

WOOLWORTHS HOLDINGS LIMITED

INTEGRATED ANNUAL REPORT

2022

START

OUR INTEGRATED ANNUAL REPORT

Woolworths Holdings Limited (WHL or the Group) is pleased to present its 2022 Integrated Annual Report to provide our stakeholders with an overview of our business and how our strategy, governance, and performance created value for them in this year and will continue to do so over the short, medium, and long term.

SCOPE OF THE REPORT

The report provides a consolidated view of the Group’s performance for the 52 weeks ended 26 June 2022. 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 a joint venture, and our operations throughout South Africa, the rest of Africa, Australia, and New Zealand.

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. This includes 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. The scope and boundary of this report are largely similar to those of last year.

REPORTING FRAMEWORK AND COMPARABILITY

We are committed to integrated reporting and have adopted the IFRS Foundation’s <IR> Framework (The Framework). It is also aligned to the requirements of the King IV™ Report on Corporate Governance for South Africa 2016. 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 of South Africa (71 of 2008), as amended and JSE Limited 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 and have not been reviewed or audited by the Group’s external auditors. The directors, therefore, advise readers to use caution in interpreting these type 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 2022 WHL Integrated Annual Report was approved by the Board on Thursday, 29 September 2022.



H. Brody
Chairman
Independent Non-executive
Director



R. Bagattini
Executive Director
Group CEO



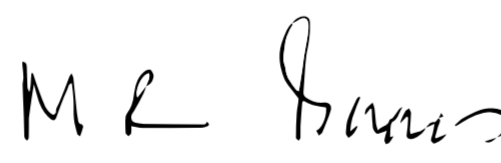
N. Moholi
Lead Independent
Director; Independent
Non-executive Director



C. Colfer
Independent
Non-executive Director



B. Earl
Independent
Non-executive Director



R. Isaacs
Executive Director
Group Finance Director



D. Kneale
Independent
Non-executive Director



P. Langeni
Independent
Non-executive Director



S. Ngumeni
Executive Director;
Group Chief
Operating Officer



T. Skweyiya
Independent
Non-executive Director



C. Thomson
Independent
Non-executive Director

OUR SUITE OF REPORTS

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. For more information regarding our material matters, refer to pages 34 to 35.

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 about various reporting requirements. Our reports are informed by detailed management and Board reports, interviews with management, and stakeholder engagements.

Integrated
Annual Report

Annual Financial
Statements (AFS)

Good Business
Journey Report

Governance and Social
and Ethics Report

Remuneration
Report

Annual General
Meeting (AGM) Notice

Reviewed and approved by the Board for release to stakeholders

The AGM Notice will be available online and sent to all shareholders by no later than 30 September 2022. The notice, along with all our reports and other supporting document and compliance information not included in the reports can be accessed on our corporate website www.woolworthsholdings.co.za

REPORT ASSURANCES

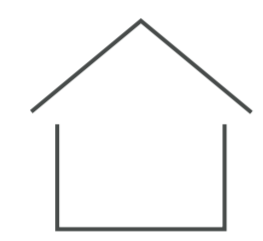
Integrated Annual Report: Financial content aligned to AFS; reviewed by directors and management but not externally assured

Financial information: Extracted financial content and AFS audited 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 verified the processes for other metrics

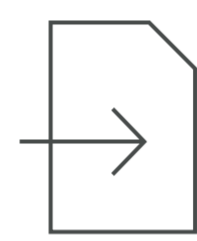
NAVIGATING OUR REPORT

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:



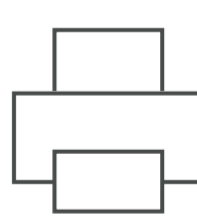
Back to contents page



Useful links for more detail



More information on the web



Print

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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 20 to 25. We have defined the capitals and how they relate to our business as detailed below:

- F FINANCIAL CAPITAL**
Funding received from providers of capital and debt and the financial resources available to the Group

- M 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

- I INTELLECTUAL CAPITAL**
The skills, knowledge, and the enabling systems, processes, intellectual property, and brands that provide us with a competitive advantage

- H 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

- S SOCIAL AND RELATIONSHIP CAPITAL**
The relationships we have with our stakeholders, including our customers, suppliers, business partners, communities, and other stakeholders

- N 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 30 to 32. Our stakeholders are denoted with the icons below:



Customers



Employees



Suppliers



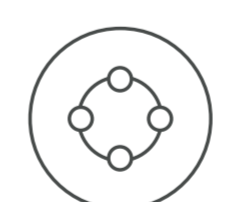
Media



Shareholders



Debt funders



Communities and other



Industry organisations



Academic institutions



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 40 to 54 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 omni-channel experience



Cost efficiency and operational excellence



People and leadership



COOL FRESH



CLICK ON BOX TO GO TO THAT SECTION



Woolworths Holdings Limited is listed on the Johannesburg 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.

GROUP OVERVIEW

R87.0BN
Turnover and concession sales





R5.1BN
Adjusted profit before tax

ADJUSTED EBIT CONTRIBUTION BY CATEGORY

56.3% Apparel, Beauty and Homeware	2.4% Financial Services	41.3% Food
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OUR VISION IS TO BE ONE OF THE WORLD'S MOST RESPONSIBLE RETAILERS.

ADJUSTED EBIT CONTRIBUTION BY GEOGRAPHY

 66.7%  1 386 Store locations in 14 countries	 33.3%  44 129 Total employees
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WHL

WOOLWORTHS SA **DAVID JONES** **COUNTRY ROAD GROUP**

WOOLWORTHSFASHION, BEAUTY AND HOME

WOOLWORTHSFOOD

WOOLWORTHSFINANCIAL SERVICES

COUNTRY ROAD

T R E N E R Y

MIMCO

WITCHERY

POLITIX



OUR GOOD BUSINESS JOURNEY IS EMBEDDED IN EVERYTHING WE DO AND IS A KEY DIFFERENTIATOR FOR OUR GROUP.

OUR PURPOSE, VISION, AND VALUES

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 PURPOSE

ADDING QUALITY TO LIFE

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

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

OUR HISTORY

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

FIRST WOOLWORTHS STORE OPENS

Max Sonnenberg opens the first Woolworths store in Plein Street, Cape Town

COUNTRY ROAD BRAND FOUNDED

Manufacturer and supplier of women's casual cotton shirts



WOOLWORTHS PUBLICLY ANNOUNCES THE GOOD BUSINESS JOURNEY

WHL ACQUIRES DAVID JONES

David Jones is not only Australia's oldest department store but also the oldest department store in the world still trading under its original name

WHL acquires remaining shares in CRG



inclusive justice initiative

As a 90-year-old brand with a history to prove its pioneering spirit, Woolworths is poised to take the lead on a whole new level with its Inclusive Justice Initiative



1838
David Jones opens its first store in Sydney
Mission to sell 'the best and most exclusive goods'

1934/35
Second Woolworths store opens in Durban
Two more stores open in Port Elizabeth and Johannesburg

1936
Woolworths lists on The Stock Exchange
Shares cost 1 pound each (R2)

1960
Woolworths takes a stand against segregated entrances



1974
Woolworths introduces its store card

1994
Woolworths makes it easy for customers to give back by teaming up with MySchool (MyVillage and MyPlanet only came into existence in 2006)

1997
WHL acquires controlling interest in Country Road Group (CRG)



1998
WFS JV between Woolworths SA and Barclays Bank (Absa Group Limited)

2000
Country Road brand re-launches
Evolves into leading lifestyle brand renowned for stylish, high-quality apparel, accessories, and homeware



2004
CRG launches Trenerly
For customers who appreciate the beauty of simple, sophisticated collections that are modern in approach and classic in style

2007
Woolworths pioneers Farming for the Future
2010
Woolworths launches Wrewards

2008
Country Road enters SA market with concessions in Woolworths stores

2009
CRG acquires Witchery
An Australian 'style authority' fashion brand
CRG acquires Mimco
Offering accessible, luxury accessories with a quirk

2012
DJ and CRG join Woolworths on the Good Business Journey



2014
As the world grapples with the Covid-19 pandemic, the businesses launch numerous digital initiatives to ensure customers' needs are met

2015
For future generations: Woolworths announces the next set of bold sustainability targets set for 2025 and beyond

2016
CRG acquires Politix
A leading Australian menswear brand
2018
David Jones celebrates its 180th anniversary



OVER 90 YEARS OF QUALITY, INNOVATION & SUSTAINABILITY

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 LAUNCHED

2008

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



2009

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



2010

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

2011

WHL Group 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) launched, the first initiative of its kind for African retail

2013

Woolworths joined SEDEX, a unique, innovative, not-for-profit web-based platform that helps companies to manage ethical supply chain risk. Country Road Group and David Jones subsequently joined too

2014

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



2015

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

2016

GBJ STRATEGY ROLLED OUT TO COUNTRY ROAD GROUP AND DAVID JONES, AND FOR THE FIRST TIME, GROUP-WIDE GOALS TO 2020 ANNOUNCED

2017

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

2021

LAUNCHED REFRESHED GROUP GBJ STRATEGY, VISION 2025+, WITH GROUP-WIDE GOALS TO 2025 AND BEYOND



2022

WHL BECAME THE FIRST SOUTH AFRICAN RETAILER TO SIGN UP TO THE UN WOMEN EMPOWERMENT PRINCIPLES

HIGHLIGHTS OF THE CURRENT YEAR

STRATEGIC

Updated strategies for all business units, including a refreshed Food strategy



Repatriated c.R1bn from DJ to South Africa
 Share buybacks of R1.5bn before and after year-end
 Normalised payout ratio in respect of WSA dividends, and resumed dividends from Country Road Group

STRATEGIC INITIATIVES GAINING TRACTION, INCLUDING RESTORED FBH BUSINESS, IMPROVED OPERATIONAL AND FINANCIAL PERFORMANCE IN DJ, AND EXPLORATION OF NEW GROWTH OPPORTUNITIES FOR CRG

OUR GOOD BUSINESS JOURNEY
 Continued to drive GBJ as a business imperative and key competitive advantage, including our Inclusive Justice Initiative and inaugural GBJ investor engagement
>80% OF WSA DEBT NOW SUSTAINABILITY-LINKED

REFRESHED CAPITAL ALLOCATION FRAMEWORK

OPERATIONAL

FAST-TRACK BUILDING OF OUR ONLINE CAPABILITY AND DIGITAL ENGAGEMENT THROUGH A NEW OPERATING MODEL



ONGOING FOCUS ON LEVERAGING CUSTOMER INSIGHTS
 Reviewed our cost base and identified potential areas for further efficiency and flexibility, including cost-saving initiatives and space optimisation

Reduced complexity to enable more agile and responsive ways of working

Photo by Patrick Perkins on Unsplash

FINANCIAL

R87.0BN
 Group turnover and concession sales
*+2.6% on LY

R7.0BN
 aEBIT +0.9% on LY
 up 17.8% on a normalised basis

R229M
 NET CASH

1.6X **374.9CPS**
Net debt to EBITDA from 1.7x LY adHEPS +9.7% on LY

229.5CPS
 Total dividend per share
+247.7% on LY

448.3CPS
 Free cash flow per share

* In constant currency

**STRIVING TO ACHIEVE
OUR AMBITION TO BECOME
ONE OF THE WORLD'S MOST
RESPONSIBLE RETAILERS IS
A TRANSFORMATIVE AND
EVOLVING JOURNEY.**

OUR CHAIRMAN'S REPORT

Conditions across the geographies where our Group trades are very different from a year ago, when we were still in the midst of the global pandemic. Covid-19 is now endemic and the global response to it, most notably the rollout of vaccines and isolation measures during the waves of the epidemic, has ensured a somewhat calmer backdrop.



IT WAS MOST INSPIRING TO SEE THE RESOLUTE STRENGTH OF ENDEAVOUR ACROSS SOCIETY, OUR PEOPLE, AND OUR BUSINESS DURING THE PAST FEW YEARS.



Country Road, Summer 2022

The world must now deal with the consequences of the rapid contraction in activity and consumption that took place during the pandemic, which are evident primarily in supply chain disruptions, shortages of skilled resources, and labour instability. The situation is furthermore severely complicated by the senseless war in Ukraine, which has a renewed impact on the availability and price of key commodities, apart from the tragic loss of innocent life.

As I mentioned last year, it was most inspiring to see the resolute strength of endeavour across society, our people, and our business during the past few years. Unfortunately, the challenges of the socio-economic and political contexts and the regional conditions in which our businesses operate, continue to be somewhat daunting. As WHL we acknowledge that corporates have to play an ever-increasing role in addressing societal inequity and in developing

our broader environment. The best place to start is our own ecosystem, internally and immediately surrounding us.

Last year, we initiated the Group's Inclusive Justice Initiative, which was launched across all operating regions, taking regional nuances into account. Understanding that inclusivity is experienced differently by individuals based on who they are, where they come from, and what is important to them, our teams collaborated extensively with our internal stakeholders towards a more inclusive business. We believe that to be successful, the ethos of Inclusive Justice should be pervasive and built into all parts of our business through the adoption of our policies, fair and responsible pay (as articulated in our Just Wage initiative), recognition of First Nations, the development of small businesses within our supply chain, and ensuring inclusivity in our product design. Work in this



88.5%

of our private label Food products were produced in South Africa

LOCAL SOURCING OF PRODUCT AND ON-SHORING OF MANUFACTURING DIRECTLY STIMULATES OUR DOMESTIC ENVIRONMENTS, MOST PERTINENTLY IN THE FORM OF JOB CREATION AND SKILLS DEVELOPMENT.

regard will be ongoing and is a major priority for us going forward.

Local sourcing of product and on-shoring of manufacturing directly stimulates our domestic environments, most pertinently in the form of job creation and skills development. Of course this needs to be at a competitive level, quality and cost-wise. Our FBH business is driving a comprehensive sourcing strategy that aims to bring more product manufacturing onshore. At the moment, approximately 50% of all of our FBH product is produced in southern Africa, and Mauritius, with over 30% thereof specifically in South Africa. A quarter of our South African production comes from small, black-owned operations that we have nurtured and grown into more formidable players. Because of our deep conviction towards inclusivity, we will continue to relentlessly drive these priorities.

We have also continued to maintain a high percentage of local content in our Food business. During the year, 88.5% of our private label product was produced in South Africa, with 2.33% produced in other countries on the African continent. In Australia, the Country Road brand, in particular, continues to focus on sourcing of Australian-grown cotton and merino and increasing its reliance on on-shore production within the capacity of Australia's manufacturing sector. As demand for local manufacture increases, local suppliers feel greater confidence in investing in equipment, hiring more staff, and driving innovation. This is already evident through the impact of Country Road's 90s Reissue Australian Made Heritage Sweat, which directly benefited a workforce of over 120 Australians across the manufacturing companies involved in the partnership. Country Road has also invested further in local production, with the Australian Made Men's T-Shirt and other products underway.

WHL's financial performance over the year was good, particularly considering that our Australian stores were

all but shut for a number of months of the year and that we received very little government and landlord assistance compared to the prior year. The performance is a result of an effective and prompt response early in the pandemic, good operational execution across our businesses, and more stable leadership at the helm of each of the businesses. Particularly pleasing is the performance of David Jones and Country Road Group as footfall improved. These businesses excelled in balancing the interplay of online and store activity and are becoming increasingly better integrated omni retailers. David Jones has also made meaningful progress in its Vision 2025+ strategy, while the Country Road Group brands remain exciting and relevant, proving the resilience of the portfolio overall.

Unfortunately, due to many base effects and vastly different trading environments, it is extremely difficult to perform simple year-on-year comparisons of our results. When compared to 2019, which provides a useful perspective on our South African business because it is the last prior year before the pandemic, our performance is solid. Total sales in South Africa are 16% up over this period notwithstanding being in a period of stabilising FBH, focusing on our selected 'must-win' segments while weathering the pandemic. WSA Food sales are up by 24.2% from R 31.6bn to R 39.2bn over the three years, which represents annualised growth of 7.5% per annum, albeit at a declining momentum, which requires our full focus. On the other hand, our FBH business has contracted since 2019 in absolute size, but is an improved business that is driving key underlying levers relentlessly as described later in this Integrated Report.

Our businesses are active in highly desirable markets and compete against world-class competitors in all our geographies, whilst consumer confidence and demand are muted. This creates a highly competitive backdrop and we can only be successful if we stay agile and ensure that we have the best talent. Over the year, we have



taken numerous actions to structurally and process-wise streamline and simplify our internal environment, whilst our talent management practices have been significantly upgraded. The Board and management, in our strategic deliberations this year, also carefully considered our customer and target-population profile in order to ensure that our offering fulfils customer needs appropriately in this competitive and ever-changing environment. This not only speaks to our product offering but also to the omni-channel experience that we provide.

A key cornerstone of our performance is the dramatic improvement in the balance sheet foundations of the Group, where on a pre-IFRS 16 basis, we are net-debt free at year-end and have also meaningfully decreased our lease-based debt, which is mostly concentrated in David Jones due to its long lease profile. This healthy situation is further put in perspective by the fact that WHL repurchased R1.5bn of its shares, representing 2.6% of its issued share capital over the months of June and July 2022, as we capitalised on the weak equity markets due to a depressing global backdrop over the months of May until July 2022. The share repurchase demonstrates our confidence that the business is healthy and our prospects are positive. We have also reinstated the Woolworths South Africa and Country Road Group dividend at a 70% payout ratio.

In addition to the importance of talent, the building blocks for our Group's performance continue to be anchored in an emphasis on efficient capital management and a propensity for fast, effective decision-making and implementation. We must consistently offer tasteful, quality products in a pleasing environment at the right value-for-money price points. This applies to our digital and physical channels alike, as our customer ecosystem across all channels must be efficient, relevant, and experiential. I can confidently report that all businesses have made meaningful strides over the past year in respect of these key drivers and priorities.

Roy and his team have translated the above into the WHL Growth Blueprint, which expresses key priorities, our purpose and required conduct, aspiration and goals, and strategic frameworks in a universally understood model. They have furthermore streamlined the process of strategy building to be better integrated with financial outcomes by establishing an Integrated Business Planning (IBP) model. This is proving effective in creating a common language and consistency across the business, inclusive of our Board's deliberations.

We have continued to conduct our annual shareholder governance roadshow as a precursor to our AGM. We were pleased with the positive and constructive shareholder interaction during the governance roadshow, and subsequently the positive voting outcomes at our 2021 AGM, where all our resolutions were passed with the requisite majority votes.

In addition, and during October 2021 we augmented these investor engagements with a specific Good Business Journey investor engagement which was very well received and heightened stakeholder insight into the important role and components of our sustainability and social priorities. More detail and interesting case studies are documented in our [Good Business Journey Report](#).

During the year, we welcomed Phumzile Langeni, who joined the Board on 1 April 2022. Phumzile brings a wealth of corporate and industry-specific experience to our Board, and is a valuable addition to our Audit Committee. I am also pleased with the recent appointment of Rob Collins on 1 October 2022. He was previously the managing director of Waitrose and has extensive retail and online experience, having served in various roles in the John Lewis Partnership Plc over his 27 years with the group.

Overall, I am of the opinion that the Board skills composition is healthy and appropriate, however, we are mindful that our representation of female directors is below our current voluntary target of 40%.

In the latter part of the year, we announced the appointment of Pinky Moholi, as our Lead Independent Director (LID). Pinky is one of the longest-serving directors on our Board and succeeds Zarina Bassa, who retired from the Board and as LID during the year. Although I am classified as independent, we are of the view that the role of a LID adds value to the functioning and deliberations of the Board, whilst our Board Charter also specifies that the LID will act as chairman in my absence for any reason. I am looking forward to working even closer with Pinky and will, as always, rely on her counsel and support.

The Board conducted an internally facilitated effectiveness evaluation during the year, as required by our Charter. Overall, the outcome was very positive and demonstrated a highly engaged Board, healthy relationships, and effective engagements.

In closing, I wish to extend my heartfelt thanks to the Board, Roy, and the executive team, together with all our staff, suppliers, and service providers for their unwavering commitment and hard work over the past year, which was again a difficult one. We are all proud to be working for this magnificent, world-class company. Finally, thank you to our customers for your support and loyalty during the year.

OUR GROUP

Our Group consists of three omni-channel trading divisions, all targeting mid- to upper-income customers who appreciate quality, innovation, value, and sustainability.

***Woolworths South Africa (WSA)**
comprising Fashion, Beauty and Home (FBH) and Food businesses*

***David Jones (DJ)**
an iconic Australian department store*

***Country Road Group (CRG)**
an Australian house of brands, including
Country Road, Trenergy, Mimco, Witchery, and Politix*

Each company provides customers with compelling loyalty benefits and offers 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 WFS, a joint venture with Absa Group Limited, and in partnership with Amex in David Jones.

WOOLWORTHS

FASHION, BEAUTY AND HOME



15.6%

Group turnover and concession sales

23.0%

Group aEBIT

4.4%

Online SA sales contribution



FOOD

46.6%

Group turnover and concession sales

41.3%

Group aEBIT



OFFERING:

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

BASED IN:

South Africa and trading in South Africa and a further 10 countries in sub-Saharan Africa



433 000 m² trading space across 257 store locations

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

BASED IN:

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



269 000 m² trading space across 463 store locations

3.2%

Online SA sales contribution



3.1M

Active loyalty members, tracking 88% of revenue

32 019

Total employees

86.9%

Targets achieved on sustainability scorecard

DAVID JONES

OFFERING:

Premium and luxury products and experiences from leading international and local apparel, accessories, footwear, beauty, and homeware brands

22.8%

Online sales contribution

1.6M

Active loyalty members, tracking 47.3% of sales

BASED IN:

Australia and trading in Australia and New Zealand

430 000 m² trading space across 44 store locations



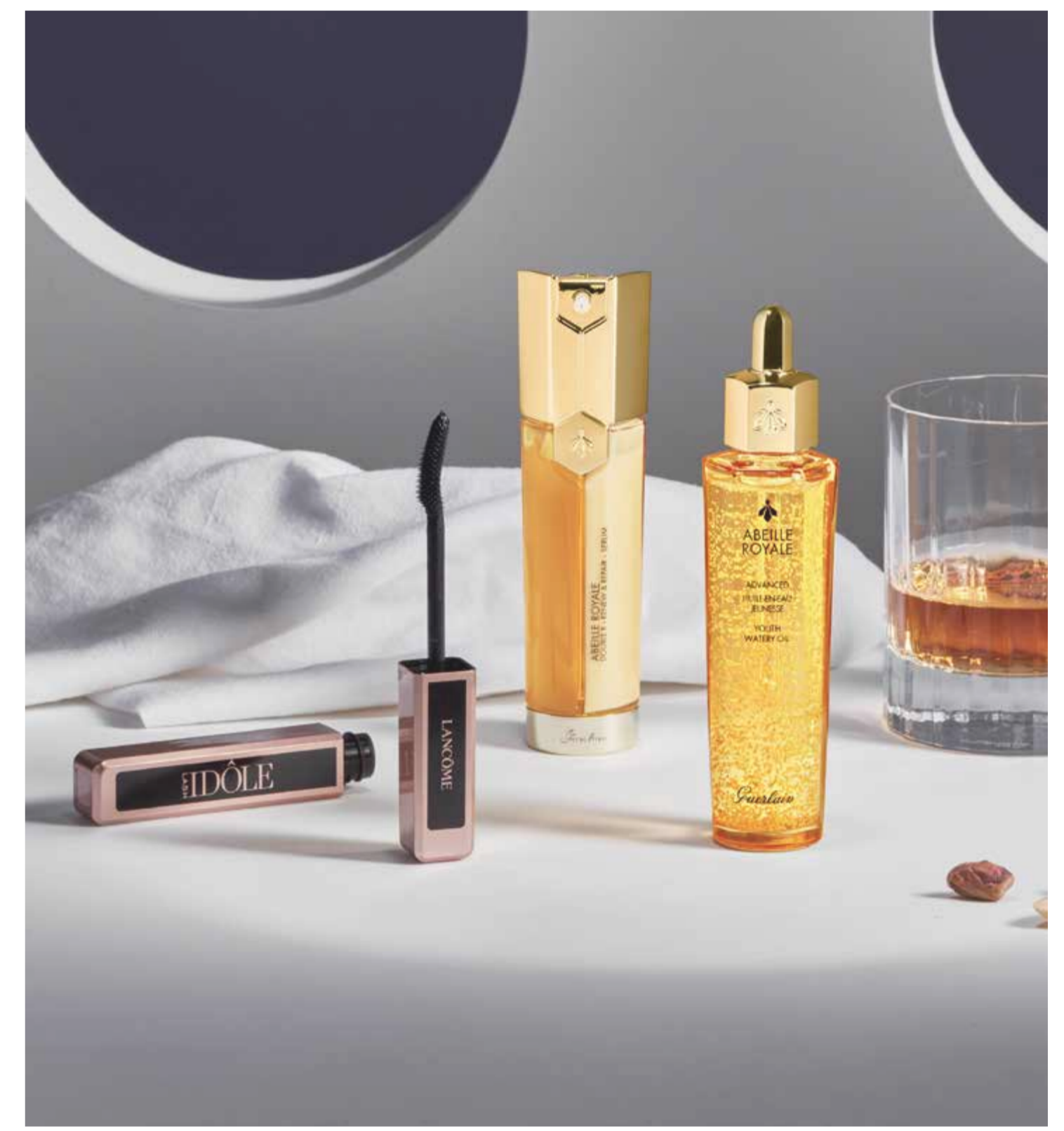
24.0%

Group turnover and concession sales



14.0%

Group aEBIT



6 383

Total employees

65.8%

Targets achieved on sustainability scorecard



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

102 000 m² trading space across 622 store locations



13.8%

Group turnover and concession sales



19.3%

Group aEBIT



2.5M

Active loyalty members, tracking 78% of sales



31.6%

Online sales contribution

5 727

Total employees

80.1%

Targets achieved on sustainability scorecard

OUR LEADERSHIP



CLICK ON BOX TO GO TO THAT SECTION

THE BOARD

Hubert Brody (58)
 South African
 Chairman
 Independent Non-executive Director
 Joined the Board in 2014

