL Group stores.
- 2. Guaranteed pay and other benefits: actual payments made in the financial year.
- 3. Short-term incentives: amounts accrued in the financial year relating to the financial performance against target for the year.
- 4. Fair value of shares: value of LTIP and/or RSP vesting of performance conditions based on the three-year period FY2019 – FY2022. Valued using the 30-day VWAP share price of WHL at 25 June 2023 of R65.39 (2022: 30-day VWAP R54.40).
- 5. Dividends received during the financial year on all unvested RSP shares held during the year.
- 6. Roy Bagattini’s remuneration is paid in Rands and Australian dollars to reflect the time and focus spent in the different geographies.
- 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		Awarded		Forfeited		Sold or transferred			As at 25 June 2023			
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 BAGATTINI																
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 NGUMENI																
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).

NOTES

1. Realisation value: taxable value realised by the individual on sale or transfer of awards.
2. 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.
3. 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 ISAACS																
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
** Forfeited due to share buy-back adjustment (see page 114).

NOTES
1. Realisation value: taxable value realised by the individual on sale or transfer of awards.
2. 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.
3. 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

2022											
	Notes	Directors’ fees (1) R’000	Audit Committee member R’000	Nominations Committee member R’000	Remuneration and Talent Mgmt Committee member R’000	Risk, 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.

2. Benefits are discounts received on purchases made in WHL Group stores and additional services undertaken by Christopher Colfer for the sale of David Jones.

3. 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.

4. 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.

5. Phumzile Langeni resigned from the Board effective 31 December 2022.

6. Nombulelo Moholi was appointed as the Lead Independent Director effective 7 July 2022.

7. Zarina Bassa resigned from the Board effective 3 March 2022.

A detailed still life photograph of various fresh green vegetables. In the center, several large green pea pods are scattered, some open to reveal bright green peas. To the right, three stalks of asparagus stand vertically. In the bottom left, there are several small Brussels sprouts. Interspersed among the green vegetables are three sweet potatoes with reddish-brown skin. The entire arrangement is set against a dark, textured wooden background. The word "GLOSSARY" is overlaid in a large, white, serif font across the middle of the image.

GLOSSARY

ABBREVIATIONS USED IN THIS INTEGRATED ANNUAL REPORT

A

αPBT: Adjusted Profit Before Tax
αEBIT: Adjusted Earnings Before Interest and Tax
AGM: Annual General Meeting; Annual shareholder meeting held in terms of the Companies Act

B

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

C

CEO: Chief Executive Officer
COO: Chief Operating Officer
CPI: Consumer Price Index
CPS: Cents Per Share
CRG: Country Road Group; Wholly owned trading subsidiary of WHL based mainly in Australia. Owns the Country Road, Trenery, Mimco, Witchery, and Politix brands
CSI/SD: Corporate Social Investment; Component of the BBBEE scorecard which encourages support of charitable and non-profit organisations
CTS: Cost to Sell; Expenses expressed as a percentage of turnover; also referred to as ‘cost to operate’

D

DC: Distribution Centre; The Food and Fashion, Beauty and Home distribution centres
DJ: David Jones Proprietary Limited; Former wholly owned subsidiary of WHL based mainly in Australia. Was sold off during FY2023
dtic: Department of Trade, Industry and Competition

E

EBIT: Earnings Before Interest and Tax
EBITDA: Earnings Before Interest, Tax, Depreciation, and Amortisation
EPS: Earnings Per Share; Profit earned for the period divided by the weighted average number of shares in issue

F

FBH: Fashion, Beauty and Home; An operating segment in Woolworths South Africa which aggregates clothing, footwear, accessories, homeware, beauty, and cell phone product buying groups
FD: Group Finance Director
FTE: Full-time Equivalent; Number of hours worked by store staff equated back to a person working a 40-hour week
FY: Financial Year

G

GBJ: Good Business Journey; Woolworths Holdings Limited’s programme to assist it in achieving its vision of becoming one of the world’s most responsible retailers by managing the environmental, social, and transformational activities of the Group
GP: Guaranteed Pay; Annual salary and benefits paid to employees
GRC: Governance, Risk and Compliance; Business unit which provides governance, risk, legal, and compliance solutions to the business and the Board

H

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

I

IBP: Integrated Business Plan; Three-year financial and strategic plan
IPM: Integrated Performance Management; Performance appraisal mechanism to measure employees’ achievement against performance goals and behaviours

J

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

K

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

L

LFL: Like-for-like; Used to compare sales in comparable stores, i.e., those stores that are not new and have not had any extension or modernisation to them. Calculated on a 24-month period
LID: Lead Independent Director
LTi: Long-term Incentive; Variable remuneration subject to the achievement of performance conditions. Generally a three-year period
LTIP: Long-term Incentive Plan; Share scheme instrument allocated to employees in terms of long-term incentive scheme
LTO: Labour Turnover; Percentage of employees leaving the business over a defined period

M

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

O

OPEX: Operating expenses

R

ROCE: Return on Capital Employed
ROE: Return on Equity
ROS: Return on Sales; Profit after tax expressed as a percentage of Turnover
RSP: Restricted Share Plan; Share scheme instrument allocated to employees in terms of retention scheme

S

SARS: Share Appreciation Right Scheme; Share scheme instrument allocated to employees in terms of long-term incentive scheme
SEC: Social and Ethics Committee; A statutory committee in terms of the South African Companies Act which ensures that a company conducts business in a sound and ethical manner
SRI: Socially Responsibility Index; An index created by the JSE to measure the social responsibility criteria of companies listed on the JSE. The South African equivalent of the Dow Jones Index
STI: Short-term Incentive; Variable remuneration subject to the achievement of performance conditions. Generally a one-year period

T

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

V

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

W

WACC: Weighted Average Cost of Capital
WFS: Woolworths Financial Services (Pty) Limited; A joint venture between Woolworths and Absa Group Limited that supports the Woolworths retail business by providing financial services to Woolworths customers through in-store cards, credit cards and personal loans
WHL: Woolworths Holdings Limited; Southern hemisphere retail Group that has been listed on the Johannesburg Stock Exchange Limited (JSE) since 1997. The Group trades through 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

Y

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

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

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