Belinda Earl (60)
 British
 Independent Non-executive Director
 Joined the Board in 2019

Sam Ngumeni (54)
 South African
 Executive Director
 Group Chief Operating Officer
 Joined the Board in 2014

Nombulelo Moholi (62)
 South African
 Lead Independent Director
 Independent Non-executive Director
 Joined the Board in 2014

Reeza Isaacs (53)
 South African
 Executive Director
 Group Finance Director
 Joined the Board in 2013

Thembisa Skweyiya (49)
 South African
 Independent Non-executive Director
 Joined the Board in 2019

Roy Bagattini (59)
 South African
 Executive Director
 Group Chief Executive Officer
 Joined the Board in 2020

David Kneale (68)
 British
 Independent Non-executive Director
 Joined the Board in 2019

Clive Thomson (56)
 South African
 Independent Non-executive Director
 Joined the Board in 2019

Christopher Colfer (53)
 Canadian
 Independent Non-executive Director
 Joined the Board in 2019

Phumzile Langeni (48)
 South African
 Independent Non-executive Director
 Joined the Board in 2022

Chantel Reddiar (46)
 South African
 Group Company Secretary

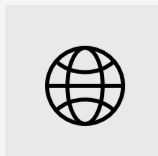


FORMER DIRECTORS DURING FY2022

Zarina Bassa
 Lead Independent Director
 and Independent Non-executive Director
 stepped down on 31 March 2022

Zyda Rylands
 Executive Director and
 Chief Executive Officer:
 Woolworths stepped down
 on 30 September 2021

BOARD ATTENDANCE FOR THE FINANCIAL YEAR
 ● 100% ● 75% ● BELOW 75%



THE EXCO

Roy Bagattini
Executive Director
Group Chief
Executive Officer

Scott Fyfe
Chief Executive
Officer:
David Jones

Reeza Isaacs
Executive Director
Group Finance
Director

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

Melanie Naidu
Group People
Director

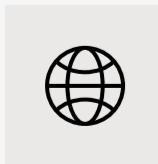
Sam Ngumeni
Executive Director
Group Chief
Operating Officer

Chantel Reddiar
Group Company
Secretary
and Director:
Governance,
Legal, Risk and
Compliance

Zyda Rylands
Chief Executive
Officer:
Woolworths Food

Raju Vuppalapati
Chief Executive
Officer:
Country Road
Group

Jeanine Womersley
Director:
Strategy and
Investor Relations



BOARD SKILLS & EXPERIENCE

The current mix of skills and experience represented on the Board is illustrated below:

Hubert Brody							
Roy Bagattini							
Christopher Colfer							
Belinda Earl							
Reeza Isaacs							
David Kneale							
Phumzile Langeni							
Nombulelo Moholi							
Sam Ngumeni							
Thembisa Skweyiya							
Clive Thomson							



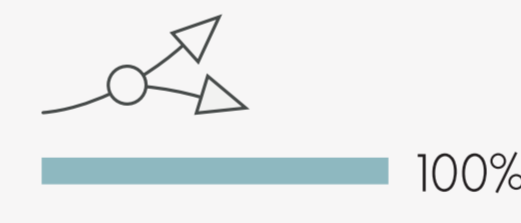
GLOBAL RETAIL

Experience in the retail industry, including experience in or exposure to digital commerce and innovation, and the operation of supply chains and distribution models in large, complex organisations.



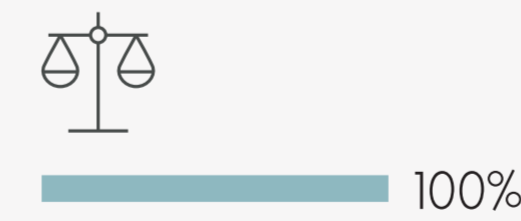
BUSINESS LEADERSHIP

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



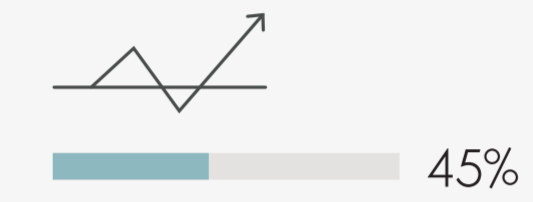
RISK MANAGEMENT

Understanding of and experience in identifying and monitoring critical risks to an organisation and implementing appropriate risk management frameworks, procedures, and controls.



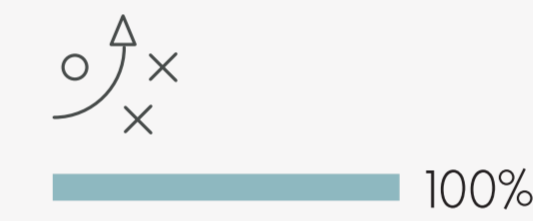
GOVERNANCE

Knowledge of governance practices and trends and global codes of governance. Experience in implementing and practising high standards of governance in a large organisation.



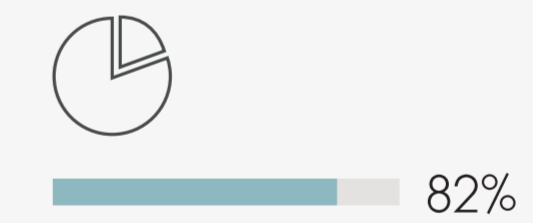
FINANCE

Senior executive experience in financial accounting and reporting, internal financial risks and controls, corporate finance, and/or restructuring and corporate transactions.



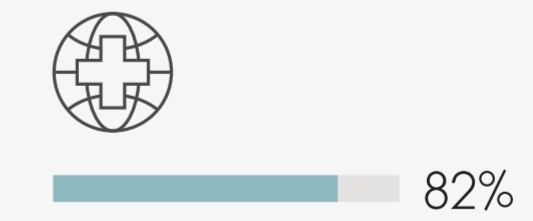
STRATEGIC CAPABILITY

Clear ability to identify and critically assess strategic opportunities and threats and to develop and implement successful strategies to create sustained, resilient business outcomes. Ability to question and challenge delivery against agreed strategic planning objectives.



REMUNERATION AND PERFORMANCE MANAGEMENT

Experience in developing and implementing Remuneration Policy, with linkage between performance and value creation.



SUSTAINABILITY, HEALTH, AND SAFETY

Management of workplace and business health and safety. Experience in steering responsible environmental practices and social responsibility initiatives.

OUR LEADERSHIP COMPOSITION

The Board has a unitary structure and its composition aligns with the best practice governance standards recommended by King IV™. The Board's voluntary diversity targets are to maintain female and black member representation on the Board at 40% each, subject to interim variations to accommodate changes from time to time, with an aspirational goal to increase this to 50% each by 2023.

BOARD COMPOSITION AT 30 JUNE 2022

TOTAL BOARD MEMBERS

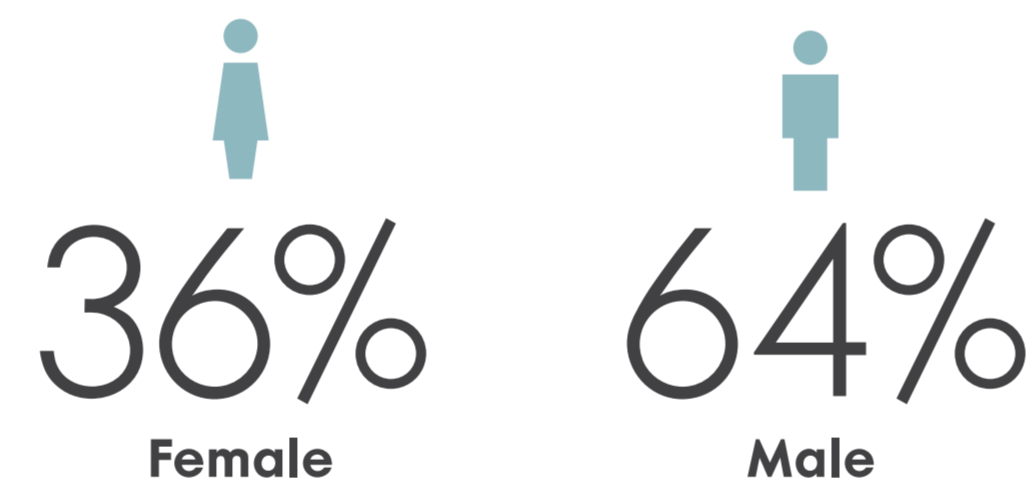
11

Board composition



Gender

We measure the whole Board (exec and non-exec)



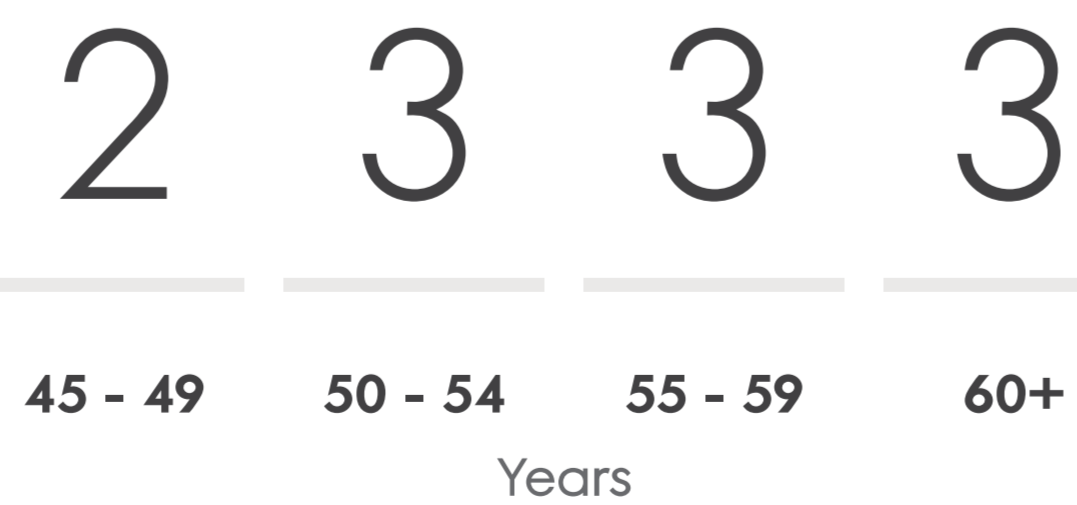
Demographic

We measure the whole Board (exec and non-exec)



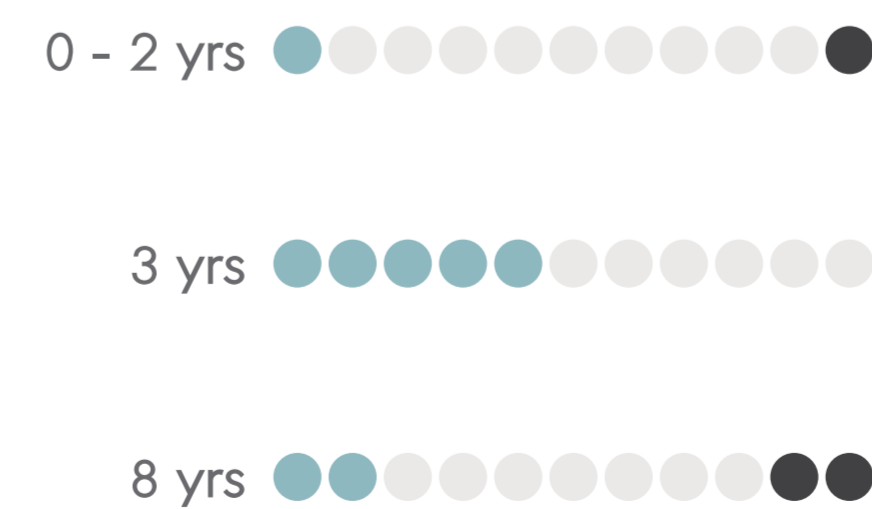
Age

Number of directors



Tenure

Non-executive Executive



EXCO COMPOSITION AT 30 JUNE 2022

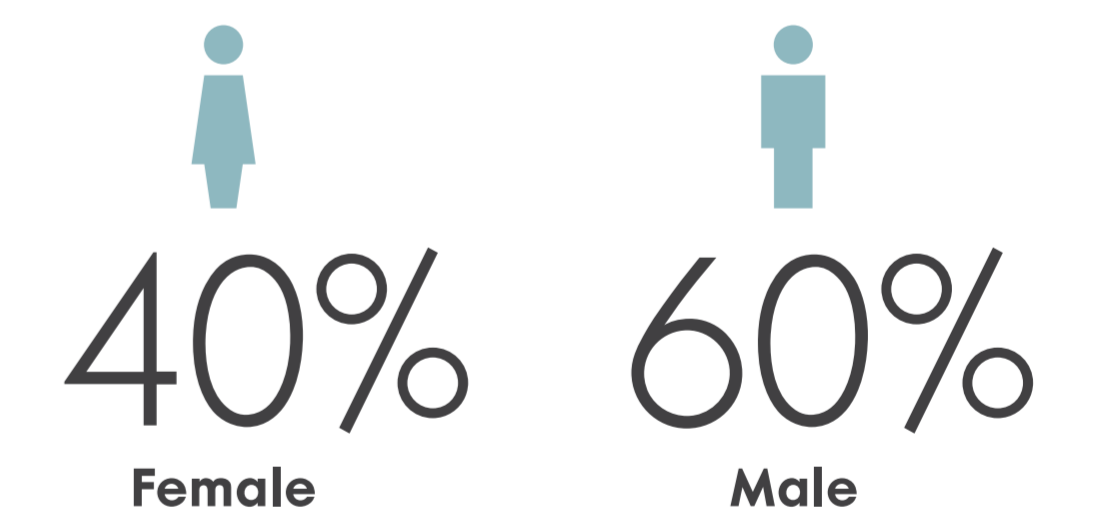
TOTAL EXCO

10

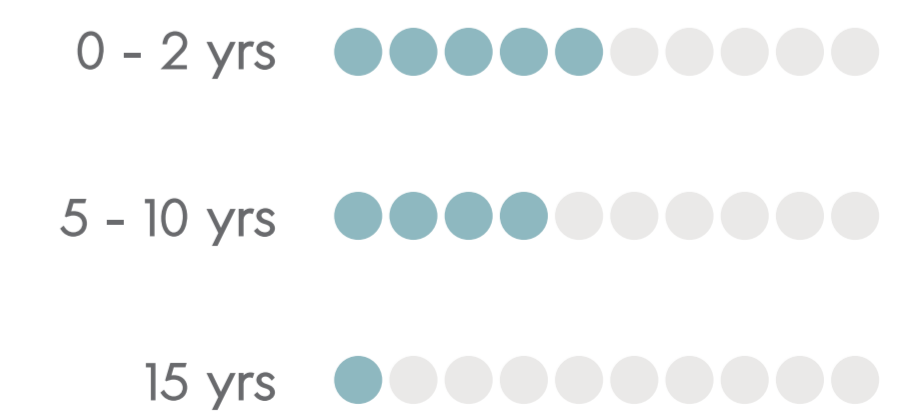
Demographic



Gender



Tenure





OUR APPROACH



CLICK ON BOX TO GO TO THAT SECTION

OUR VALUE-CREATING BUSINESS MODEL

While retail businesses follow similar, generic business processes, our business model is differentiated by our competitive advantages, including the key competencies we have developed over decades, and our 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

The Group operates across the southern hemisphere, including 11 southern African countries, Australia, and New Zealand. Several factors that impact our environment are partially or wholly beyond the Group’s control, and their impact is discussed throughout the report.

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 macro-economic factors
- The impact of unprecedented events, such as Covid-19
- 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

F

FINANCIAL CAPITAL

- 54 745 (FY2021: 55 880) shareholders, 91.0 % public (FY2021: 91% public), 24.0% (FY2021: 24.0%) based offshore
- R11.8bn (FY2021: R9.6bn) shareholders' funds
- R18.7bn (FY2021: R20.0bn) net gearing including lease liabilities; R229m net cash excluding lease liabilities

M

MANUFACTURED CAPITAL

- 1 386 (FY2021: 1 453) store locations and seven (FY2021: seven) online platforms
- Four distribution centres, three cross-dock facilities, and one outsourced FBH online fulfilment centre in South Africa
- One national Omni-channel Fulfilment Centre and one cross-dock facility 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
- Six renewable energy installations and four Green Star-rated buildings across the Group

I

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

H

HUMAN CAPITAL

- Experienced leadership team guiding our diverse and talented workforce of 44 129 (FY2021: 44 708) employees
- Fair and responsible remuneration with R11.7bn (FY2021: R11.4bn) guaranteed pay and related benefits
- Investment in training and development of R169.1m (FY2021: R82.9m) 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

S

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 570 Food direct suppliers across the Group
- Responsible credit provided to our customers by WFS in WSA and Amex in David Jones
- 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

N

NATURAL CAPITAL

- Active management of the use of natural resources under our Good Business Journey (GBJ)
- 428 291 MWh (FY2020: 466 283 MWh) grid electricity used in Woolworths direct operations (energy data is reported annually in arrears)
- 615 789 (FY2021: 555 175) 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 high-quality, innovative, 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, brand-aligned customer experience across all channels



3. SOURCING

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



OUR VALUE-CREATING BUSINESS ACTIVITIES

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

5. CENTRALISED DISTRIBUTION AND REPLENISHMENT

Centralised distribution systems in the southern African and Australian regions deliver trustworthy, timely, and accurate online fulfilment and deliveries



4. MERCHANDISE AND PLANNING

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



VALUE-CREATING BUSINESS ACTIVITIES



CAPITALS	ACTIONS	OUTCOMES	
<p>F</p> <p>FINANCIAL</p>	<p>Continued access to financial capital through investor and financial market confidence by actively managing capital</p>	<ul style="list-style-type: none"> • Articulated clear capital allocation principles • Repatriated c.R1bn from DJ to South Africa, with a further c.R0.5bn planned post year-end • Pursued a share buyback of R1.5bn • Adjusted diluted headline earnings per share increased by 9.7% to 374.9cps 	<ul style="list-style-type: none"> • Total dividend of 229.5cps declared, up 247.7% on LY • Continued to align financial decisions to sustainability strategy – more than 80% of SA debt is sustainability-linked • ROCE of 16.8% (FY2021: 14.9%)
<p>M</p> <p>MANUFACTURED</p>	<p>Ongoing investments in stores, distribution centres, and digital platforms to promote sustainable growth</p>	<ul style="list-style-type: none"> • Invested in digital platforms to increase penetration <ul style="list-style-type: none"> • Online sales contribution of 12.4% to Group’s total turnover and concession sales • On-demand Food delivery: Dash available in 48 stores, accounting for 40% of Food online sales • Partnership with Iconic to expand CRG reach 	<ul style="list-style-type: none"> • Optimised the shape of the chain to drive profitability <ul style="list-style-type: none"> • Net space decrease of 4.5%, 2.6%, and 8.1% in FBH, DJ, and CRG, respectively, with Food increasing net space by 1.8% • Continued negotiations with landlords to reduce space in cost-optimal manner • Ongoing testing and trialling of new catalogues, visual merchandising solutions, and store formats and footprints
<p>I</p> <p>INTELLECTUAL</p>	<p>Continued development and improvement in our brands by focusing on quality, sustainability, and innovation, and investing in future-fit processes</p>	<ul style="list-style-type: none"> • ‘Edited to amplify’ our FBH offering with fewer but more targeted brands, leading to higher full-priced sales • Careful management of costs and inventory to mitigate impact of Covid lockdowns and supply chain disruptions 	<ul style="list-style-type: none"> • Further streamlined existing business processes and ways of working • Up-weighted focus on quality and sustainability in all aspects of the business
<p>H</p> <p>HUMAN</p>	<p>Employment creation, development through training, and promotion of diversity within the workplace</p>	<ul style="list-style-type: none"> • 87%, 64%, and 64% internal appointments for WSA, DJ, and CRG respectively • 2 339 Woolworths-funded learnerships granted 	<ul style="list-style-type: none"> • Hosted several panel discussions on gender-based violence, sexual harassment, and inclusion in the workplace as part of IJI • Continued implementation of strong governance structures
<p>S</p> <p>SOCIAL AND RELATIONSHIP</p>	<p>Strengthened positive relationships with our stakeholders</p>	<ul style="list-style-type: none"> • Continued to grow our strong, personalised customer relations with 89%, 87%, 47%, and 78% of revenue tracked on loyalty cards in FBH, Food, DJ, and CRG respectively • Ongoing strengthening of supplier partnerships • 34 supplier development beneficiaries supported with R453.4m procurement spend 	<ul style="list-style-type: none"> • First SA retailer to become signatory to UN Women Empowerment Principles, and first to publish Tier 1 supplier list for WSA FBH • Maintained engagement and collaboration with other stakeholder groups, such as government and regulators, industry bodies, academic institutions, and the media
<p>N</p> <p>NATURAL</p>	<p>Actively managed the responsible use of environment resources through our GBJ</p>	<ul style="list-style-type: none"> • R2.5bn saved by Woolworths through our GBJ since 2007 • 12% reduction in Scope 1 and 2 carbon emissions* against a 2019 baseline • Sourced 0.64% of our energy from renewable sources* 	<ul style="list-style-type: none"> • Continued to implement various sustainability initiatives, including sustainable fishing and farming programmes, responsible sourcing of key commodities, phasing out of single-use plastic, and energy- and water-efficiency programmes

* Energy and carbon emissions data reported annually in arrears

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 and actively managing our costs and investments, as well as our impact on the environment and the communities in which we operate.














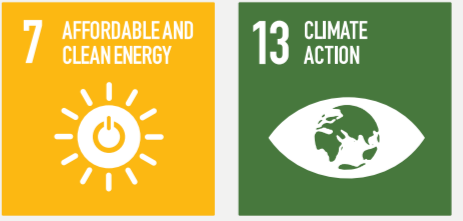
The capitals we most frequently trade off include the financial capital, which we use to sustain and grow our businesses, and natural capital, which is inevitably eroded in the course of our business activities. We actively manage our investments in our capitals by carefully considering the negative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

- F**
 - Using our **financial capital** to benefit our shareholders
 - Normalised payout ratio in respect of WSA dividends, and resumed dividends from CRG
 - In FBH, sacrificed short-term market share in favour of longer-term, underlying financial health
- M**
 - Investing financial capital into **manufactured capital** to build a seamless shopping experience across channels, balancing the investment in physical stores and in digital platforms to meet the needs of our customers
 - This is most notable in our Food business, where we strategically manage the trade-off between meeting our customers' demand for this channel with the dilution on 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
 - We also trade off financial and manufactured capital to optimise the shape of our chain, investing where appropriate or reducing space to drive profitability
- I**
 - Continuing 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
 - In the current year, we further de-layered our WSA business to streamline operations and simplify ways of working, increasing financial capital while preserving intellectual capital
 - We are strategically building future-fit businesses by investing into our systems and processes, most notably in the FBH value chain, where we have underinvested in the past
 - This also indirectly benefits our human and social and relationship capitals, as it allows us to support our employees in meeting the wants and needs of our customers
- H**
 - 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
 - We continue to train and develop our employees, which reduces our financial capital but increases our human and intellectual capitals
 - Further, 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
- S**
 - Mindfully trading off financial capital to continue to grow and nurture our **social and relationship capital**, which is fundamental to our Group
 - We continue to invest in our Food value proposition to make our products more accessible to more customers, trading off margins to benefit our customer relationships
 - 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
- N**
 - Consciously and responsibly trading 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



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 delivered through eight key focus areas that address our material sustainability issues and create value for the Group and its stakeholders.*

 <p>PEOPLE</p>	 <p>SOCIAL DEVELOPMENT</p>	 <p>HEALTH & WELLNESS</p>	 <p>ETHICAL SOURCING</p>
<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	<p>Context Health and wellness are critically important for both our customers and our people, particularly as we recover from the Covid-19 pandemic.</p> <p>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 so as to assist them in making healthy choices.</p>	<p>Context The diverse and often complex supply chains involved in producing our products can have significant human rights and environmental risks and impacts.</p> <p>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 waste water pollution.</p>
<p>Related UN SDGs:  THE GROUP SUPPORTS THE INTENT OF THE UN SDGS AS A UNIVERSAL CALL TO ACTION FOR CREATING A BETTER AND MORE SUSTAINABLE FUTURE FOR PEOPLE AND THE PLANET BY 2030. </p>			
 <p>SUSTAINABLE FARMING</p>	 <p>PACKAGING & WASTE</p>	 <p>WATER</p>	 <p>ENERGY & CLIMATE CHANGE</p>
<p>Context 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, worsening water quality and availability, war, and the Covid-19 pandemic.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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 also committed to achieve net zero carbon impact by 2040. Through initiatives such as procuring renewable energy, online metering of electricity, implementing energy-efficiency initiatives, and adopting eco-friendly technology, we aim to contribute towards reducing our carbon impact.</p>
<p>Related UN SDGs:    </p>			

OUR STAKEHOLDERS

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

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

OUR 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.

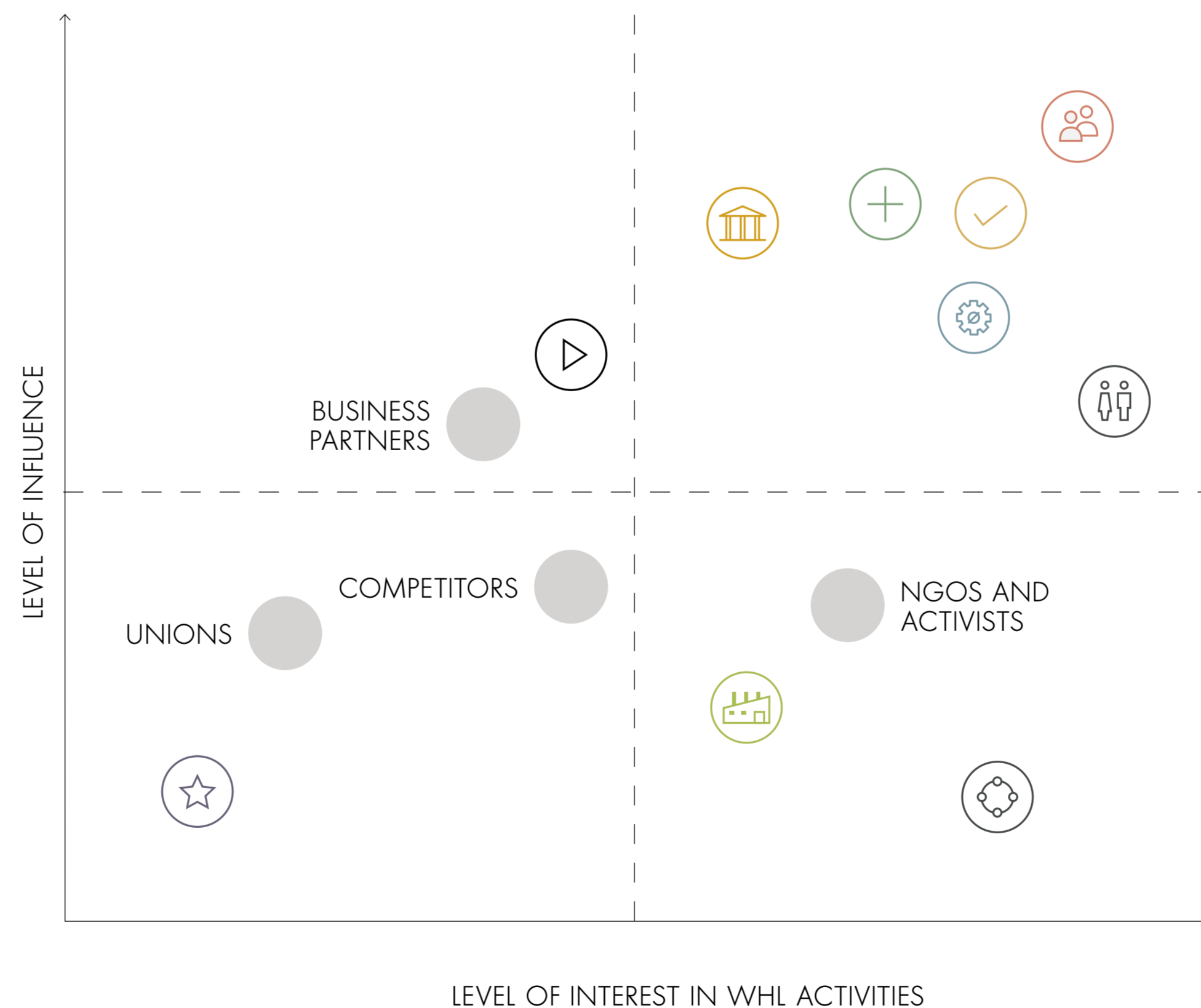
Our stakeholders, their interests, and their level of influence in our operations vary according to geographical location, business area, and the nature of their interest. The manner, level, and extent of our engagements are driven by their influence, interests, expectations, and concerns. These relationships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

THE ROLE OF STAKEHOLDER ENGAGEMENT

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

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

The table on the next page depicts the needs, expectations, and concerns of our material stakeholders and how we have created value for them in the current year. This is also reflected in our Key Performance Indicators, as detailed on pages 55 to 60. The table also links the insights we gain from our stakeholder engagements to the material issues they inform, and to the strategic theme and related GBJ focus area, where we consider and address their needs, expectations, and concerns.



CUSTOMERS

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



SHAREHOLDERS AND DEBT FUNDERS

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



EMPLOYEES

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



SUPPLIERS

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



GOVERNMENT AND REGULATORS

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



COMMUNITIES

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



MEDIA

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






INDUSTRY ORGANISATIONS




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



ACADEMIC INSTITUTIONS

We are committed to facilitating interactions between business and academia.

	 CUSTOMERS	 SHAREHOLDERS AND DEBT FUNDERS	 EMPLOYEES	 SUPPLIERS
HOW WE ENGAGE WITH THEM	<ul style="list-style-type: none"> Daily interactions in physical stores, on digital platforms, and on social media channels Regular focus groups and surveys 	<ul style="list-style-type: none"> Regular trading updates, notifications, announcements, and presentations Appropriate meetings, calls, and correspondence Participation in broker-hosted conferences and roadshows Group-led roadshows Targeted investor engagements to highlight our difference, e.g. annual GBJ presentation Annual General Meeting engagement 	<ul style="list-style-type: none"> Daily, informal interactions and regular, formal one-on-ones and team engagements in normal course of business Annual performance reviews and development process Bi-annual one-on-one engagements on performance, career, and development Business and strategy updates Special purpose forums, including IJ panel discussions and GBJ Week 'OpenDoor' email account giving direct access to CEO Various digital and social platforms and online media 	<ul style="list-style-type: none"> Frequent interactions and collaborations in the normal course of business Annual supplier conferences Regular reviews and assessments through supplier audits and scorecards to ensure ethical practices Development of small, black-owned businesses in SA, and artisans globally
THEIR NEEDS, EXPECTATIONS, AND CONCERNS	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Consistent returns on their investment Strong corporate governance Management of economic, social, and environmental risks Transparent and comprehensive reporting 	<ul style="list-style-type: none"> Employment and job security Fair remuneration Diversity and inclusion Training and development Employee community involvement Employee health, safety, and wellbeing 	<ul style="list-style-type: none"> Fair and ethical sourcing Timely payment, and fair and favourable terms Enterprise and Supplier Development
THE VALUE WE CREATE FOR THEM	<ul style="list-style-type: none"> Ensuring appealing, quality, innovative products are responsibly sourced, and readily and seamlessly available, with excellent service Ongoing investment in price and convenience, without compromising on quality Building strong relationships through rewarding loyalty programmes, with loyalty sales of 89%, 87%, 47%, and 78% in FBH, Food, DJ, and CRG, respectively Providing opportunities to support schools and other charities through our MySchool MyVillage MyPlanet programmes, with more than 8 000 causes supported by 1.3 million customers in South Africa Offering customers ways to keep products in circulation through various partnerships, such as Glam Corner in DJ Responsible access to credit via WFS in WSA and Amex in DJ 	<ul style="list-style-type: none"> Responsibly investing capital for long-term sustainability as evidenced by paying down debt to significantly strengthen our balance sheet Ensuring adequate funding to meet financial obligations and business activities while actively managing level of debt and liquidity, refinancing interest rates and counterparty risks as demonstrated by repatriating more than R1bn from DJ to SA, with a further R0.5bn planned post year-end, and resuming dividend payment, with payout ratio of 70% Continuing to align financial decisions to sustainability strategy, with more than 80% of WSA debt now sustainability-linked ROCE of 16.8%, improved by 1.9ppt from LY 	<ul style="list-style-type: none"> Providing opportunity to be part of a purpose-led organisation that is anchored in values, where they can do valuable work Recognising the value of employees with fair and responsible remuneration of R11.7bn in FY2022 (FY2021: R11.4bn) Investing R169.1m (FY2021: 82.9m) in training and development Supporting a hybrid model of working from home and from the office Promoting diversity, inclusion, social justice, and equality, enabled by our Inclusive Justice Initiative Providing opportunities for workplace-giving initiatives, such as the Employee for Employee Fund, and other volunteering programmes 	<ul style="list-style-type: none"> Mutual growth and close integration, particularly the smaller local suppliers who we support as part of the Supplier Development Programme Assisting suppliers to contribute positively towards their communities and the environment through various sustainability initiatives, such as sustainable fishing and farming programmes, and responsible sourcing of key commodities
MATERIAL ISSUES	<ul style="list-style-type: none"> Our trade performance Consumer spending and behaviour Digital world and cyber Responsible retailing 	<ul style="list-style-type: none"> Our trade performance Our business transformation Responsible retailing 	<ul style="list-style-type: none"> People, talent management, and change 	<ul style="list-style-type: none"> Our trade performance Responsible retailing
STRATEGIC THEMES	<ul style="list-style-type: none"> Unlock and create value in our Australian businesses Fashion turnaround and growth in Beauty and Home Leading and iconic Food business Data-driven decision-making Elevated omni customer experience Our GBJ 	<ul style="list-style-type: none"> Unlock and create value in our Australian businesses Fashion turnaround and growth in Beauty and Home Leading and iconic Food business Data-driven decision-making Elevated omni customer experience Cost-efficiency and operational excellence People and leadership Our GBJ 	<ul style="list-style-type: none"> People and leadership Our GBJ 	<ul style="list-style-type: none"> Unlock and create value in our Australian businesses Fashion turnaround and growth in Beauty and Home Leading and iconic Food business Cost-efficiency and operational excellence Our GBJ
GBJ FOCUS AREAS	   	      	 	   

KEY	 PEOPLE	 SOCIAL DEVELOPMENT	 HEALTH & WELLNESS	 SUSTAINABLE FARMING	 ETHICAL SOURCING	 PACKAGING & WASTE	 WATER	 ENERGY & CLIMATE CHANGE
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	COMMUNITIES	GOVERNMENT AND REGULATORS	INDUSTRY ORGANISATIONS	THE MEDIA	ACADEMIC INSTITUTIONS
HOW WE ENGAGE WITH THEM	<ul style="list-style-type: none"> Active engagement with relevant members of our communities Engagement of experts and interest groups to ensure we use our strengths to provide a meaningful contribution 	<ul style="list-style-type: none"> Constructive participation in industry affairs Contribution towards public policy formulation 	<ul style="list-style-type: none"> Memberships and participation in various industry bodies 	<ul style="list-style-type: none"> Proactive press releases, TV appearances, and interviews Contribution towards publications and opinion pieces 	<ul style="list-style-type: none"> Participation in postgraduate and other research and surveys Experiential learning opportunities offered to students Participation in Network for Business Sustainability – bringing together academia and business to shape future sustainability
THEIR NEEDS, EXPECTATIONS, AND CONCERNS	<ul style="list-style-type: none"> Community involvement and contribution Contribution to economic growth and social development A clear stance from leadership on inequality and other social issues 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Policy development Input and collaboration on retail sector-related and sustainability issues 	<ul style="list-style-type: none"> Retail, consumer, and sustainability insights and product information 	<ul style="list-style-type: none"> Corporate sustainability input Reliable reporting and sound governance
THE VALUE WE CREATE FOR THEM	<ul style="list-style-type: none"> Actively supporting and engaging in our communities, with R995m distributed across the Group for social and developmental causes Assisting in driving economic growth through capital investment of R877m and A\$42.9m in SA and Australia, respectively BBBEE compliance, with a score of 5 Reducing our environmental impact with various sustainability initiatives, including phasing out single-use plastic, and energy- and water-efficiency programmes 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Providing commentary and input on emerging issues, programmes, and best practice through our industry partnerships and memberships Collaborations with other industry players on non-competitive issues Full support of industry transformation efforts 	<ul style="list-style-type: none"> Growing our customer and investor engagement and education, allowing them to make more informed decisions 	<ul style="list-style-type: none"> Contributing towards knowledge sharing on sustainability and business issues through participation in surveys, interviews, and research Collaborating in the development of certain proofs of concept and trials
MATERIAL ISSUES	<ul style="list-style-type: none"> Responsible retailing 	<ul style="list-style-type: none"> Our trade performance Responsible retailing 	<ul style="list-style-type: none"> Responsible retailing 	<ul style="list-style-type: none"> Responsible retailing 	<ul style="list-style-type: none"> Our trade performance Responsible retailing
STRATEGIC THEMES	<ul style="list-style-type: none"> Our GBJ 	<ul style="list-style-type: none"> Our GBJ 	<ul style="list-style-type: none"> Our GBJ 	<ul style="list-style-type: none"> Our GBJ 	<ul style="list-style-type: none"> Our GBJ
GBJ FOCUS AREAS					

KEY	PEOPLE	SOCIAL DEVELOPMENT	HEALTH & WELLNESS	SUSTAINABLE FARMING	ETHICAL SOURCING	PACKAGING & WASTE	WATER	ENERGY & CLIMATE CHANGE
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ENTERPRISE RISK MANAGEMENT

Risk management is critical to the successful achievement of our strategic goals and enables us to respond effectively to mitigate risks and maximise opportunities as these arise.

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

The Group’s risk management approach is well embedded within the overall business plans, and as such, a formalised and integrated system is used to identify and analyse risks and opportunities at both the strategic and operational levels, as well as their impact on the overall business strategy.

RISK MANAGEMENT APPROACH

The Group’s risk management strategy is pragmatic and geared to the retail sector. The Group employs an integrated risk management methodology aligned to international best practices. In the rapidly changing world of retail, our risk strategy has a focused emphasis on emerging risks and opportunities.

Our risk management process allows us to proactively anticipate and adapt to most changes in the operational environment while making well-informed and robust decisions in new and unpredictable circumstances if necessary. The Group risk framework is reviewed annually to ensure that it stays fully aligned with our governance philosophy and adaptable to developing business requirements.

The Group risk function enables an extensive top-down annual risk review workshop with the Board, Group and subsidiary 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 impact. 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 Group level are assessed against formalised risk appetite statements that are correlated to the Group’s strategic goals.

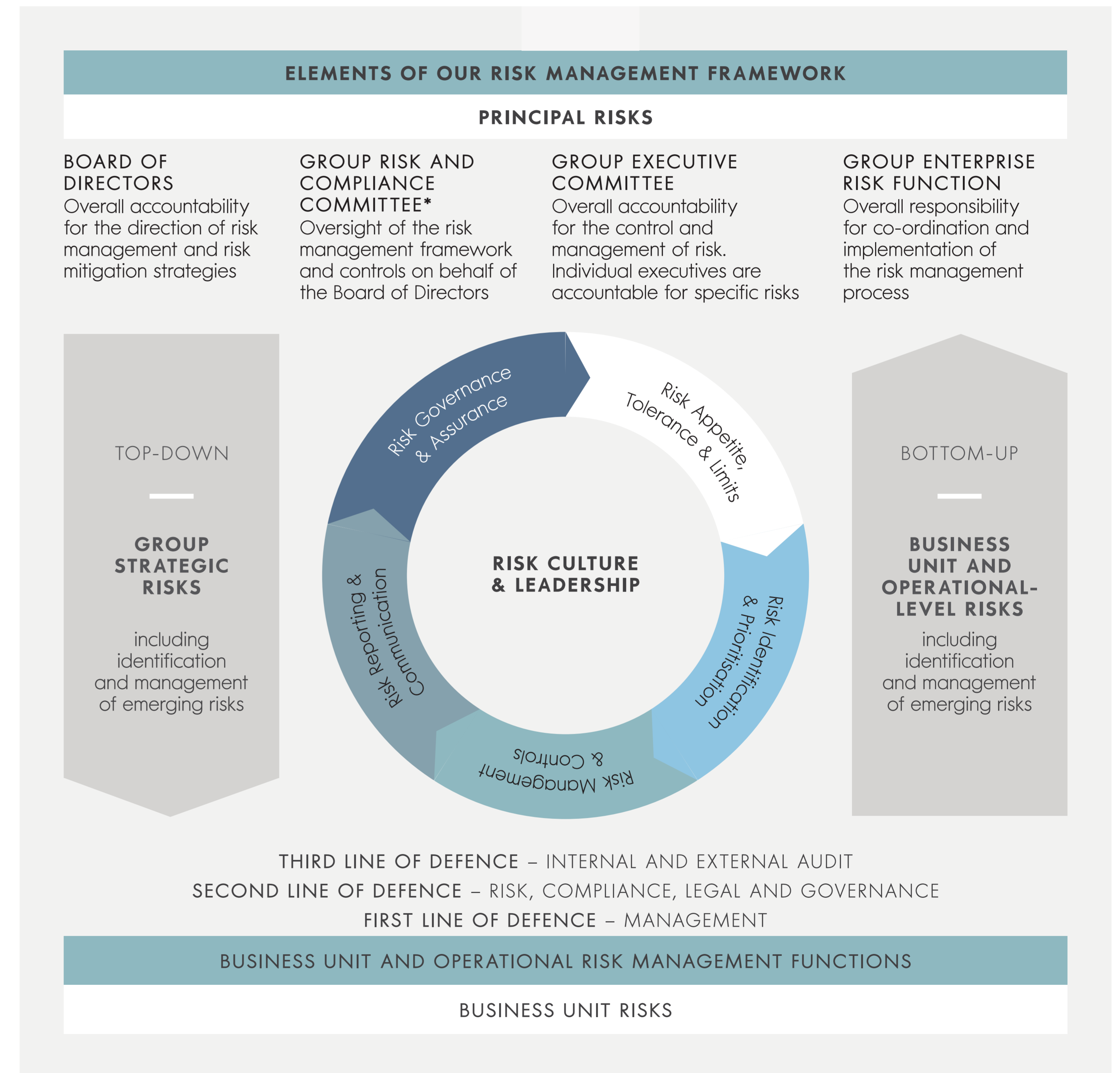
Our risk response plans take into account risk appetite and tolerance, as well as the link between the potential impact of significant risks and the effectiveness of mitigation measures or management activities. Management provides frequent updates to the Group’s Risk and Compliance Committee on all risk-related actions.

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. In the implementation, distinctions are made between assurance providers that own and manage risk, those who monitor risk and provide risk management direction and guidance, and those who provide independent assurance. The Group’s combined assurance report is tabled at both the Group Risk and Compliance and Audit Committees on an annual basis. In addition, the combined assurance report for each operating subsidiary is tabled with its Board. In their reviews, the Risk and Compliance Committee considers the completeness of risks assessed, the extent of the assurance coverage, and the assurance effectiveness over the financial year.

RISK APPETITE AND TOLERANCE

Risk appetite and tolerance are key to our enterprise risk management approach. The Group’s risk appetite and tolerance framework defines the levels of risk that the Group is willing to accept in order to achieve its business objectives. The approach is expressed primarily as the Group’s risk appetite in light of capital constraints and shareholder expectations. Risk appetite serves as a method to aid in the implementation of the Group strategy. The risk appetite parameters are a set of guidelines for making risk-based decisions in the context of strategy. They 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.



* The Committee’s name was changed to Risk, Information and Technology Committee post year end

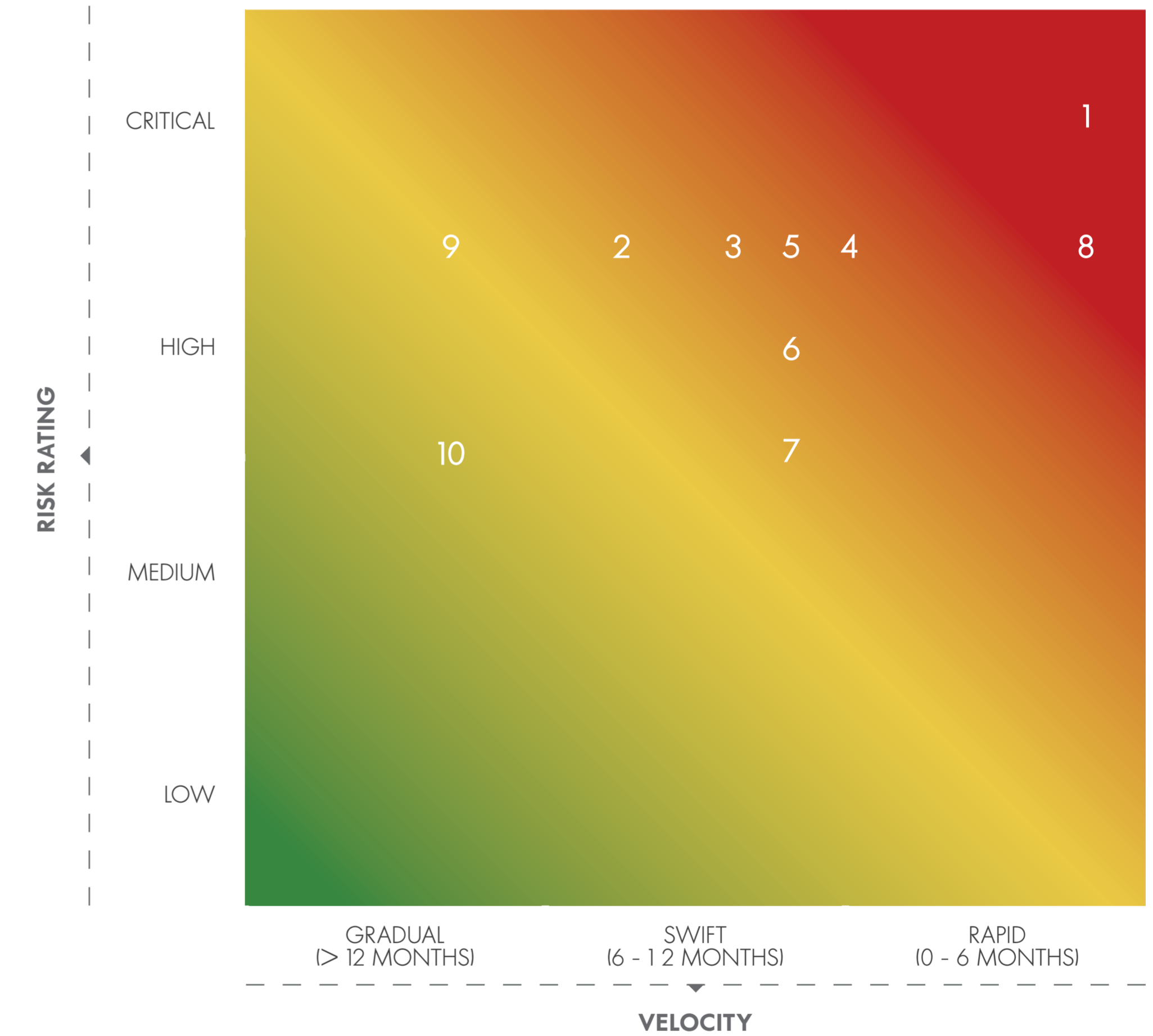
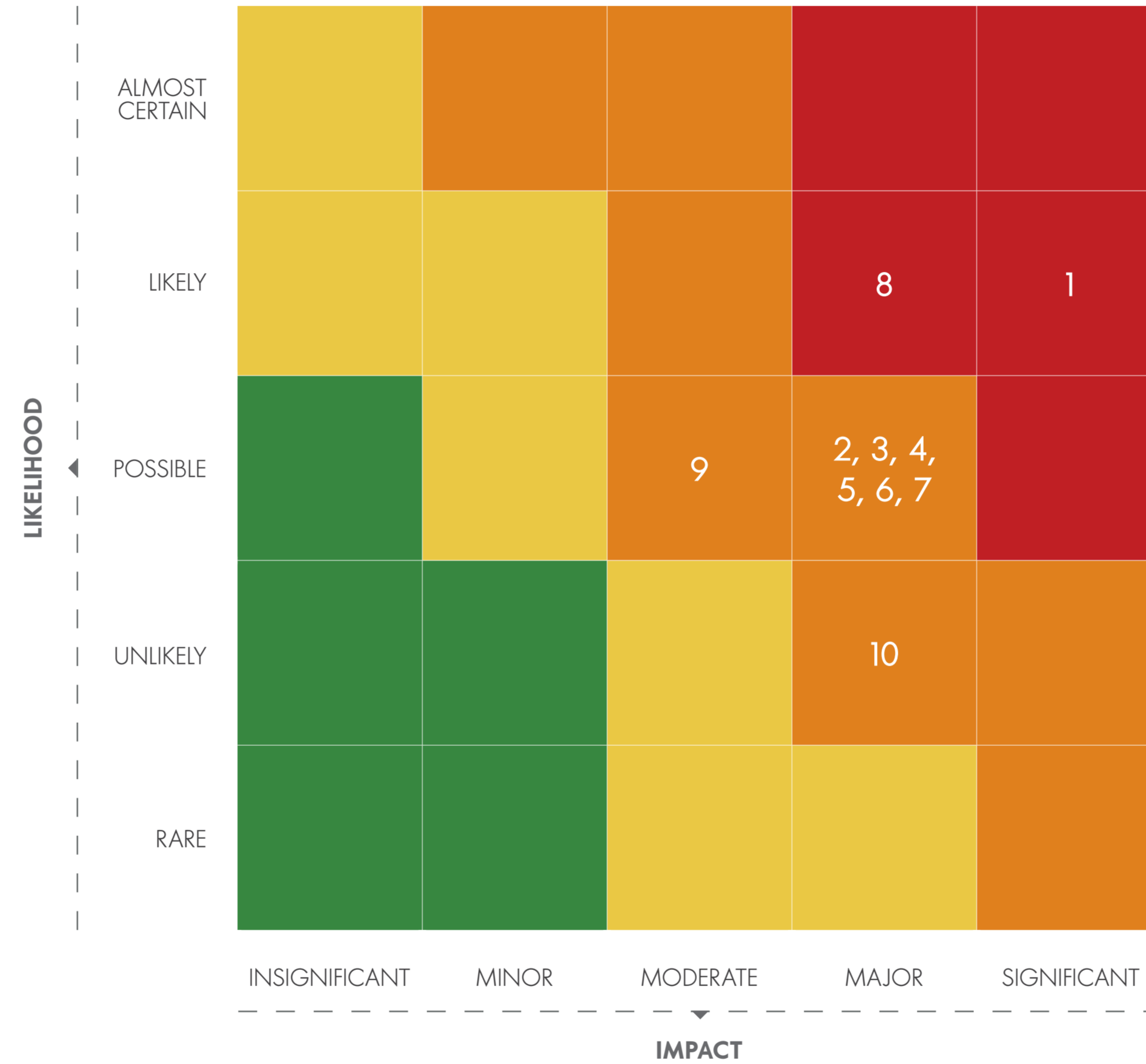
OUR PRINCIPAL RISKS

The heat maps alongside illustrate the Group’s main residual risk themes, the magnitude of their potential effect, and the pace (velocity) at which they may influence value generation.

The residual risk rating is the exposure that remains after all mitigating measures have been implemented. External variables outside management’s control, such as the prolonged impact of the pandemic and the sluggish economic reset, continue to be significant contributors to the present residual risk ratings.

MATERIAL CHANGES TO THE RISK PROFILE

- Business disruption and resilience risk, included in the 2020 Group risk profile, has been removed. We have strengthened our crisis management capability in both southern Africa and Australia, providing central oversight and co-ordination of critical response actions, while further enhancing the Group business continuity and disaster recovery frameworks to ensure that business can continue to operate under identified conditions of volatility, and recover from disruptive events. Business disruption and resiliency initiatives remain top of mind, and continue to receive significant management commitment and focus through various committees and working groups across the business.
- The SA Food business market leadership position risk has been introduced aligned to the significant focus and initiatives to further expand our leadership position in Food to support our future growth while remaining cognisant of intensifying competition, changing customer behaviours, and trading conditions.



1. Macro-economic and socio-political risk
2. Fix Fashion and reposition Beauty and Home
3. David Jones turnaround
4. Omni-channel strategy execution
5. Food business market leadership position

6. Right-size the cost base of the business
7. Transform into a digitally enabled and data-driven organisation
8. Cyber risk
9. Talent, operating model, and ways of working
10. Sustainability, inclusivity, ethics, and our reputation



OUR RISK APPROACH REMAINS ROBUST AND RESPONSIVE TO THE CONTINUED TURBULENCE OF THE ENVIRONMENT WE OPERATE IN, PRIMARILY AS A RESULT OF THE PROLONGED IMPACT OF COVID-19 AND FURTHER EXACERBATED BY DETERIORATING ECONOMIC FACTORS. WE CONTINUE TO ADAPT OUR RESPONSES AS NEW DEVELOPMENTS ARISE, AND AN INHERENT AGILITY AND RESILIENCY IS NOW WELL EMBEDDED INTO OUR RISK PROFILE.

- ▲ TRENDING NEGATIVELY
- ▼ TRENDING POSITIVELY
- ◄ NO CHANGE

1.

MACRO-ECONOMIC AND SOCIO-POLITICAL ENVIRONMENT



RISK CONTEXT

- Prolonged global economic recovery influenced by the ongoing Covid-19 pandemic and socio-political events
- In South Africa, unsustainably high government debt levels, large fiscal deficits, rising cost of living including rising fuel prices, elevated unemployment, rising inflation and interest rates, threat of civil unrest, and more intense energy shortages
- Supply chain disruptions, including rising shipping costs and delays, place significant pressure on raw material availability and input pricing
- Discretionary spending remains constrained

MITIGATIONS

- Ongoing extensive reviews of strategies and plans with input from economic and political experts
- Prioritise key strategic projects and capex investment to protect the core business and drive growth and transformation
- Focus on building resilience and flexibility into the business
- Stabilise supply chain disruptions through broadening of local manufacturing base where feasible and implement collaborative forward buying on key products
- Strong focus and acceleration of key online initiatives under the Group digital and data analytics programme to support the shift to online in terms of experience, capability, and capacity
- Given trading conditions, additional emphasis is being placed on managing margins and expenses and driving efficiencies
- Ongoing cost reviews

OVERSIGHT

WHL Risk and Compliance Committee
 WHL Audit Committee
 WSA, DJ, and CRG Boards
 Executive Committees

2.

FIX FASHION AND REPOSITION BEAUTY AND HOME



RISK CONTEXT

- Weakening broader economic environment and consumer confidence
- Increasing global supply chain uncertainty pressurising procurement capabilities
- Shift in customer shopping behaviour
- Poorly executed product in key segments of the business
- Customer-centric product and category strategy
- Consistency of trend, design, and product development capabilities across all the groups
- Price and value perception

MITIGATIONS

- Adjust product offering to align to the shift in customer behaviour
- 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 on the delivery of an Integrated Beauty Brand look and feel concept

OVERSIGHT

WHL Risk and Compliance Committee
 WSA Board
 Executive Committee

3. DAVID JONES TURNAROUND



RISK CONTEXT

- Long-term viability of traditional department store model
- Weakening broader economic environment and consumer confidence
- Exit or downsize selected stores with unprofitable space
- Brand investment and creating brand relevance
- Shifts in retail spending, including consumer preference to shop online rather than in-store
- Customer demand for a differentiated shopping experience
- Attraction and retention of key talent

MITIGATIONS

- Successful execution of our capital plan
- Investment in the digital strategy to enable a future-proof, data-driven business with a world-class online offering and improved user experience
- Focus on stabilising and improving profit margin through stringent cost control and sound inventory management
- Real estate optimisation, including right-sizing the store portfolio to further reduce occupancy cost metrics
- Continued refresh and improvement of store design concepts
- Provide accessible luxury and exclusive, differentiated products and brands, amazing experiences, and great service in our stores
- Continue to focus on brand exclusivity
- Enhance centralised supply chain efficiencies and improved sales mix

OVERSIGHT

WHL Risk and Compliance Committee
DJ Board
Executive Committee

4. OMNI-CHANNEL STRATEGY EXECUTION



RISK CONTEXT

- Delivering seamless retail experience across all channels and brands
- Enabling profitable omni-channel 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

MITIGATIONS

- Facilitating an agile operating model, structure, and skills to support and enable a connected retail experience
- 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 online and digital, further enhancements to Click and Collect and Woolies Dash on-demand services, and improving web and mobile in-app shopping experience
- 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

OVERSIGHT

WHL Risk and Compliance Committee
WSA, DJ, and CRG Boards
WHL Digital and Data Analytics Steering Committee
Executive Committee

5. FOOD BUSINESS MARKET LEADERSHIP POSITION



RISK CONTEXT

- Economic pressure impacting household income
- Reversion in customer shopping behaviour
- Intensified competitor activity
- Shifts in customer buying patterns impacting product availability
- Supply chain disruptions contribute to trade challenges

MITIGATIONS

- Embed the new Food leadership structure to optimise business performance, growth, focused execution, speed, and agility
- Continue to invest in price in key product categories to improve our value proposition while focusing on quality, innovation, and convenience
- Comprehensive price investment strategy
- Focused initiatives as part of the food services strategy roadmap
- Repositioning the promotional strategy

OVERSIGHT

WHL Risk and Compliance Committee
WSA Board
Executive Committee

6. RIGHT-SIZE THE COST BASE OF THE BUSINESS



RISK CONTEXT

- Incremental costs to execute the ability to remain cost neutral
- Failure to realise Group efficiency strategies
- Inability to drive required levels of sales
- Inability to exit or downsize selected stores with unprofitable space
- Achieving optimal lease terms (tenure, rental cost) to provide flexibility
- Impact of online on real estate

MITIGATIONS

- Ensuring optimal balance in capital allocation between investments for future growth, balance sheet protection, and meeting shareholder return expectations
- Ongoing review of store profitability and analysis of the portfolio
- Continued refresh and improvement of store design concepts
- Focus on structuring significant projects that will promote growth, support transformation, and improve execution
- Balance sheet remodelling to absorb future business disruptions
- Ongoing targeted cost reviews across the Group
- Ongoing review of performance through the budget and forecast processes to manage margins and costs
- Leverage Group scale to drive synergies/efficiencies

OVERSIGHT

WHL Risk and Compliance Committee
WHL Audit Committee
WSA, DJ, and CRG Boards
Executive Committees

7. TRANSFORMING INTO A DIGITALLY ENABLED AND DATA-DRIVEN ORGANISATION

RISK CONTEXT

- Rapidly changing digital landscape
- The need for enhanced digital capability, including data analytics, e-commerce, omni-channel, and automation, to drive value
- Organisational design and relevant talent
- Agile delivery
- Omni-channel and in-store digitisation

MITIGATIONS

- WHL Group digital and analytics programme
- Align our businesses to a common vision and ambition for digital
- Implementation of the required shifts in our talent, organisational operating model, core technologies, and data capabilities
- Execution against the foundational roadmap to deliver the required capabilities, data, and technology
- Leveraging compelling loyalty tools to build more profitable relationships with customers as we build key insights

OVERSIGHT

WHL Risk and Compliance Committee
 WHL Digital and Data Analytics Steering Committee
 WHL Information Management Committee
 Executive Committee

8. CYBER RISK

RISK CONTEXT

- The increasing sophistication and frequency of cyber attacks highlighting escalating security threats
- Increased cyber threat exposure due to accelerated digitisation and shift to online transactions
- Transition to remote and hybrid work environments
- Privacy, information management, and increased regulation

MITIGATIONS

- Further building our internal cyber security operations team
- Deployment of extended detection and response capability to prevent, detect, and respond to possible malicious activity
- Ongoing, proactive penetration testing and vulnerability scanning of both internal and externally facing network security devices and applications
- Ongoing focus on extending and enhancing controls in line with our environment and threat landscape as per our cyber strategy and roadmap
- Ongoing security campaigns with regular communications to raise awareness of evolving cyber threats
- Information management framework and policies to guide employee behaviour
- Audit review of cyber risk control measures with focused remediation actions

OVERSIGHT

WHL Risk and Compliance Committee
 WSA, DJ, and CRG Boards
 WHL Information Management Committee
 Executive Committee

9. TALENT, OPERATING MODEL, AND WAYS OF WORKING

RISK CONTEXT

- Attract and retain talent
- Scarce resources due to heightened competitor recruitment activity
- 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
- Maintaining our culture and team dynamics in a remote-working environment
- Relevance of the Employee Value Proposition in the current climate

MITIGATIONS

- Continued focus on our Employee Value Proposition
- Continue to enhance health and safety protocols to ensure a safe working environment for our people
- Leadership development programmes to enhance leadership capability
- Reimagine office workspace and ways of working through our hybrid model, including our Return to Office approach
- Provide wellbeing services with a specific focus on the context of the pandemic, social unrest, economic instability, and the shift to a hybrid working model
- 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

OVERSIGHT

WHL Risk and Compliance Committee
 WHL Remuneration Committee
 WSA, DJ, and CRG Boards
 Executive Committees

10. SUSTAINABILITY, INCLUSIVITY, ETHICS, AND OUR REPUTATION

RISK CONTEXT

- Heightened awareness of environmental and social issues, and the enhanced visibility and voice of external and internal advocacy groups
- Increased and intensified global climate change impacts
- Focus on transformation, diversity, and inclusiveness
- Commitment and adherence to new environmental regulations, human rights, animal welfare, and ethical standards

MITIGATIONS

- Good Business Journey programme
- Group Inclusive Justice Initiative, inspiring inclusive growth of all our people
- Implementation of sustainability initiatives in direct operations, products, and packaging
- WHL Group ethical trade position statement in place
- Supplier Codes of Conduct in place, and supplier ethical audits conducted
- Ongoing shareholder engagement, and customer listening sessions conducted
- Media crisis communications plan and process in place
- Continuous awareness and training sessions on governance-related topics

OVERSIGHT

WHL Risk and Compliance Committee
 WHL Sustainability Committee
 WHL Social and Ethics Committee
 WSA, DJ, and CRG Boards
 WSA Good Business Journey Steering Committee
 Executive Committees

MATERIAL ISSUES

Material issues are those items that are identified which could potentially have a significant impact on the performance and sustainability of our Group.

Our materiality determination process is integrated into the daily management of our Group. The interactions we have with our stakeholders are key to determining our material issues. We also conduct regular research, analysis, and updates, and consult with external experts on macro- and microeconomic conditions, the competitor landscape, the speed and effect of technological developments, societal issues, shifting customer behaviours and expectations, environmental challenges, and other matters identified through the risk management process.

This ensures that our material issues are recognised, considered and addressed through appropriate strategic responses in order to create long-term and sustainable stakeholder value.

1. CHALLENGING ECONOMIC ENVIRONMENT

Challenging global economic conditions are resulting in supply chain disruptions and significant increases in energy and commodity prices, with the IMF signalling lower global growth forecasts for 2022 and 2023.

Within all of the regions in which we operate, this is translating into escalating fuel prices, the highest inflation witnessed in years, and increasing interest rates as governments attempt to curb rising inflation.

The South African Reserve Bank (SARB) has revised its 2022 growth estimate for the country from 1.7% to 2.0%, following better-than-expected growth in the first quarter, but has lowered its forecast for 2023 and 2024 from 1.9% to 1.3% and 1.4%, respectively. Inflation expectations have been revised upwards to 6.5%, 5.7%, and 4.7% in 2022, 2023, and 2024, respectively. In order to stabilise inflation expectations more firmly around the mid-point of the 4% to 6% target range, the SARB has increased the repurchase rate, currently at 5.5%.

A similar trend is being witnessed in Australia, where the Reserve Bank of Australia (RBA) has revised its inflation expectations to 7.75% by the end of 2022 and to more than 4% and 3% for 2023 and 2024, respectively. Albeit still comparatively low, the RBA continues to increase the cash rate as a result, currently at 1.85%.

Notwithstanding these factors, Australia's economic growth is expected to show some recovery off the Covid-impacted base, with GDP growth estimates of 3.25% in 2022 and 1.75% in both 2023 and 2024, with the economy benefiting from record-low unemployment of 3.5%. This, unfortunately, is not the case in South Africa, where growth is expected to remain constrained, even when normalising for the impact of the pandemic, due to high unemployment levels of c.35%, ongoing loadshedding, and other structural headwinds.

OUR STRATEGIC RESPONSE

Our businesses are well-positioned to take advantage of a potential recovery in our economies and to mitigate supply chain impacts with sound inventory management. In South Africa, 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.



2. EFFECTIVE STRATEGIC EXECUTION

We are a large and diversified Group, with each division at a different stage in its respective strategic journey.

While our Food business is, and will remain, the engine room for growth in our Group, we are cognisant of increasing competition from both incumbent retailers and new, independent competitors.

The apparel market in South Africa is equally competitive and faces the additional threat of online-only businesses, especially within our mid-to upper-income target market. Nonetheless, we are making demonstrable progress in improving the underlying operational and financial health of our Fashion business while simultaneously growing Beauty and Home.

The Australian apparel retail market is more fragmented than that of South Africa but just as competitive, with retailers competing for customers' spend as post-pandemic footfall and tourism increase and the demand for online shopping persists, albeit at a slower pace. Having successfully executed our capital plan last year, our Australian businesses are now in a position to pursue their own respective strategic ambitions. For Country Road Group, this means maintaining its current momentum while exploring new growth opportunities, whereas David Jones is focused on improving its operational and financial health.

OUR STRATEGIC RESPONSE

We have established clear strategies for each of our businesses in support of our Group's overall growth ambition and are now focused relentlessly on their execution.



3. 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 over the past two years as a result of the Covid-19 pandemic.

While the demand for a seamless, omni-channel shopping experience will persist in a post-pandemic world, we expect to see an increase in store foot traffic and a corresponding slowdown in online sales growth (from its Covid-impacted base) as consumers return to stores and shopping habits normalise to some degree. Regardless of channel, customers will increasingly seek out personalised, inspiring and engaging experiences and retain their demand for convenience – from in-store browsing to online on-demand deliveries – through multiple iterations of formats and digital platforms.

CUSTOMERS WILL INCREASINGLY SEEK OUT PERSONALISED, INSPIRING AND ENGAGING EXPERIENCES AND RETAIN THEIR DEMAND FOR CONVENIENCE – FROM IN-STORE BROWSING TO ONLINE ON-DEMAND DELIVERIES.

OUR STRATEGIC RESPONSE

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



4. DIGITAL WORLD AND CYBER

Digital media and engagement – particularly mobile and social media – continue to infiltrate all aspects of our customers’ lives. This extends from how they interact with each other to how they communicate and transact with businesses – from researching products and prices before purchasing, to post-purchase feedback.

Retailers have access to a wealth of internal and external customer data, which they can leverage into valuable insights and personalised options while remaining cognisant 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 strategies focus 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.



5. PEOPLE, TALENT MANAGEMENT, AND CHANGE

Attracting and retaining talent is the most important factor in delivering our strategic objectives, and remains a challenge, as competition for skilled human resources continues to intensify, particularly in the digital and data space.

It is also critical that we evolve our ways of working, given the potential impact this has on staff productivity, capacity, efficiency, and the effective sharing of knowledge, skills, and expertise.

While we have always prioritised the health and safety of our people, the impact of Covid-19 has accentuated the importance of protecting employee wellness. Further, as discussed under ‘Responsible Retailing’, we also have a vital role to play in embracing diversity and ensuring meaningful inclusivity in our businesses.

OUR STRATEGIC RESPONSE

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



6. RESPONSIBLE RETAILING

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

The impact of the pandemic, along with global movements, has heightened the awareness around humanitarian issues such as widespread socio-economic disparities and other inequalities within communities. While we have been 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 and meaningful impact to positively contribute towards our communities and the broader environment.





OUR STRATEGY



CLICK ON BOX TO GO TO THAT SECTION

OUR GROUP CHIEF EXECUTIVE OFFICER'S REPORT



NOT ONLY HAVE WE DELIVERED A SET OF RESULTS THAT WE CAN BE PROUD OF, WE HAVE EMERGED FROM THE PANDEMIC A FAR STRONGER AND INCREASINGLY FUTURE-FIT BUSINESS.

For the past two and a half years, I have been privileged to lead our Group through arguably one of the most tumultuous periods our organisation has thus far experienced. This past year has again proven challenging for businesses across the globe – ours included – but notwithstanding the external context, we have made notable progress strategically, financially, and operationally – delivering a set of results of which we can be proud.

Our strategies are working. We have returned the Group's balance sheet to its healthiest position since 2014, ending the year in a net cash-positive position. We have unlocked value in Australia, and are making encouraging progress in our Fashion Beauty Home (FBH) business in South Africa. Not only have we delivered tangible shareholder returns – we have also continued to deliver on our purpose of 'adding quality to life' by positively impacting the lives of our employees, their families, and the communities in which we operate.

This would not have been possible had it not been for the collective efforts of all our teams, suppliers and business partners across all our businesses. I'd like to thank them for their passion and commitment to our organisation, as ultimately, it is the contribution of each and every individual that delivers 'The Difference.' And of course, we are immensely grateful to our customers. Today, we know there has never been more choice for customers. We thank them for trusting us to consistently rise to the challenge, keep raising the bar on quality, take the lead on sustainability issues, and drive innovation to meet their evolving needs. Our customers, our people, and our partners lie at the heart of every decision we make; their continued loyalty and support is fundamental to our success, and we will keep doing our utmost to safeguard the privilege of that trust.

I would also like to acknowledge each member of our Board for their engagement, support, guidance, and trust, which I have found invaluable, particularly in these times of flux.

DELIVERING A STRONG SET OF FY2022 RESULTS

We have delivered a strong all-round set of results in a year with notable challenges – a volatile global economy, numerous supply chain disruptions, increased energy prices, rising inflation and interest rates, and the persistent impacts of the pandemic. Our businesses in Australia endured extended lockdowns, which significantly impacted our ability to trade in the first half. In South Africa, we contended with the devastation caused by the social unrest at the start of the financial year, flooding in KwaZulu Natal in the third quarter, and the impact of severe loadshedding throughout the second half. The two halves of the 2022 financial year were therefore distinct with respect to results. With the impact of the lockdowns in Australia hampering our performance in the first half, our results in the second half were more representative of our ability to trade our businesses and execute our strategies, and this period saw us grow revenue by 5.6% in constant currency, and our earnings by 44%. For the full year, we grew our top line by 2.6% and our earnings by close to 10%, with adHEPS now comfortably above pre-Covid levels.

From a divisional perspective, the performance of our Fashion, Beauty and Home business is very encouraging, in particular, the quality of sales, which resulted in aEBIT growth of almost 50% and a 350-basis point improvement in aEBIT margin. Our Food business, on the other hand, lost some momentum in the current year, impacted in part by base effects and market dynamics. This is something we are actively addressing. In Australia, both David Jones (DJ) and Country Road Group (CRG) rebounded strongly subsequent to the lifting of lockdown restrictions, delivering double-digit profit growth on a normalised basis, notwithstanding ongoing space reduction initiatives and in-store footfall still some c.20% below pre-Covid levels.

DELIVERING ENHANCED CAPITAL ALLOCATION

While I am pleased with our trading performance as a Group, arguably the real highlight of the year has been the progress made on capital allocation, both in respect to our allocation principles and how these have been put into practice, as outlined on page 41. Historically, our allocation of capital was sub-optimally aligned relative to the respective contributors to Group profit and returns. Capital allocation is not only a driver and differentiator of company performance but also a key determinant in market valuation, and, therefore, this had ramifications on our financial metrics and share price, as well as our credibility within the investment community.

To address this, a key focus for us this past year has been interrogating our capital allocation approach, ensuring that we deploy our capital in such a way that we optimally balance the achievement of our gearing targets, reinvesting in our businesses, and delivering upon the return expectations of our shareholders.

As a result, we have further reduced our debt, which is now R12 billion lower than it was two years ago, bringing our balance sheet to a net cash positive position. In line with the commitment I made last year, there has been no further flow of capital from South Africa to David Jones. In fact, we repatriated R1 billion from DJ during the year, and used these proceeds to reduce our debt in South Africa. We intend repatriating a further R500 million in the coming weeks.

We have also returned excess cash to our shareholders by paying a total dividend almost 250% higher than that of the previous year, reflecting an increased dividend pay-out ratio of 70% in respect of both WSA and CRG second-half earnings. Over and above this, we undertook a share buyback of 2.9% of our shares (totalling R1.5 billion) at a price which we believe to be well below the intrinsic value of our Group.

Naturally, we've balanced this with continued reinvestment in our business, specifically in the areas of digital and data, and particularly in South Africa, which is where we see the greatest opportunity to drive economic profits.

We generated Free Cash Flow of

R4.3BN

enabling a R1.5bn repurchase of shares and a 250% increase in the total dividend



THE DIVERSITY OF THE GROUP'S PORTFOLIO OF BUSINESSES, AND THEIR RESPECTIVE OPPORTUNITIES FOR GROWTH, IS ONE OF OUR BIGGEST STRENGTHS.

DELIVERING AGAINST OUR STRATEGIC INITIATIVES

Our strategies are detailed further on pages 40 to 54.

Our strategic framework supports our sustainable growth and value creation ambition, and informs our aim to be a leading, purpose-driven, and truly connected retailer. Our strategies focus on three key themes: protecting and growing our profitable core to ensure that we safeguard the foundation that differentiates us from our competitors; expanding for more to leverage this foundation further in exploring new growth opportunities; and leading in customer experience. While each of our businesses is distinct in its strategic direction, they do share a common foundation of competitive advantages, and our strategies are designed to leverage these, namely: our diversification in terms of category and geography; our market-leading sustainability credentials; the intellectual property and innovation capabilities which we have built over decades; and the trust and high quality for which our brands are renowned.

Whilst we will continue to refine our strategies, our focus is now primarily on execution, and we have already made demonstrable progress in this regard over the past year. In the case of Australia, we have focused on addressing the financial and operational health of David Jones, and I am pleased to report that the business is in better shape than it has been for some time. David Jones is now debt free, self-funding, and has a clear roadmap to improving profitability, and as such, we are in a favourable position to explore all future options in respect of this business, and how best to further unlock value for the Group and our shareholders.

One of the key objectives in our capital plan last year was to split the covenants between our Australian businesses, enabling DJ and CRG each to be independently set up to pursue their respective strategic ambitions. I am particularly excited about the growth prospects for the CRG business, both in its existing brands, as well as in new markets and channels. CRG has a portfolio of leading Australian brands, and as the country's preeminent omni-channel player, with a strong growth trajectory, we expect it to become an even bigger part of our Group going forward.

We have also made significant progress in the execution of our strategies in South Africa. We recognised that the principal opportunity to create value

in our Group was to restore the underlying financial health of FBH by, by turning around our Fashion business and profitably growing our Beauty and Home components. Through our 'edit to amplify' strategy, we have grown our share of full-priced sales, reduced markdowns, optimised our footprint, and driven a significant improvement in sales and profit-per-sqm metrics, enabling us to meet our medium-term margin target two years ahead of plan.

Our Food business has an exceptionally strong foundation, with fundamentals that are not only true differentiators but also exceedingly difficult to authentically replicate. I firmly believe that the holy grail of food retailing, which we have refined over decades, is finding that sweet spot which balances giving our customers the best value proposition in the market and our shareholders the highest returns on capital in the sector, and doing this at scale. Whilst we see meaningful opportunity to grow our top-line, specifically through driving our on-shelf availability, amplifying our differentiated value proposition, and increasing our market place presence, we are very mindful of not chasing indiscriminate market share. What matters more to us is remaining true to our DNA, and maintaining our industry-leading margin and returns metrics. After all, it is this very holy grail that delivers the best outcome for our shareholders.

Another key strategic focus area is our digital transformation, and more specifically, shifting our basis from being 'data-rich, insights-poor' to a truly data-led organisation. Consequently, we aim to have market-leading loyalty programmes across our businesses, and are focused on refreshing these propositions to drive both incremental spend and engagement. We continue to fast-track our online capability to provide our customers with seamless shopping experiences, regardless of the channel through which they wish to engage. However, this is a balancing act in terms of meeting customer needs without unnecessarily eroding profit margins, particularly in the case of Food where online is notably margin dilutive. The imperative is to continue growing our scale whilst optimising our channel mix efficiency.

DELIVERING ON OUR VISION TO BE ONE OF THE WORLD'S MOST RESPONSIBLE RETAILERS

Sustainability is a key and growing consideration for both customers and investors alike. This clear and compelling imperative has been integral to who we are since the inception of our pioneering Good Business Journey (GBJ) and is embedded in everything we do. In fact, we see this as one of our key differentiators and a significant source of competitive advantage. At our inaugural GBJ Investor Day last year, we shared our new sustainability strategy and targets to 2025 and beyond, essentially doubling down on our vision to be one of the world's most responsible retailers. We continue to lead the way in a number of critical sustainability initiatives and, to this end, have notched up several notable accomplishments over the past year, including linking over 80% of our South African debt to sustainability attributes, becoming the first SA retailer to sign the UN Women's Empowerment Principles, as well as publishing our first-tier supplier list for our apparel businesses.

As an organisation, we recognise the role we play in addressing critical social issues and have upweighted our Inclusive Justice Initiative (IJI) - a pillar of our GBJ - to ensure we're always considering the human aspect in doing good business. Our IJI seeks to inspire inclusive growth for all our people to meaningfully impact transformation across the communities in which we operate. A key element of this programme is our Just Wage initiative, through which we play our part in addressing the remuneration gap in South Africa by moving well ahead of the legislative requirement of paying a living wage, to, instead, paying our employees a 'just wage'. To this end, our hourly rate is more than 55% above the minimum hourly SA wage requirement and more than 20% above the retail sector minimum hourly wage, demonstrating our commitment to addressing wage inequality and social upliftment.

Given the extreme inequality and high levels of unemployment in South Africa, the private sector's role in transformation and upliftment is imperative. Whilst job creation, training and development, and capital investment through store expansion are key enablers, and I am proud of the difference our various initiatives and programmes make in this regard, we can and will do more as a corporate citizen to play our part in addressing sustainable social harmony. Ensuring inclusivity and equality within our workplace is an enduring value throughout our Group.

I FIRMLY BELIEVE THAT WE HAVE PROVEN OURSELVES TO BE A RESILIENT ORGANISATION, WITH A UNIQUE DNA, A FOCUS ON FORMULATING AND EXECUTING CLEAR STRATEGIES AND A STEELY DETERMINATION TO WIN.

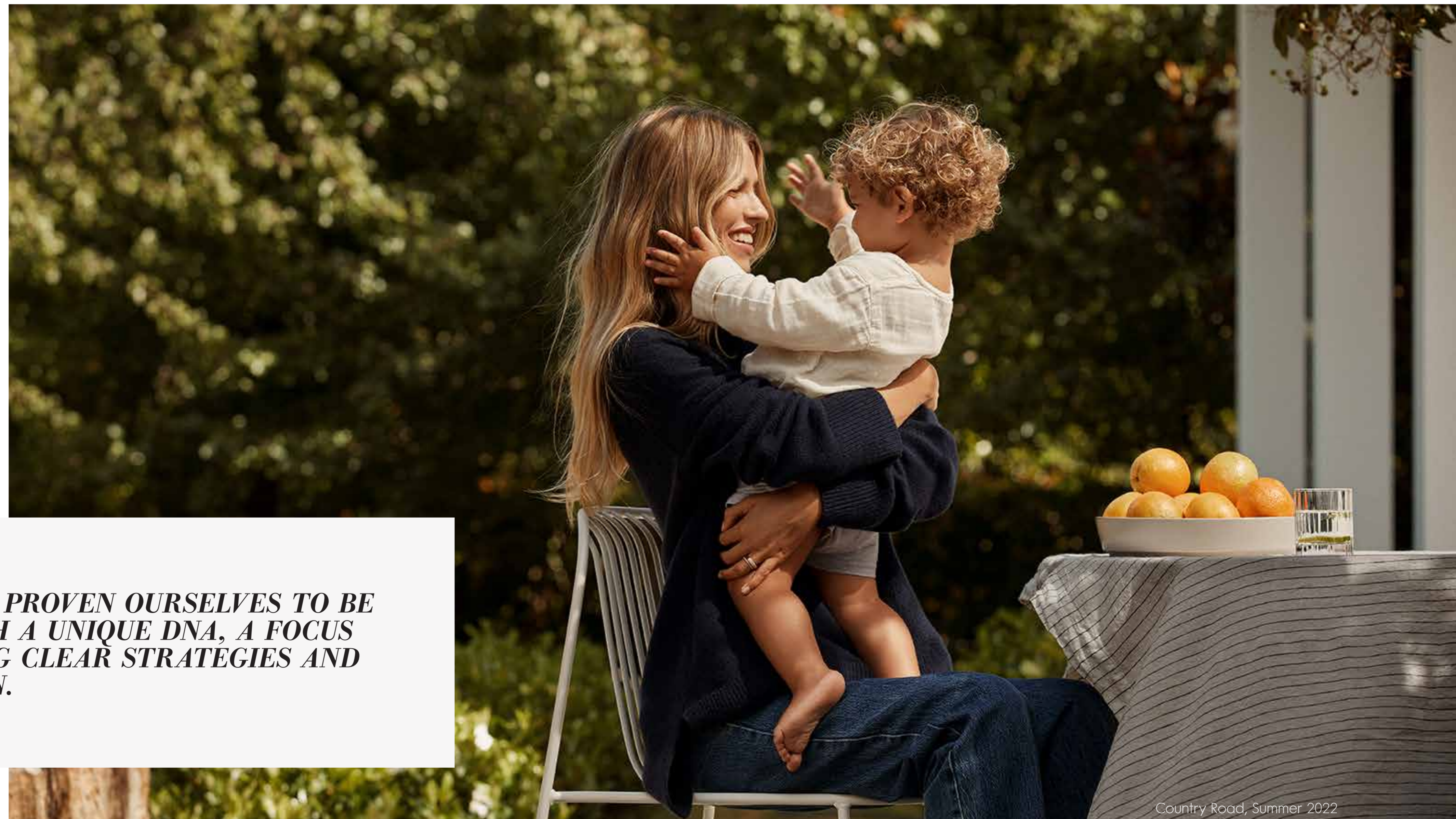
LOOKING AHEAD

The global macro-economic outlook remains challenging, with rising inflation and interest rates, continued supply chain challenges, and ongoing volatility and uncertainty. While Australian consumers stand to benefit from strong household balance sheets and very low levels of unemployment, this is not the case in South Africa where consumption spend faces the additional headwinds of high unemployment and severe energy shortages. Notwithstanding these near-term challenges, the business is better positioned, both financially and operationally, to invest for the future.

Our balance sheet has real firepower, and we have significant scope within our various businesses to grow both revenue and profitability,

irrespective of the macro context. We are allocating our capital accordingly, and are on track to rebuild our financial credentials, and drive long-term value creation. Throughout this, we will ensure that our values as a company, and our value as a business, remain inextricably linked, because we know that it is only through combining business performance with responsible, values-driven social conduct, that we'll drive sustainable growth, strengthen our brands, and keep our people and customers inspired and engaged.

I am incredibly honoured to be able to lead this remarkable organisation, as we do just this!



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.

In the case of FBH, we are focused on restoring the underlying financial health of our Fashion business while simultaneously gaining profitable market share in Beauty and Home. Our Food business will remain the engine room of our value creation, and to this end, we must not only protect but expand our leadership position by remaining aspirational, but becoming more accessible in product, price, channel, and format. Over the past two years, we have made demonstrable progress in unlocking value in our Australian businesses through the successful execution of our capital plan, and from here, our strategies have now shifted to value creation. In the case of David Jones, this means improving the business’s underlying operational and financial health, supported by considered, internally funded investment in its turnaround initiatives. As a successful incubator of brands, CRG has the opportunity to become a more sizeable omni-player by driving continued momentum across its portfolio of existing brands while simultaneously exploring new growth opportunities in brands, geography, and channels.

Integral to becoming a leading and truly connected retailer is enhancing the data analytical capabilities across the Group and embedding these insights throughout our decision-making processes. We are therefore increasingly re-prioritising our operational and capital spending towards digital and data transformation to drive omni-channel, customer-centric solutions and experiences.

It is critical that we pursue our initiatives in a profitable manner. We will do this by simplifying our structures and processes to drive more agile ways of working, leveraging our diverse group matrix model, and improving the efficiency and flexibility of our cost base to ensure opex supports our strategic growth ambitions.

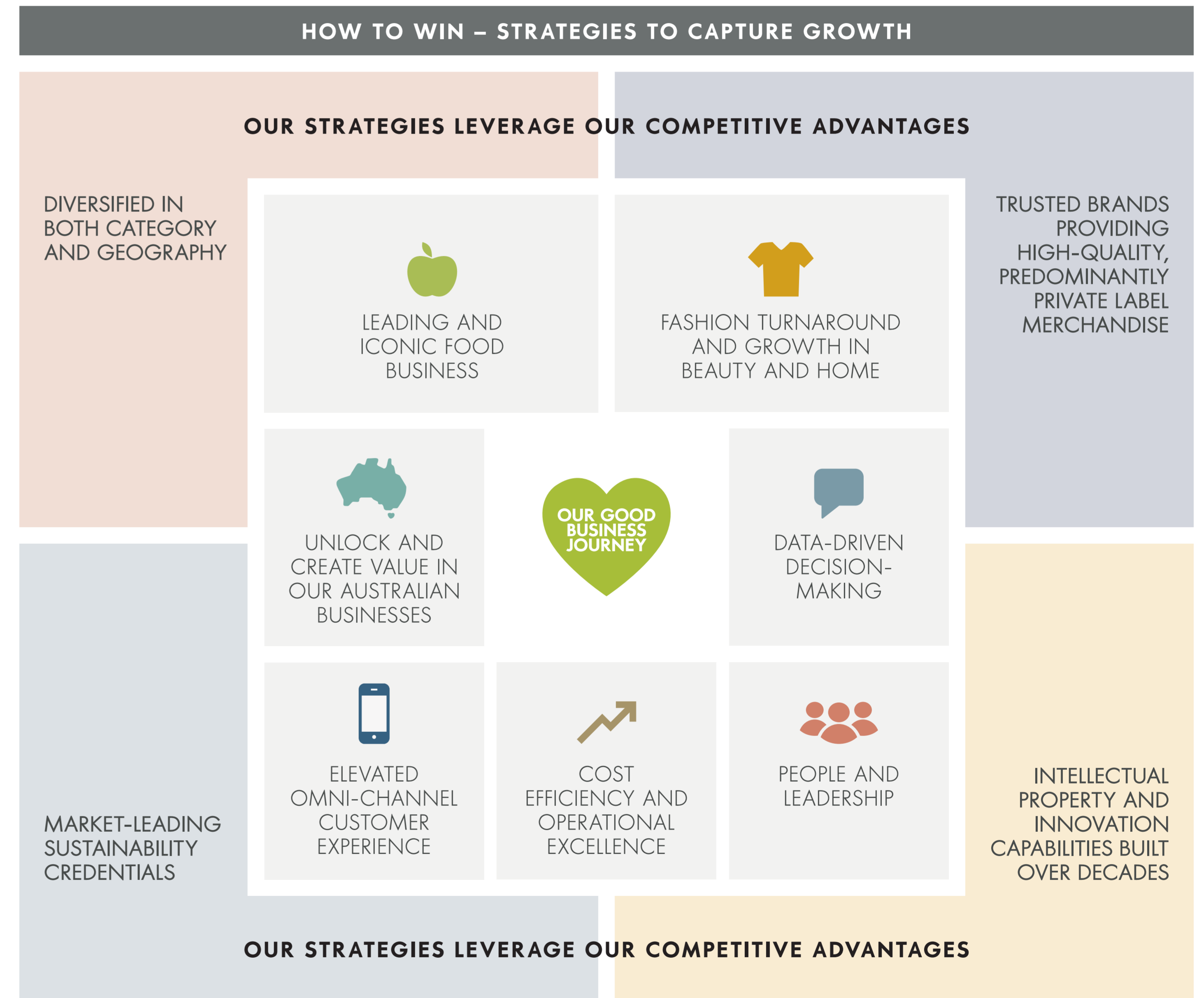
Our people are our greatest enabler to the effective execution of our strategies, and to this end, we are up-weighting the focus on our holistic Employee Value Proposition, enhancing our talent development and management processes, and embedding a high-performance culture and greater levels of accountability.

Our Good Business Journey is central to who we are and what we do and therefore lies at the heart of our strategic framework. 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.

We are confident that we have the right strategies in place and that through their effective execution, we will continue to rebuild our financial credentials by improving the profitability and returns profile of our Group, drive long-term value creation, and restore our business

to its rightful place in the hearts and minds of all our stakeholders.

The strategies encapsulated in our framework are discussed in more detail on pages 42 to 54.



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.

We have fundamentally re-evaluated our approach to capital allocation to ensure that our principles support our strategies and growth ambitions while also meeting our targeted gearing structure and shareholder aspirations.

We are embedding changes to improve the rigour and robustness of our approach to allocating capital, enabling:

- A more holistic view and greater visibility across the organisation, allowing for greater debate in respect of trade-offs, and ensuring sufficient internal capacity and capability to drive execution
- Greater competition between businesses for capex to drive enhanced capital productivity
- Prioritisation and ranking of projects relative to strategic goals and return metrics
- An optimal balance between near-term yield (financial metrics) and longer-term growth (investments with longer payback periods)

WE HAVE FUNDAMENTALLY RE-EVALUATED OUR APPROACH TO CAPITAL ALLOCATION TO ENSURE THAT OUR PRINCIPLES SUPPORT OUR STRATEGIES AND GROWTH AMBITIONS WHILE ALSO MEETING OUR TARGETED GEARING STRUCTURE AND SHAREHOLDER ASPIRATIONS.

Our capital allocation principles and aspirations are summarised in the accompanying diagram.

We have significantly strengthened our balance sheet over the past 18 months and are now in a position to increasingly shift our focus towards investing in growth while simultaneously improving shareholder returns. We have self-driven opportunities across our businesses to grow both revenue and profitability, and to this end, will be investing c.R10 billion over the next three years to support our organic growth ambitions.

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



ALLOCATION OF CASH SEEKS TO BALANCE:



R1.5BN

To improve the efficiency of our capital structure, we repatriated c.R1 billion from David Jones to South Africa by way of a special dividend, with a further R0.5bn repatriation planned post the financial year-end. We also undertook a share buyback programme, purchasing R1.5bn of our own shares over June and July 2022 at an average price of R54.72, which we believe is well below the intrinsic value of our business.

FOCUS AREAS FOR FY2023 AND BEYOND

IMMEDIATE PRIORITIES

MEDIUM- TO LONGER-TERM FOCUS AREAS



UNLOCK AND CREATE VALUE IN OUR AUSTRALIAN BUSINESSES

- Continue to improve operational and financial performance of DJ through successful execution of our refreshed merchandise strategy, and the continued optimisation of space
- Evaluate all options in respect of DJ to unlock value for its shareholders
- Maintain momentum of Country Road brand and improve performance across rest of CRG portfolio



DRIVE NEW CRG GROWTH OPPORTUNITIES



WSA FASHION TURNAROUND AND GROWTH IN BEAUTY AND HOME

RELENTLESSLY EXECUTE THE FBH STRATEGY TO PERMANENTLY SHIFT THE TRAJECTORY OF THE BUSINESS

- Further improve the relevance and appeal of Fashion proposition, focusing on 'must win' categories
- Invest in FBH value chain



- Grow our Beauty business and dominate in Home with online personalisation and service as differentiators
- Increase local manufacturing component



LEADING AND ICONIC WSA FOOD BUSINESS

- Focus on opportunities to grow our core and highlight our differentiated proposition

DRIVE POSITIVE PROFIT GROWTH AND CONTINUE TO PRODUCE MARKET-LEADING RETURNS

- Grow both share of Food customers and share of wallet by becoming more accessible while remaining aspirational



- Continue to improve digital capacity and capability by investing in talent

CONTINUE TO DRIVE GREATER DIFFERENTIATION AND PERSONALISATION



DATA-DRIVEN DECISION-MAKING

- Leverage existing wealth of data to better inform decisions and processes, and fundamentally change processes and ways of working
- Refresh loyalty in all our businesses

IMMEDIATE PRIORITIES

MEDIUM- TO LONGER-TERM FOCUS AREAS



ELEVATED OMNI-CHANNEL CUSTOMER EXPERIENCE

FAST-TRACK IMPROVING OF ONLINE CAPABILITY AND IMPROVE PROFITABILITY OF ONLINE THROUGH SCALE, CHANNEL MIX, AND CHANNEL EFFICIENCY



- Further leverage opportunities, investments, and learnings across the Group



COST EFFICIENCY AND OPERATIONAL EXCELLENCE

- Improve efficiency and flexibility in the cost base

ENSURE OPEX SUPPORTS FUTURE GROWTH AMBITIONS



PEOPLE AND LEADERSHIP

- Become even more effective and efficient in our ways of working to drive a more agile and responsive organisation



EMBED THE INCLUSIVE JUSTICE INITIATIVE ACROSS THE GROUP TO DRIVE A CULTURE THAT EMBRACES DIVERSITY, INCLUDING OUR 'JUST WAGE' INITIATIVE



GOOD BUSINESS JOURNEY

ENSURE THAT SUSTAINABILITY REMAINS CENTRAL TO EVERYTHING WE DO

ACHIEVE SUSTAINABILITY TARGETS TO 2025 AND BEYOND

Meaningfully impact the communities in which we operate and encourage greater stakeholder collaboration



OUR STRATEGIC THEMES



UNLOCK AND CREATE VALUE IN AUSTRALIA AND NEW ZEALAND

STRATEGIC OBJECTIVE

Having successfully executed our capital plan, we are now focused on improving the underlying operational and financial performance of David Jones and driving the refreshed Country Road Group growth ambition

STRATEGIC INITIATIVES

- Drive refreshed merchandise strategy in David Jones
- Optimise real estate footprint, reducing occupancy cost/sales ratios, particularly in David Jones
- Maintain momentum of Country Road brand and improve performance across rest of the CRG portfolio
- Drive new CRG growth opportunities

PERFORMANCE IN THE CURRENT YEAR

Both DJ and CRG rebounded strongly in the second half of the financial year following the lifting of lockdown restrictions experienced in the first half, with turnover and concession sales growth of 4.3% and 9.0% in the second half, respectively. On a full-year basis, DJ sales contracted by 2.6% and CRG grew sales by 3.1%. DJ achieved an aEBIT margin of 4.1% and CRG an aEBIT margin of 11.1%, while CRG is below that of last year, given the impact of JobKeeper and rent relief initiatives which supported the prior-year base. Both businesses achieved double-digit profit growth on a normalised basis.

Further, as discussed under Capital Allocation, with Australia now in a net cash position, and to improve the efficiency of our Group's capital structure, we repatriated c.R1 billion from David Jones to South Africa by way of a special dividend, with a further c.R0.5 billion planned to be repatriated post the financial year-end.



aEBIT margin %

4.1%

David Jones up 10 bpts

11.1%

Country Road Group down 360 bpts

In the case of David Jones, our focus is on improving the underlying operational and financial performance of the business. Our refreshed merchandise strategy will see the expansion of premium and emerging brands to drive a more relevant and differentiated product proposition while simultaneously improving intake margins and reducing markdowns. In line with the business's vision 'to be the destination that inspires with experiences and service...like no other', we will further know and grow our customers in order to deliver personalised service and profitable growth. We have a clearly defined customer-centric and data-led strategy focused on inspiration, acquisition, and retention. Data will play a key role in providing us with valuable insights to drive frequency and spend of both current and strategic growth customers, while a suite of financial services products will reward customers for their loyalty and simultaneously generate incremental revenues.

In order to achieve our goal of being an omni-channel curator of world-class brands, we need to deliver a seamless experience to our customers and are therefore implementing 'headless e-commerce', 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, the ability to curate unique and personalised designs and experiences, and improve the overall business efficiency and profitability.

THE SUCCESSFUL EXECUTION OF OUR CAPITAL PLAN, WHICH SAW THE SPLITTING OF THE COVENANT GROUP THAT EXISTED BETWEEN DAVID JONES AND COUNTRY ROAD GROUP, HAS UNLOCKED VALUE FOR BOTH ENTITIES AND THE GROUP AS A WHOLE AND ENABLED BOTH DJ AND CRG TO BE SET UP TO INDEPENDENTLY PURSUE THEIR OWN RESPECTIVE AMBITIONS.

Key to improving the financial performance of the business is optimising the shape of our real estate footprint. Over the past year, we have reduced David Jones's footprint by a further 2.6%, implying a total reduction of 9.5% versus the 2019 base, and have a clear pathway to further reducing occupancy cost metrics. At the same time, we are aware that our flagship stores remain a valuable asset for our brand, and to this end, we are refurbishing our Bourke Street building to create a flagship store that offers a world-class shopping destination. This is on track to re-open in the second half of 2022.

Our CRG vision is 'to be the most admired Australian Lifestyle Brand House'. We will realise this by unlocking the potential and value of our existing



brands, accelerating the growth of Country Road, which continues to perform exceptionally well, scaling Trenergy, stabilising and growing Witchery, consolidating Mimco, and re-positioning and growing Politix.

We are building a world-class distribution network to facilitate the growth of our brands. This includes entering and growing new channels, closing underperforming stores, refreshing existing stores, and opening new stores and pop-ups in strategic locations. We will also test and embed changes to the CRG South African operating model to improve gross margin and drive accelerated growth.

We will continue to lead the market in the omni-channel space by providing our customers with superior, personalised shopping experiences and by leveraging

deep customer knowledge across the multiple brands. We will also upgrade our loyalty programmes and build a headless digital infrastructure, which will see similar benefits to those we envisage for David Jones.

We have identified further room to improve GP margins by leveraging Group sourcing benefits and by unlocking greater fulfilment efficiencies in the expansion and optimisation of our omni-channel fulfilment centres.

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 our systems support our growth trajectory.





WSA FASHION TURNAROUND AND GROWTH IN BEAUTY AND HOME

STRATEGIC OBJECTIVE

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

STRATEGIC INITIATIVES

- Leverage customer data insights to improve the relevance and appeal of our Fashion proposition, focusing on 'must win' categories
- Achieve 'right price first time'
- Invest in value chain transformation and grow local manufacturing component
- Optimise physical footprint while trialling new catalogues and formats
- Acquire new customers, leveraging WRewards, WFS, and third-party brands
- Expand Beauty offer in existing stores and introduce to new stores, including Africa
- Dominate Home market in key categories
- Drive online personalisation and service as differentiators in both Beauty and Home

PERFORMANCE IN THE CURRENT YEAR

Our FBH business grew sales by 5.4% for the year, with full-price sales growing by 8.3%. In line with our strategy to improve the quality of our sales base, markdown declined by a further 4.1 ppts to the lowest level it has been in five years. Operating expenditure was exceptionally well contained, as we continue to streamline structures and processes and rationalise unproductive space, supporting 48.7% growth in aEBIT and an 350 bpts improvement in aEBIT margin.

We are clear that restoring the underlying financial health of our Fashion business and profitably growing Beauty and Home represents the single biggest opportunity to reset the value of our Group.

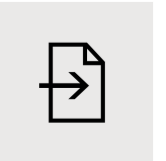
Our investment in enhancing our analytics capability has facilitated a more holistic and granular understanding of the customer, enabling us to identify where specific market opportunities lie and where these intersect with us as a brand – a trusted retailer of high-quality and predominantly private label brands, underpinned by superior sustainability attributes. These insights are being integrated into our product design and development processes to improve the relevance of our Fashion proposition. With a clear understanding of who our customer is, we are also leveraging our partnership with WFS, as well as our loyalty programme, to increase the frequency and spend of existing customers while simultaneously acquiring new ones.

We have proudly anchored our offering in our Woolworths brand, focusing on our 'must win' categories – the product offerings we have historically been renowned and loved for, and where we know we can deliver differentiated, superior quality and value to our customers. These categories include wardrobe essentials, denim, athleisure, smart or work-leisure, kids, and babywear. We are elevating 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. An important component of our holistic clothing 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, and we are therefore working with CRG to maximise the impact of their brands in our stores.

There is significant opportunity for us to capture greater share in the Beauty and Home markets, and in recognition of this, we have formulated separate strategic and financial plans for each of these distinct businesses. We are building our Beauty business as a destination category 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 growing our online presence. In our Home business, we aim to dominate in key categories, both in online and physical channels, leveraging our strengths of quality and innovation. In both of these businesses, we will leverage online personalisation and superior service as key differentiators.

Critical to successfully executing our product strategies is the transformation of our value chain, including planning systems, processes and logistics. This is a multi-year project which will see us optimise all aspects of our value chain – from supplier to store – towards a future-fit and agile model responsive to customer demand across all channels and geographies.

WE ARE CONFIDENT WE HAVE THE RIGHT STRATEGY AND ARE NOW RELENTLESSLY FOCUSED ON ITS EXECUTION AS WE CONTINUE TO SHIFT THE TRAJECTORY OF OUR FBH BUSINESS.





aEBIT margin

11.9%

up 350 bps to just shy of FY24 target

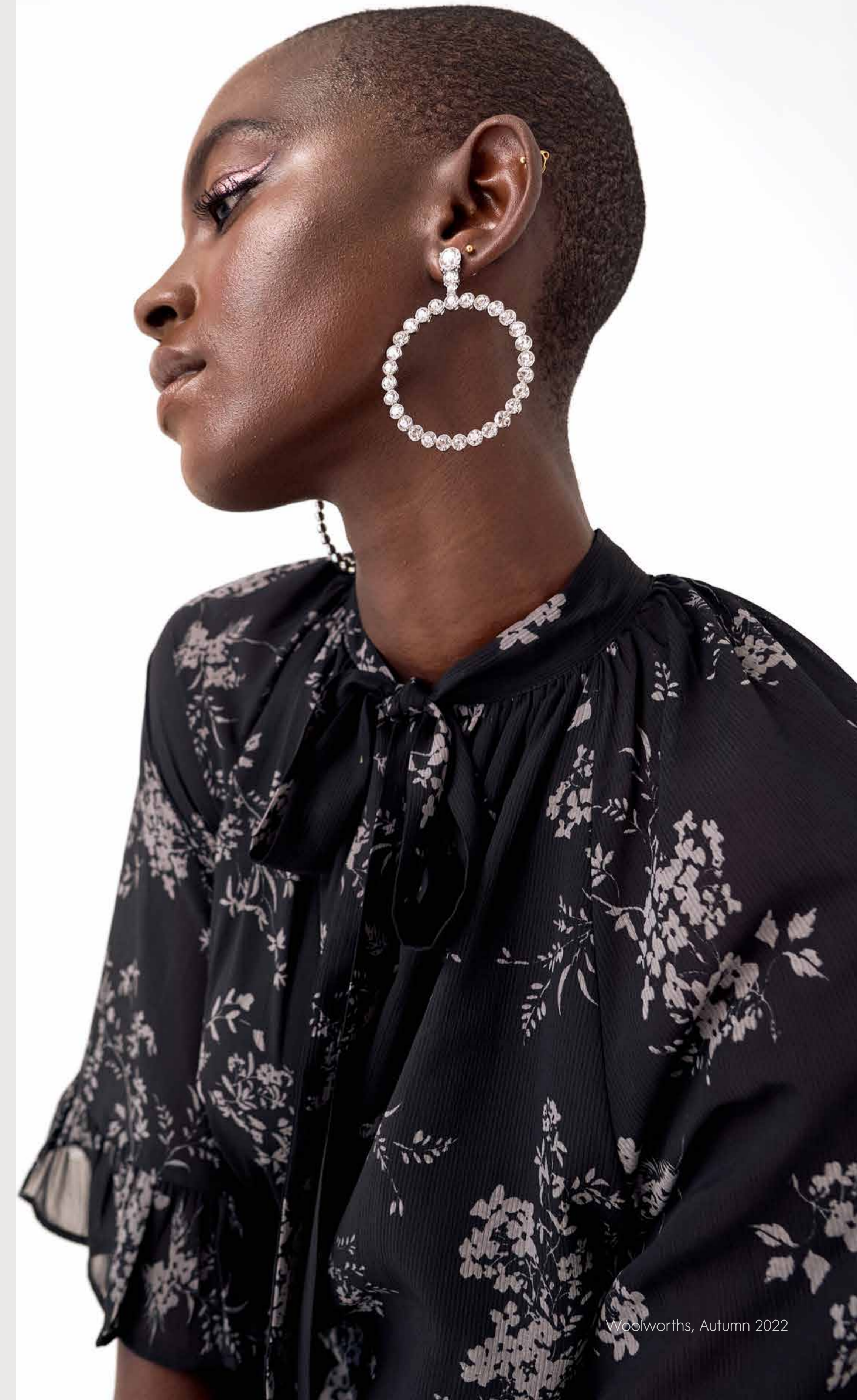
WE ARE ESTABLISHING A SOLID, LONGER-TERM FOUNDATION FROM WHICH TO DRIVE SUSTAINABLE AND PROFITABLE MARKET SHARE GAINS ACROSS EACH OF FASHION, BEAUTY, AND HOME.

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, currently at approximately 30%, to at least 40% in the medium term to drive greater flexibility and reduced lead times while also positively impacting our local communities and economies.

To improve productivity metrics and returns even further, we will continue to optimise our physical footprint by rationalising unproductive space through a combination of closures and reductions, but equally by testing and trialling new catalogues, visual merchandising solutions, and store formats and footprints.

We also continue to simplify our people structures and processes to speed up decision-making and instil greater ownership and accountability.

As we streamline our brand and product portfolio, rationalise our physical footprint, and simplify our structures and processes, we are 'editing to amplify' - doing more with less. While we intend to keep growing our top line, we are not focused on chasing market share in the aggregate but rather on improving the underlying financial health of the business. This implies a focus on the quality of sales, with a strong emphasis on 'right price first time', to drive increased full-price sales, reduce markdowns, and improve trading densities in order to achieve our medium-term margin targets.





LEADING AND ICONIC FOOD BUSINESS

STRATEGIC OBJECTIVE

Reset our momentum and further expand the leadership position in our Food business, growing our existing customers and attracting new ones by becoming more accessible while remaining aspirational

STRATEGIC INITIATIVES

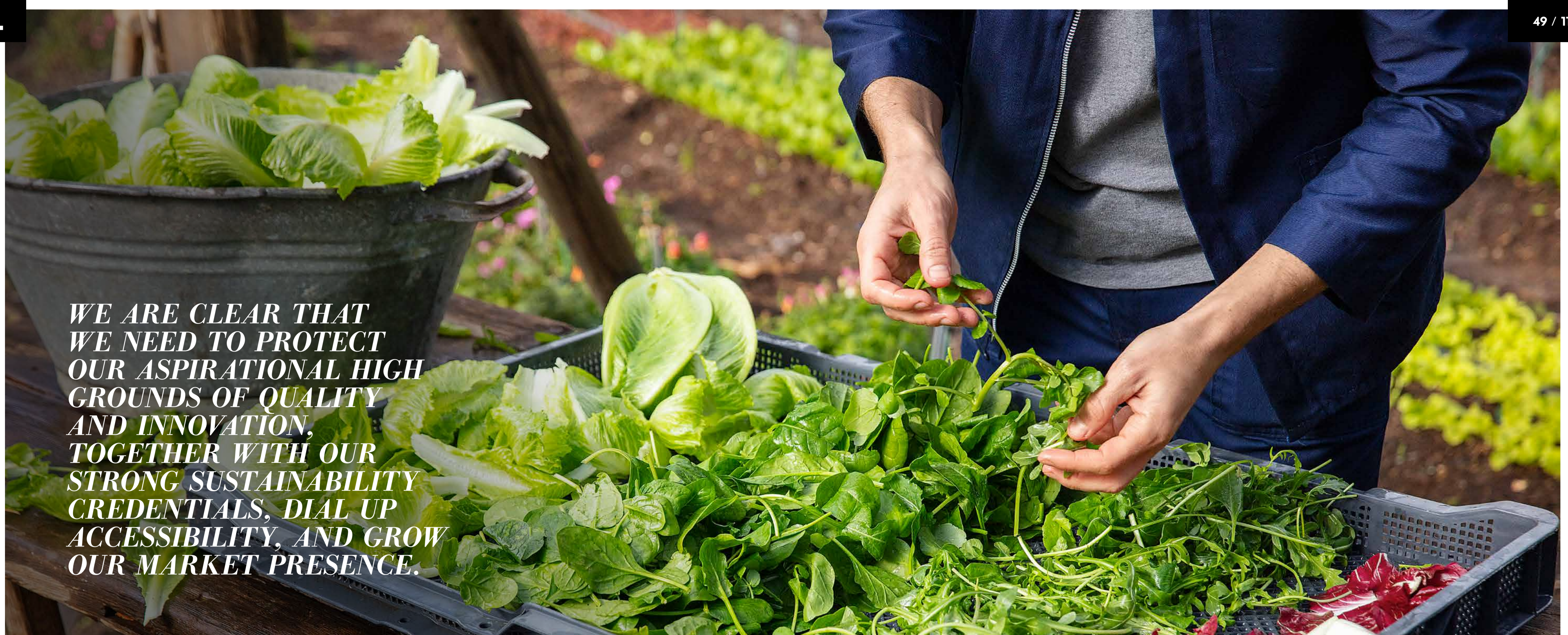
- Grow our core business while exploring new growth opportunities
 - Drive on-shelf availability, range consistency, and localised offerings
 - Amplify our differentiated value proposition
 - Increase our marketplace presence
- Enhance our marketing and communication effectiveness
- Continue to drive profitable growth and sustain market-leading credentials

PERFORMANCE IN THE CURRENT YEAR

Turnover and concession sales were up 4.2% on last year. While we have outperformed the market on a two-year compound annual growth rate basis, growth in the most recent financial year has slowed, by virtue of the high Covid-impacted base and intensifying competitor activity. As a predominantly fresh business, we were also adversely and disproportionately affected by the rebound in out-of-home consumption and severe loadshedding experienced in the second half. Maintaining our market-leading position and delivering positive profit growth is a key priority for us.



αEBIT margin
7.3%
 down 60 bpts but within medium-term target range



WE ARE CLEAR THAT WE NEED TO PROTECT OUR ASPIRATIONAL HIGH GROUNDS OF QUALITY AND INNOVATION, TOGETHER WITH OUR STRONG SUSTAINABILITY CREDENTIALS, DIAL UP ACCESSIBILITY, AND GROW OUR MARKET PRESENCE.

Our refreshed Food strategy aims to protect and optimise our core retail business (where the majority of our growth will emanate from) while also expanding into new areas through new concepts, formats and solutions.

We will enable this by leveraging our strong foundation and differentiated fundamentals. These include significant depth and strength in food science and technology and innovation 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 will focus on three key priorities: driving on-shelf availability, amplifying our differentiated value proposition, and increasing our marketplace presence.

Having added extensive new space to our store network in the years prior to FY2017, the period FY2020 to FY2022 saw us open very little new space as we deliberately consolidated our footprint. We are now in a position to once again increase our rate of space growth, 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 new categories such as pet, wellness, and liquor,

as well as accelerate our rollout of WCellar, NowNow, and our coffee shops and carts.

At the same time, we will grow our online presence by doubling the number of our on-demand grocery fulfilment stores and integrating the app for the Dash offering into the main Woolworths app. This will serve to reduce costs, improve efficiencies, and enable a fully integrated omni-channel experience for our customers across shopping, loyalty, and financial services.

Another key focus area is improving our on-shelf availability. To this end, we will leverage our data-analytical capabilities to drive a more localised approach to our offering, ensuring consistency of catalogue across stores of similar format, and improved availability. This will be done in tandem with maintaining optimal waste metrics so that we sustain our industry-leading trading densities and profitability.

Over the past few years, we have invested extensively in price to further drive our value proposition. This is being increasingly recognised through independent research. We will now redirect the focus from pure price to real value by optimising our value equation and focusing on our differences in quality, freshness, innovation, sustainability, and convenience.

In support of this initiative, we will also increase our marketing and communication spend and tailor our plans to be more direct and deliberate in how we market our business and our unique offering so that our customers can better understand the holistic value proposition we offer them.

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) and further embedding data-driven decision-making processes.

Our Food business is the engine room of our Group's value creation, and we are therefore focused on not just protecting, but expanding our leadership position in this space. We believe that incremental capital allocated to this business will continue to produce market-leading returns, and we are therefore increasing our level of investment to support future, above-market, top-line growth. While this may result in near-term pressure on our aEBIT margins, we will continue to grow profits and remain within our medium-term margin guidance of more than >7%.



DATA-DRIVEN DECISION-MAKING

STRATEGIC OBJECTIVE

Drive differentiation across our Group by re-prioritising 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 3.7m, 1.6m and 2.5m active loyalty members in WSA, CRG, and DJ, respectively, with scope to acquire even more customers, and to enable greater differentiation and personalisation as a driver of incremental spend and engagement.

Our customers are always at the heart of everything we do, and across the Group, we continue to focus on retaining existing customers, converting occasional shoppers into loyalty members, and introducing new customers to our businesses. We have an extensive database of customer information across our businesses and have invested in building a robust data and analytics foundation. However, there is scope to further embed customer insights into all our decisions as a driver of increased personalisation and engagement, loyalty, and spend.

Data analytics is also enabling the refresh of our loyalty programmes so that we simplify engagement but also enhance the benefits and differentiation inherent in our proposition. We will continue to shift more 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.

We do not take our customers' trust for granted, particularly when it comes to data, and are therefore investing in protecting this information as far as cyber risk, fraud, and security of data are concerned.

Revenue tracked on loyalty cards

88%

Woolworths



47%

David Jones



78%

Country Road Group



WE HAVE AN EXTENSIVE DATABASE OF CUSTOMER INFORMATION ACROSS OUR BUSINESSES AND HAVE INVESTED IN BUILDING A ROBUST DATA AND ANALYTICS FOUNDATION.

Witchery, Spring 2022



ELEVATED OMNI-CHANNEL CUSTOMER EXPERIENCE

STRATEGIC OBJECTIVE

Fast-track improving our online capability and capacity to provide customers with a seamless, quality shopping experience regardless of channel

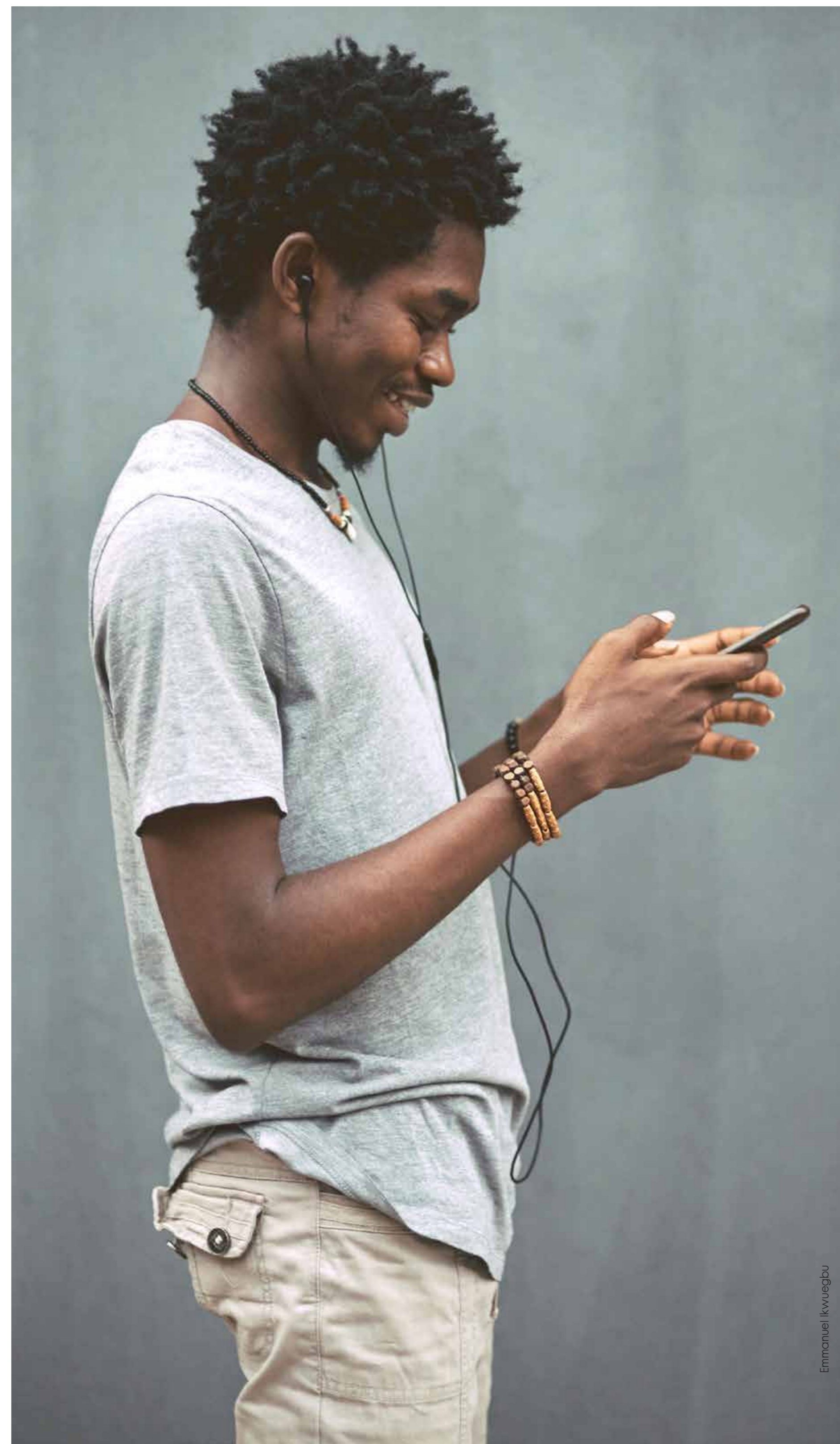
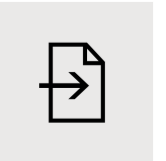
STRATEGIC INITIATIVES

- Improve profitability of online through scale, channel mix, and channel efficiency
- Improve digital capacity and capability by investing in talent and fundamentally changing processes and ways of working
- Scope to further leverage opportunities, investments, and learnings across the Group

PERFORMANCE IN THE CURRENT YEAR

All our businesses continued to grow their online sales, with CRG and DJ's online sales penetration now at 28.7% and 31.6%, respectively. In South Africa, there is still significant runway to increase online sales, with the contribution for the year in FBH and Food at 4.4% and 3.2%, respectively.

12.4%
Group online sales penetration



Along with investing in our data analytics capability, we are also prioritising our operational and capex spend towards our digital initiatives. The Australian online market is well-established, and our businesses offer strong, compelling online platforms and experiences which we will continue to invest in and grow, targeting online penetration rates in excess of 20% in DJ and 30% in CRG. 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.

Across the Group, we are focusing on increasing the speed and functionality of our online platforms, particularly mobile. Our digital initiatives will enable increased personalisation and expanded payment options, and allow us to engage in social commerce, where customers can shop directly with us from platforms such as Instagram. Across our Group, we will continue to invest in our distribution centres and supply chain capacity and processes to improve availability and speed of delivery.

ACROSS THE GROUP, WE ARE FOCUSING ON INCREASING THE SPEED AND FUNCTIONALITY OF OUR ONLINE PLATFORMS, PARTICULARLY MOBILE.

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 its profitability through scale, channel mix, and channel efficiency. Key to this is the integration of Woolies Dash into our main Woolworths app, which will reduce cost and improve efficiency by consolidating our online traffic into a single platform while simultaneously driving a halo impact into FBH and our alternative online food channels. Woolies Dash is currently available in 48 stores, which we will double in the short term to leverage the benefits of scale. In line with our broader sustainability objectives, we are also proudly rolling out electric vehicles to 70% of our home delivery fleet – a first for a South African retailer.

Overall, in order to enable our data and digital transformation, we are investing in our operating model and talent to enable us to innovate with speed and agility and build with scale. We are fundamentally shifting our ways of working by 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 omni-experience ambitions.

Emmanuel Ikwuegbu



COST EFFICIENCY AND OPERATIONAL EXCELLENCE

STRATEGIC OBJECTIVE

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

STRATEGIC INITIATIVES

- Improve on-shelf availability, stock turn, and sales and profit per sqm metrics
- Improve efficiency and flexibility in the cost base
- Ensure opex supports future growth ambitions

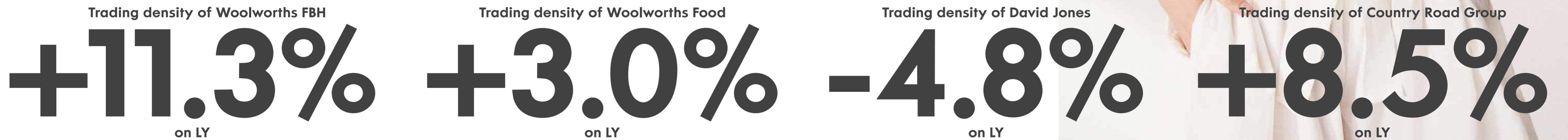
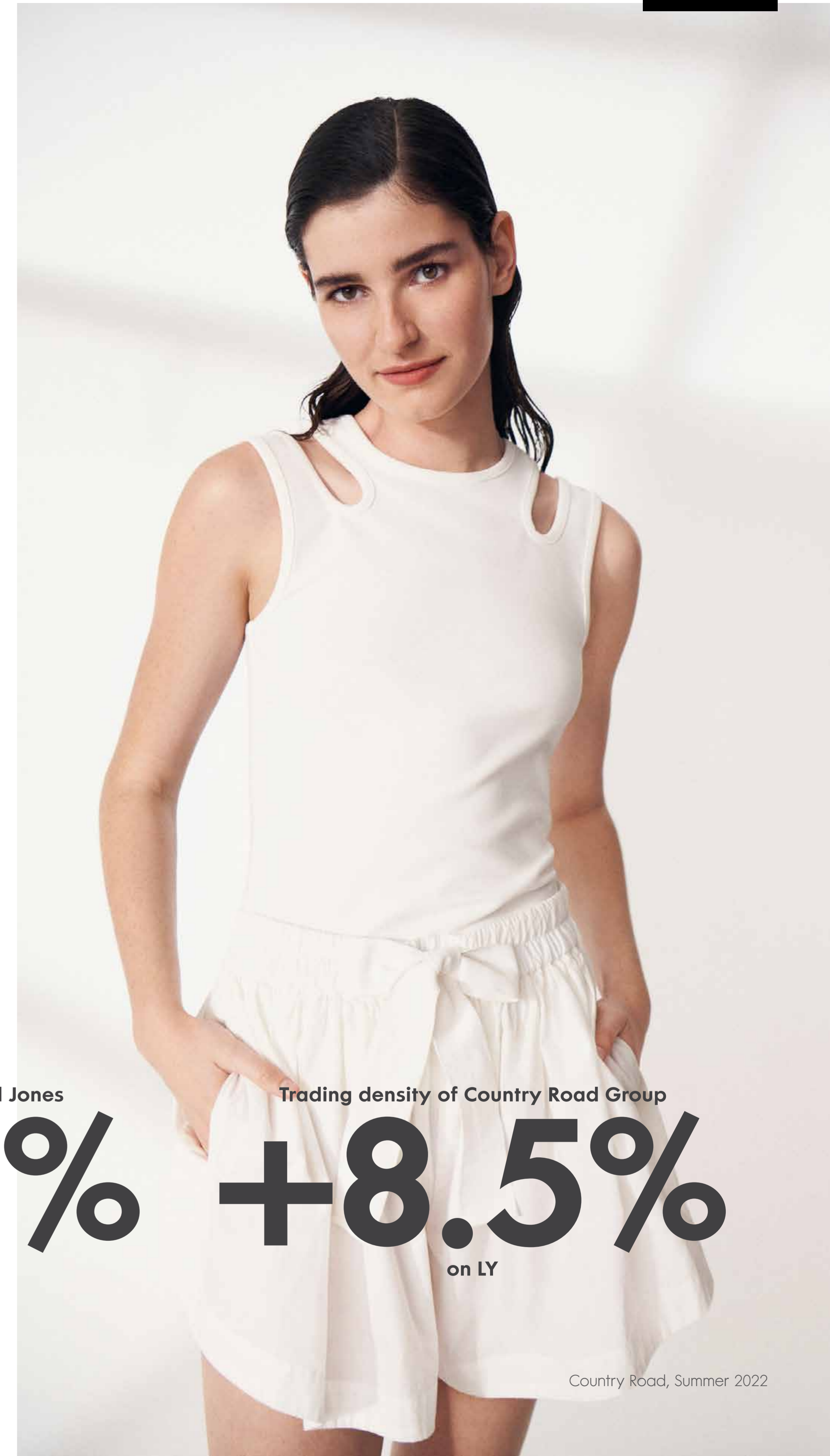
PERFORMANCE IN THE CURRENT YEAR

Across our businesses, over the past year, we have focused on strong cost control and tight inventory management. Cost control, flexibility in our cost base, and directing our spend towards our growth ambitions remain key focus areas across the Group.

Notwithstanding the importance of managing markdown risk and the impact of recent supply chain disruptions, there is significant opportunity for us to 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 which are already underway.

SPACE OPTIMISATION REMAINS AN IMPORTANT FOCUS AREA, WITH THE PRODUCTIVITY OF OUR PHYSICAL FOOTPRINT A KEY DETERMINANT OF OVERALL OPERATIONAL EFFICIENCY.

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 two years, we have therefore rationalised unproductive space by a cumulative 11.3% in the case of CRG, 8.9% in DJ, and 10.7% in FBH through a combination of both store closures and reductions, resulting in improved sales and aEBIT-per-square metre metrics across each of these businesses. Optimising the shape of the fleet, however, is also about ensuring relevance in both format and location, and to this end, we have identified several white-space opportunities, primarily in the convenience and smaller format space, which we are actively pursuing.





PEOPLE AND LEADERSHIP

STRATEGIC OBJECTIVE

Up-weight focus on compelling Employee Value Proposition (EVP)

STRATEGIC INITIATIVES

- Leverage more agile operating model and leadership structure in WSA
- Embed the Inclusive Justice Initiative across the Group to drive a culture that embraces diversity
- Drive 'Just Wage' initiative

PERFORMANCE IN THE CURRENT YEAR

During the current year, we continued to prioritise the health and safety of our people. One of the key ways we did this is by encouraging everyone who is eligible to be vaccinated to get the Covid-19 vaccine. Pleasingly, over 70% of our staff have taken this proactive step towards keeping themselves, their loved ones, our customers, and the communities in which we operate safe. We are also adapting to the 'new normal' by welcoming our staff back to office under a hybrid model.

In October 2021 we delayered our organisation by implementing a new operating model for our South African business in order to elevate the brand and profitably grow the businesses by creating leading customer experiences in an efficient and agile manner with enhanced accountability.

We continued to focus on providing our employees with a compelling EVP to attract and retain talent. We are establishing clear succession plans and nurturing 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.

WE CONTINUED TO EMBED OUR IJI ACROSS THE GROUP AND DRIVE OUR 'JUST WAGE' INITIATIVE.

Our people are critical to the successful execution of our strategies. We remain focused 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 and processes so that our teams can perform to their full potential.

We have delayered our organisation to reduce complexity and will leverage this new operating model and leadership structure to enable more responsive and agile ways of working to drive the effective execution of our strategies.

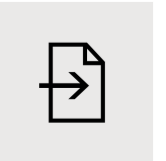
To this end, we are also evolving our expectations of our people, our training programmes, and our incentive schemes. This will ensure a more agile,

performance-focused, sales- and service-obsessed workforce, with an up-weighted focus on execution and accountability. Central to this is ensuring that we have strong leadership. We continue to work with our leaders to develop requisite capabilities and behaviours so that they, in turn, drive inspired and inspiring teams.

Now that we have implemented our Group IJI, each region (and the specific countries within that region) will embark on their own respective IJI journeys, whereby we hope to accelerate positive transformation throughout our organisation, initially focused primarily on inclusive justice for women.

WSA hourly wage rate
21.0%
 Above Retail sector minimum wage

WSA hourly rate
57.6%
 Above SA minimum wage





GOOD BUSINESS JOURNEY

STRATEGIC OBJECTIVE

Double down 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, enhancing the wellbeing of our employees, customers, and communities
 - Thriving & Resilient: caring for the environment and being committed to working towards net zero impact and a just transition to a low-carbon future
 - Ethical & 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 October last year, we hosted our inaugural GBJ investor engagement session – the first South African retailer to do so. More than 80% of our debt is now also sustainability-linked, with our ESG-linked term loan with Standard Bank winning the EMEA Finance Award for Best Sustainability Linked Loan in 2021. We also became a signatory to the UN Women’s Empowerment Principles and published our Tier 1 supplier list for our Woolworths FBH business. Again, we led the way in sustainability practices by being the first South African retailer to do so in both instances.



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 the sustainability targets we have set ourselves through to 2025 and beyond. We have specifically emphasised five industry-leading sustainability goals, against which we will measure our success and hold ourselves accountable. We are also up-weighting the focus on the people and societal aspects of our GBJ under the Inclusive Justice pillar, which is discussed in more detail under People and Leadership.

A fortunate by-product of our GBJ is the competitive advantage this provides, in being deeply embedded throughout our organisation, operations, and value chain model. More importantly, however, we believe we have a role to play in inspiring others to collaborate with us and join this cause for good. Profound and sustainable impact requires deliberate collaboration among all stakeholders, and we are therefore actively up-weighting our communication in this regard to better inform our customers and investors.

12%
Reduction in Scope 1 and 2 carbon emissions from 2019, in line with our science-based target trajectory (2020: 7%)*

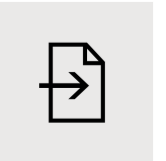
SIX SOLAR PV INSTALLATIONS ACROSS THE GROUP

iji
inclusive justice
initiative
For more information on IJI, refer to the People and Leadership section

In a South African retailer first, published the WSA FBH Tier 1 supplier list. Both CRG and DJ Tier 1 supplier lists are already published

WORK IS UNDERWAY TO ESTABLISH A BASELINE AND REPORTING SYSTEMS TO REPORT ON PRIVATE LABEL PRODUCTS DESIGNED TO BE REUSED, REPAIRED OR RECYCLED

* Energy and carbon emissions data is reported annually in arrears



KEY PERFORMANCE INDICATORS

WE MEASURE THE SUCCESS OF OUR STRATEGIC EXECUTION AGAINST CLEARLY DEFINED PERFORMANCE INDICATORS

KEY FINANCIAL METRICS

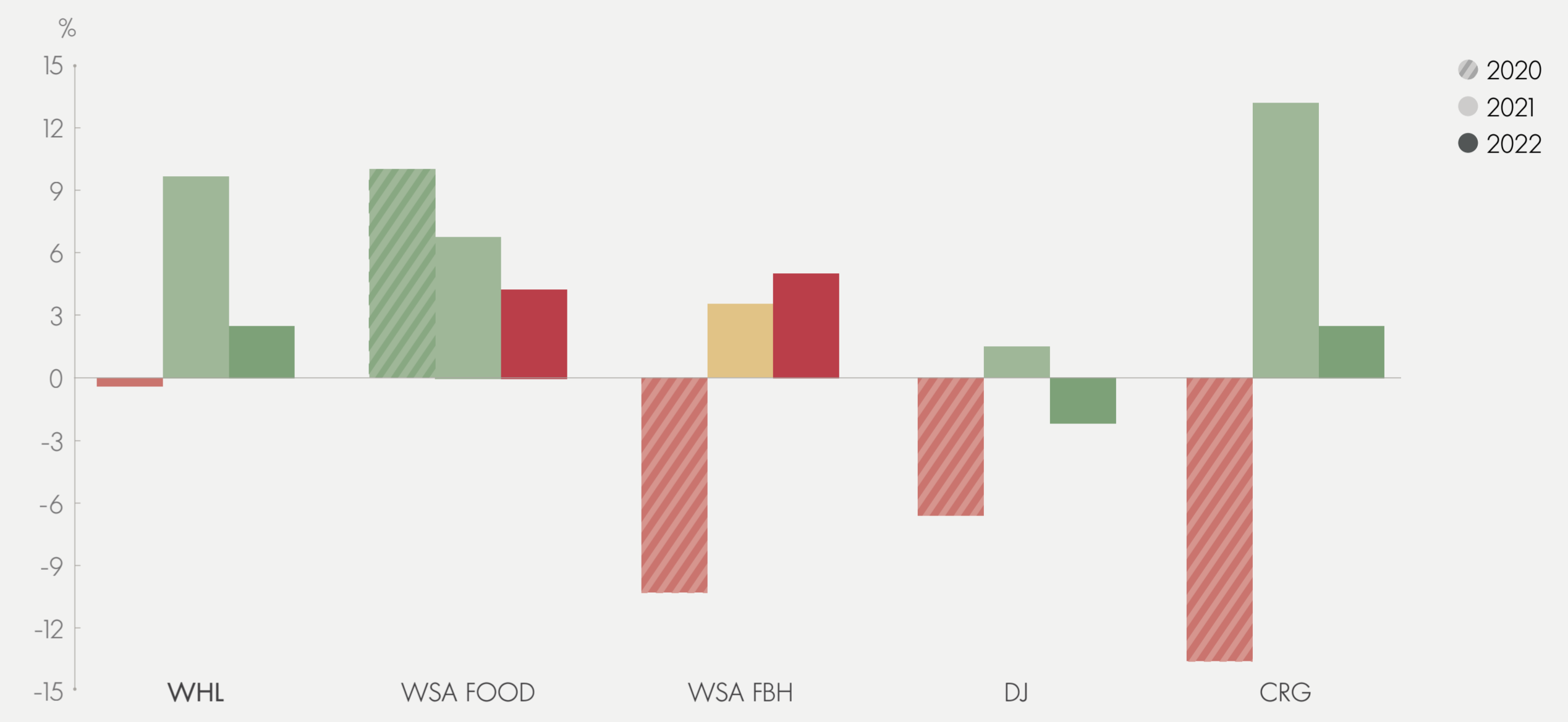
TURNOVER AND CONCESSION SALES GROWTH

● 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.

PERFORMANCE IN THE CURRENT YEAR



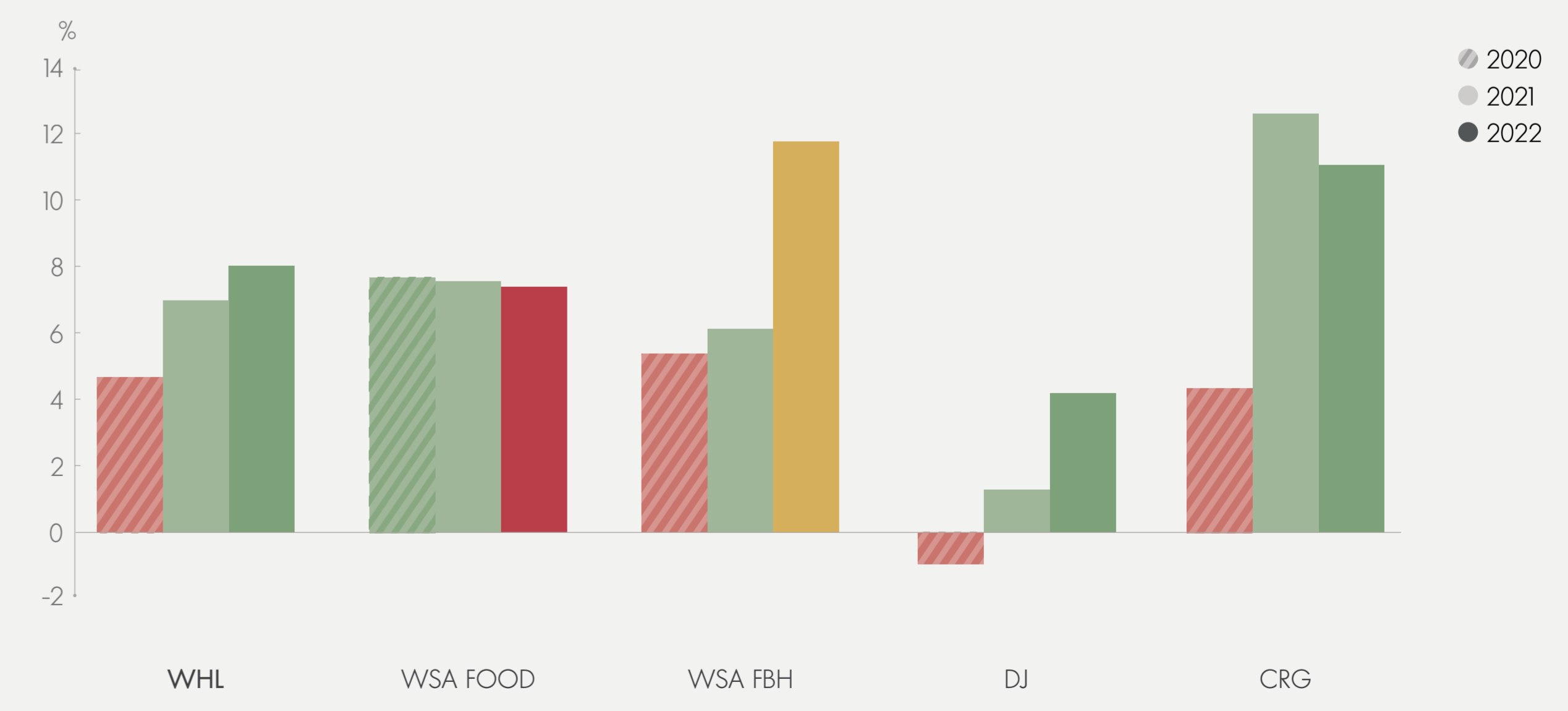
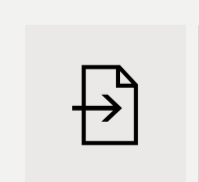
αEBIT MARGIN %

● 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.

PERFORMANCE IN THE CURRENT YEAR



KEY FINANCIAL METRICS

GROUP αEBIT (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.

PERFORMANCE IN THE CURRENT YEAR



NET GEARING (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.
Measured on a post-IFRS 16 basis to include lease liabilities.

PERFORMANCE IN THE CURRENT YEAR

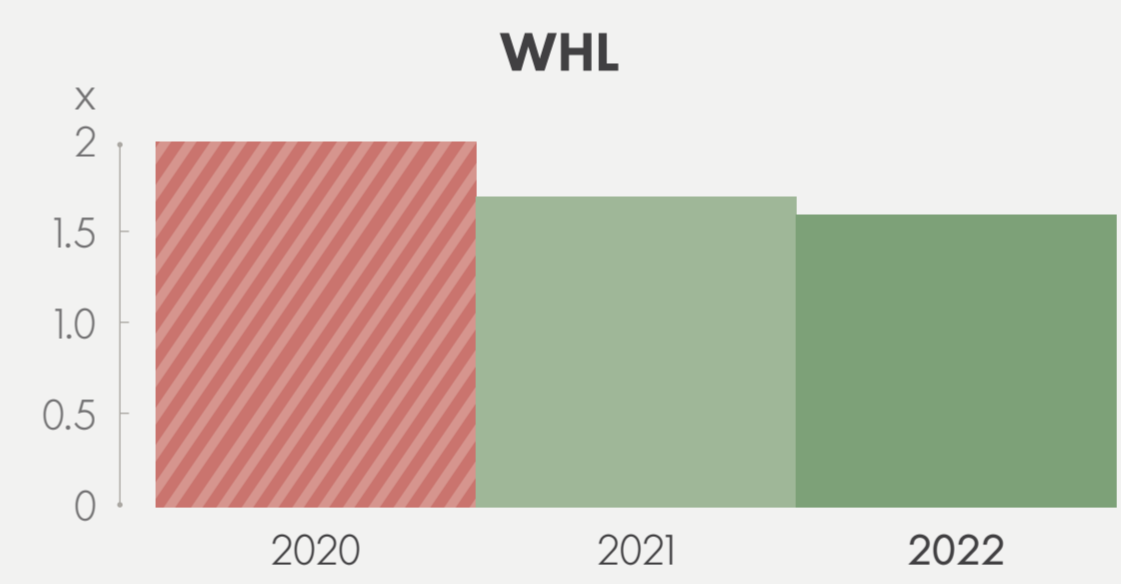


NET DEBT TO EBITDA ● WHL

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

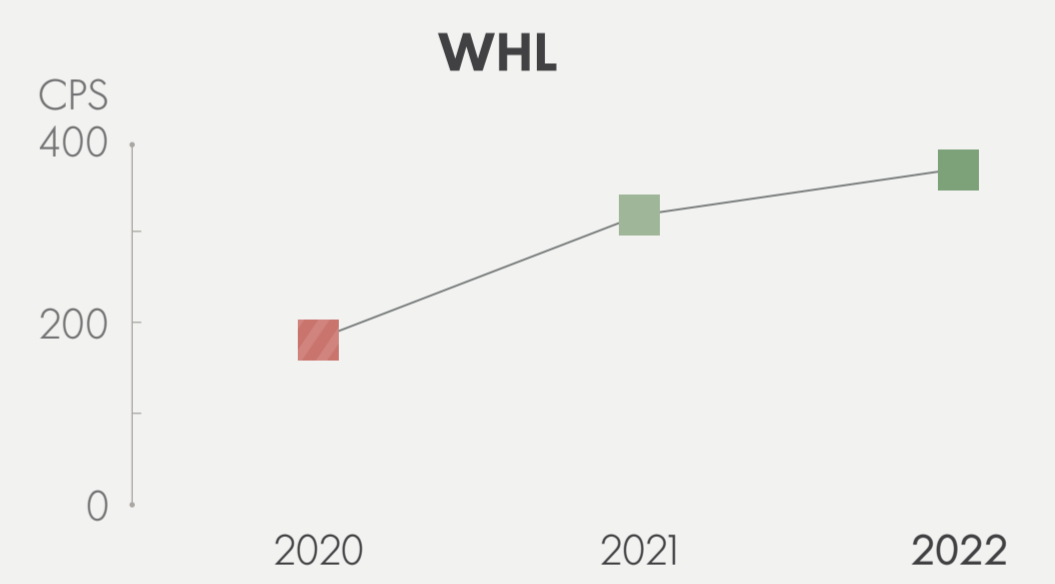


ADJUSTED DILUTED HEADLINE EARNINGS PER SHARE (CPS) ● WHL

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.

PERFORMANCE IN THE CURRENT YEAR

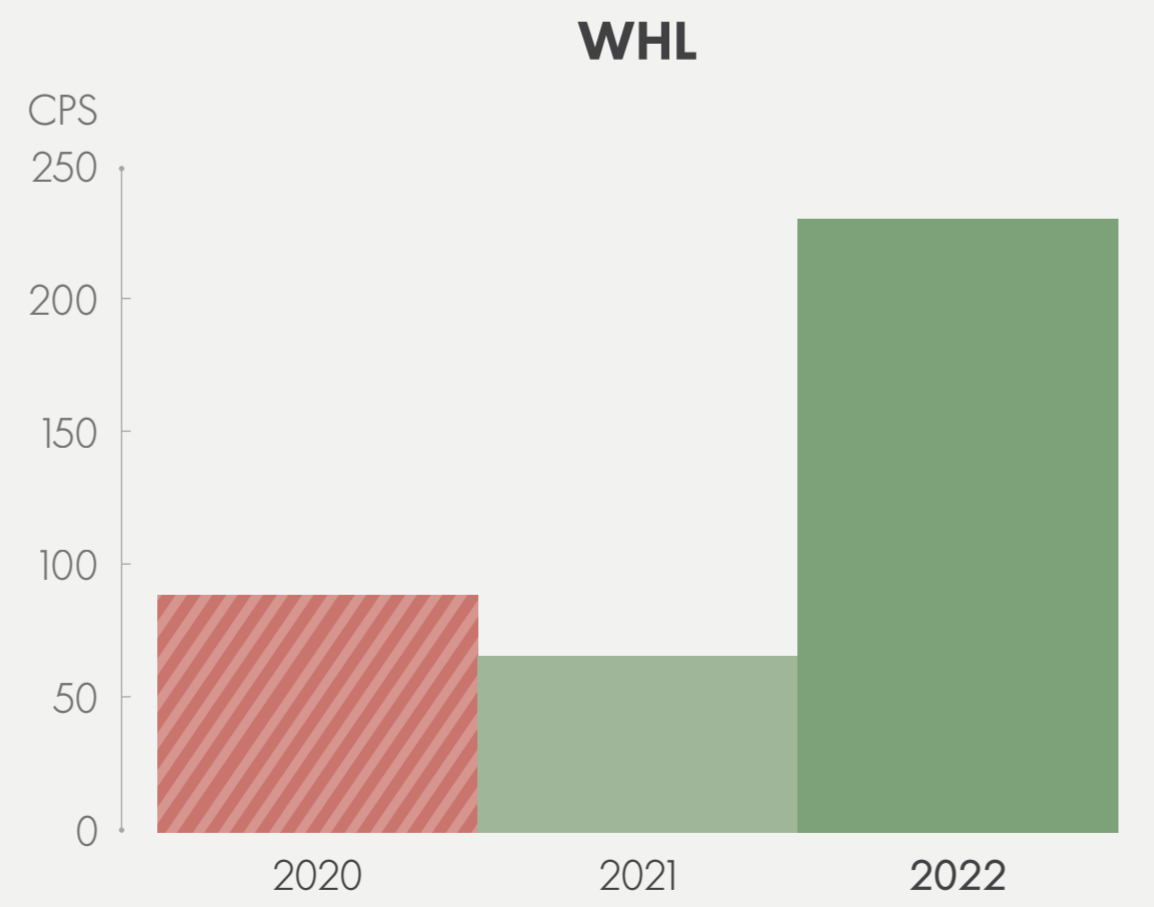


DIVIDEND PER SHARE ● WHL

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

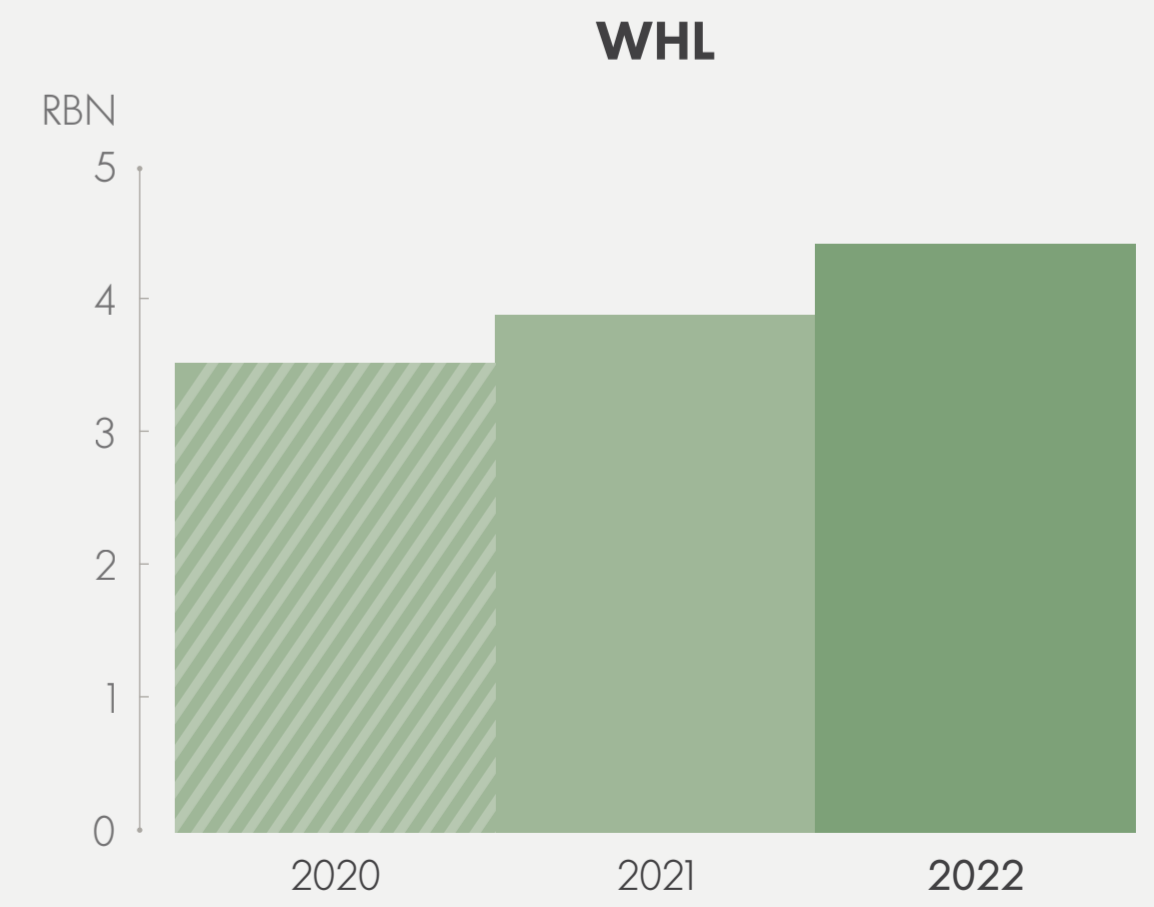


FREE CASH FLOW ● WHL

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



KEY FINANCIAL METRICS

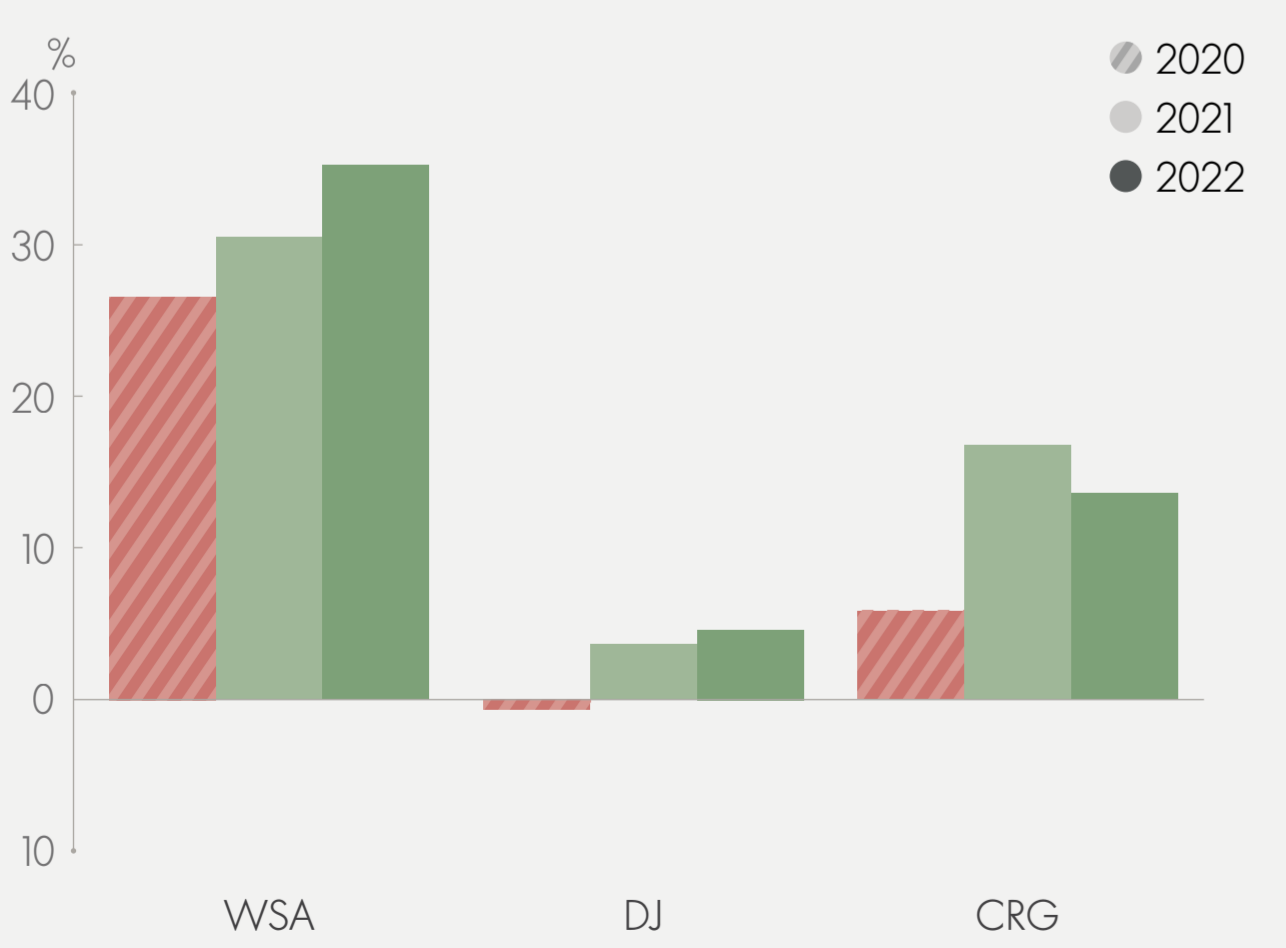
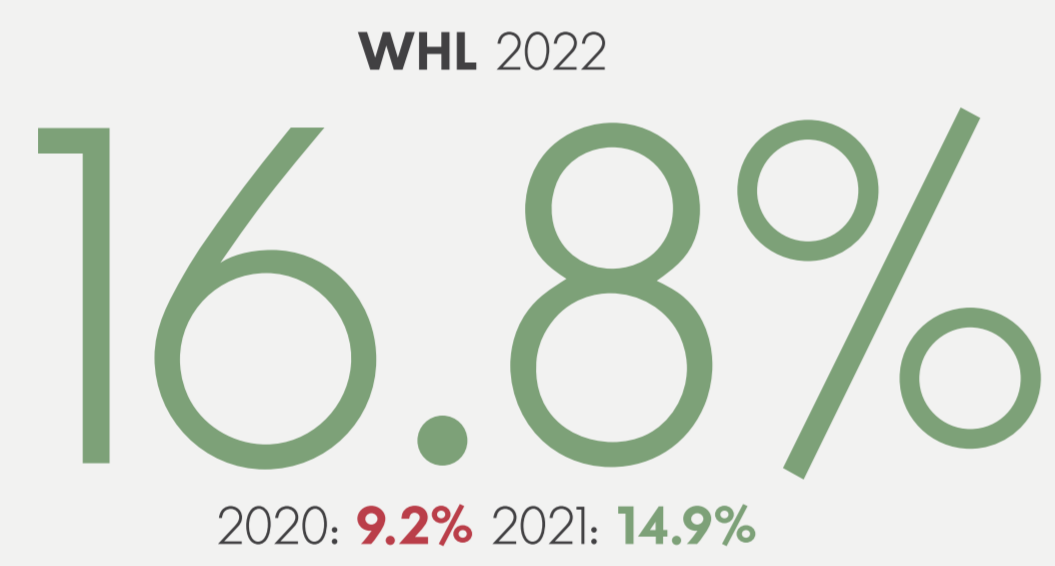
UNLOCK AND CREATE VALUE IN AUSTRALIA & NEW ZEALAND/FASHION TURNAROUND & GROWTH IN BEAUTY & HOME/LEADING & ICONIC FOOD BUSINESS

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 2021.

PERFORMANCE IN THE CURRENT YEAR

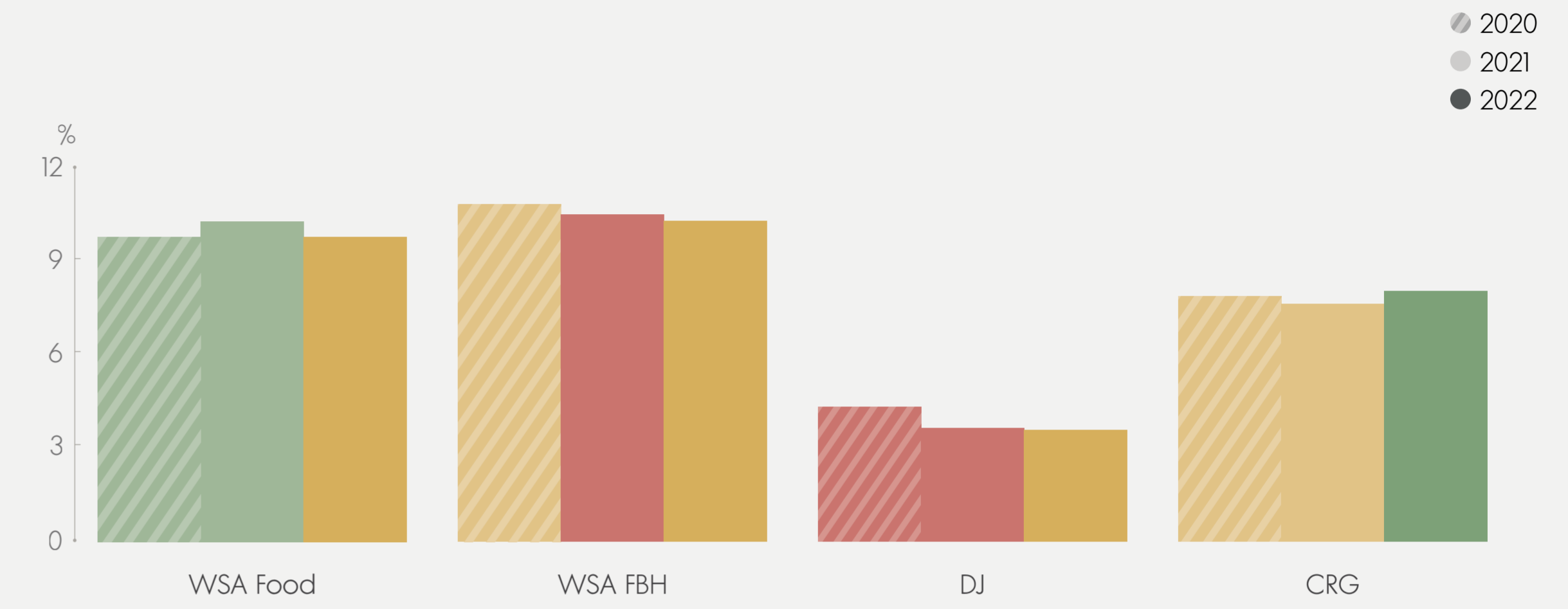


MARKET SHARE ● WHL

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 Quantum for DJ and CRG. Reliable market share information for WSA FBH was not available in 2019.

PERFORMANCE IN THE CURRENT YEAR

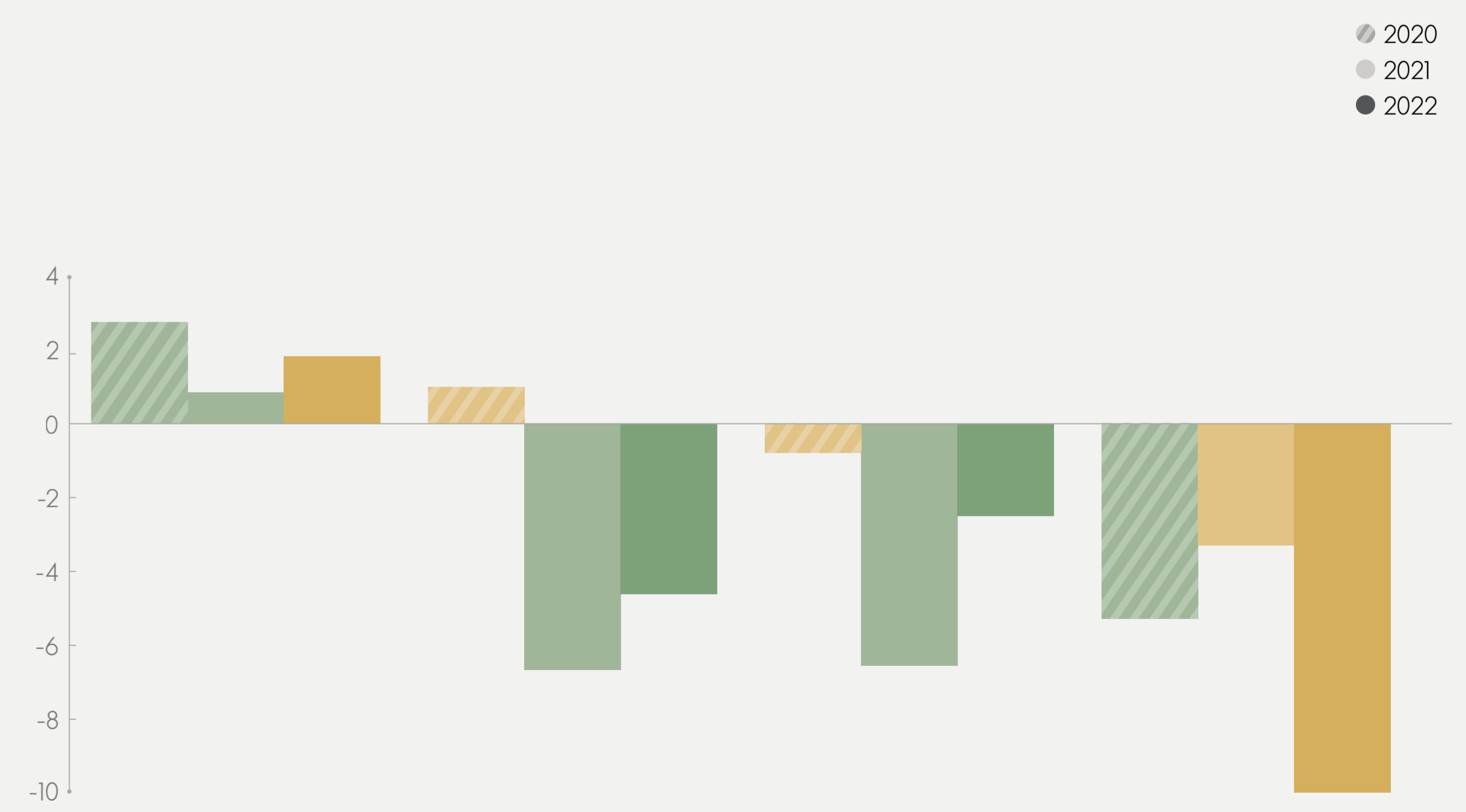


SPACE OPTIMISATION ● WHL

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Reflects our commitment to optimise space in order to improve trading densities and aEBIT/m². % difference in trading space as at the end of the financial year relative to the closing m² position at the prior financial year-end

PERFORMANCE IN THE CURRENT YEAR





DATA-DRIVEN DECISION-MAKING

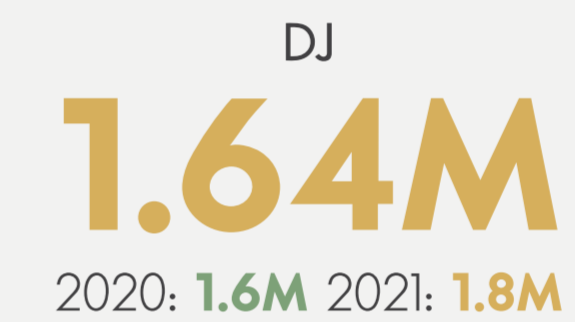
NUMBER OF ACTIVE LOYALTY CUSTOMERS ● WHL

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.

David Jones started tracking the number of active customers through their loyalty programme in 2020.

PERFORMANCE IN THE CURRENT YEAR



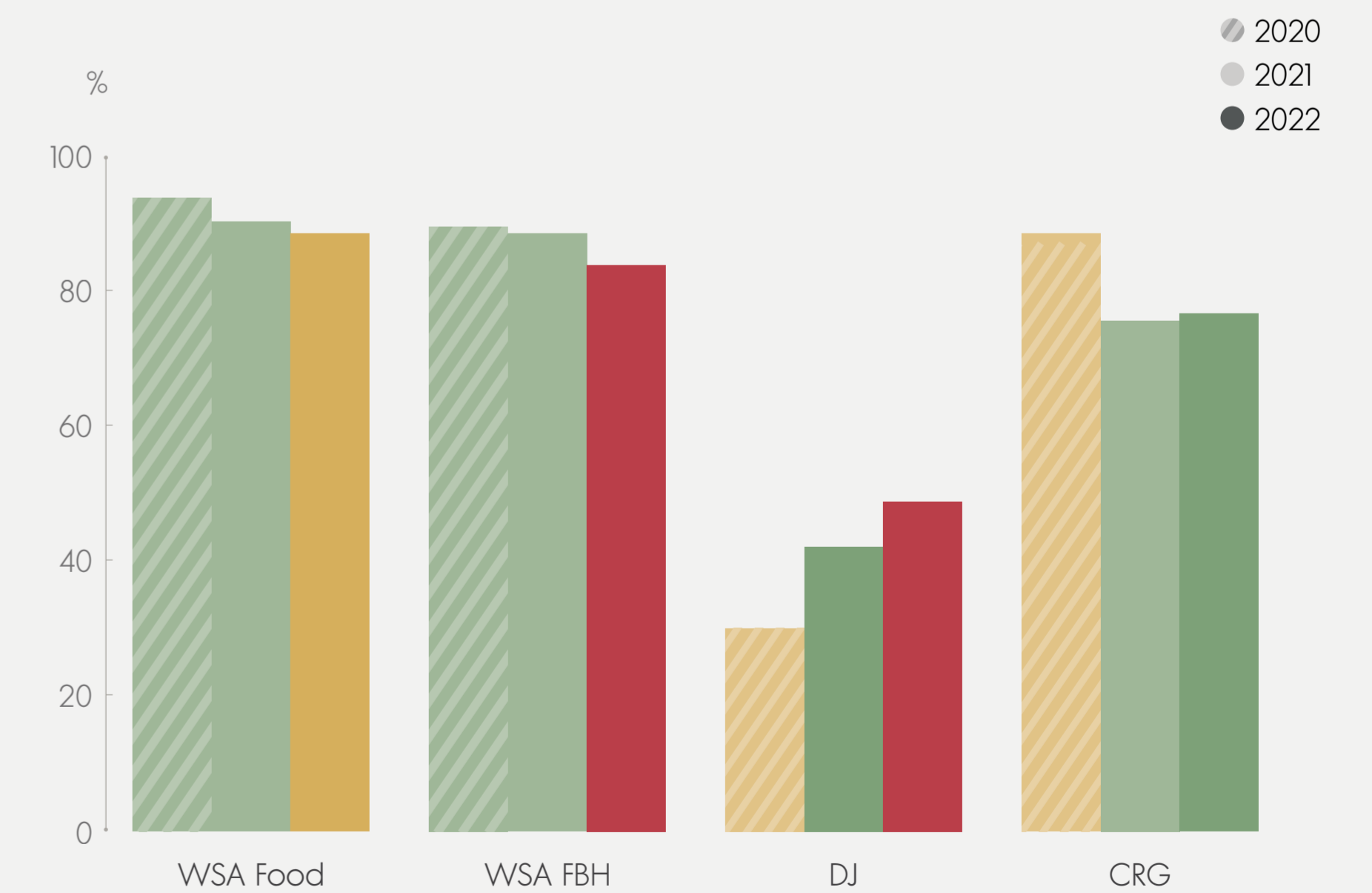
% REVENUE TRACKED ON LOYALTY CARDS ● WHL

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.

David Jones started tracking % revenue on loyalty cards in 2020.

PERFORMANCE IN THE CURRENT YEAR



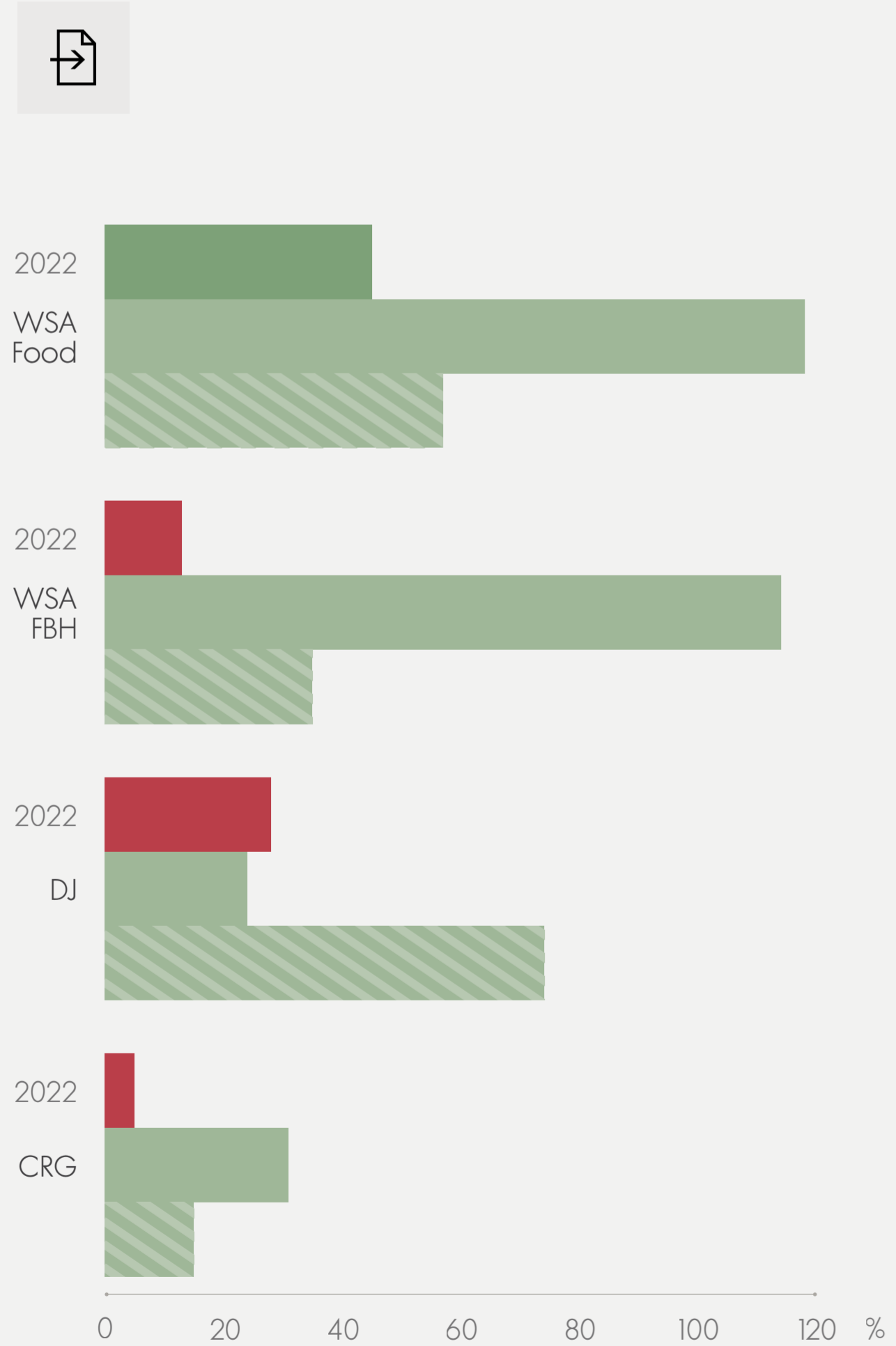
ELEVATED DIGITAL/ONLINE/OMNI CUSTOMER EXPERIENCE

ONLINE SALES GROWTH ● WHL

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

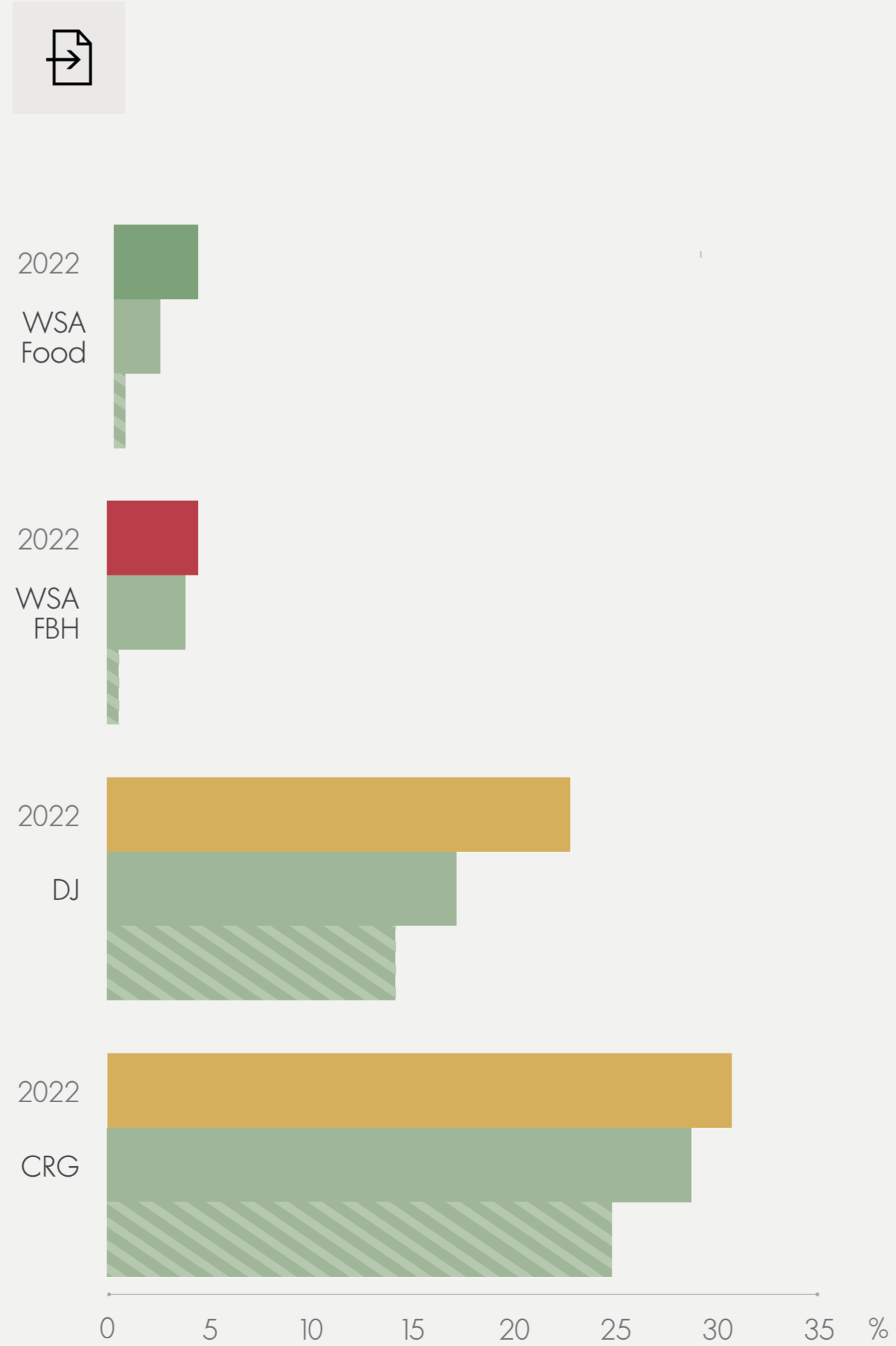


ONLINE SALES % ● WHL

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Indicates whether we are adapting to changing customer shopping behaviours by driving online sales relative to physical store sales by enhancing the digital experience. % sales contribution of online sales to sales. Only SA sales included for WSA divisions

PERFORMANCE IN THE CURRENT YEAR



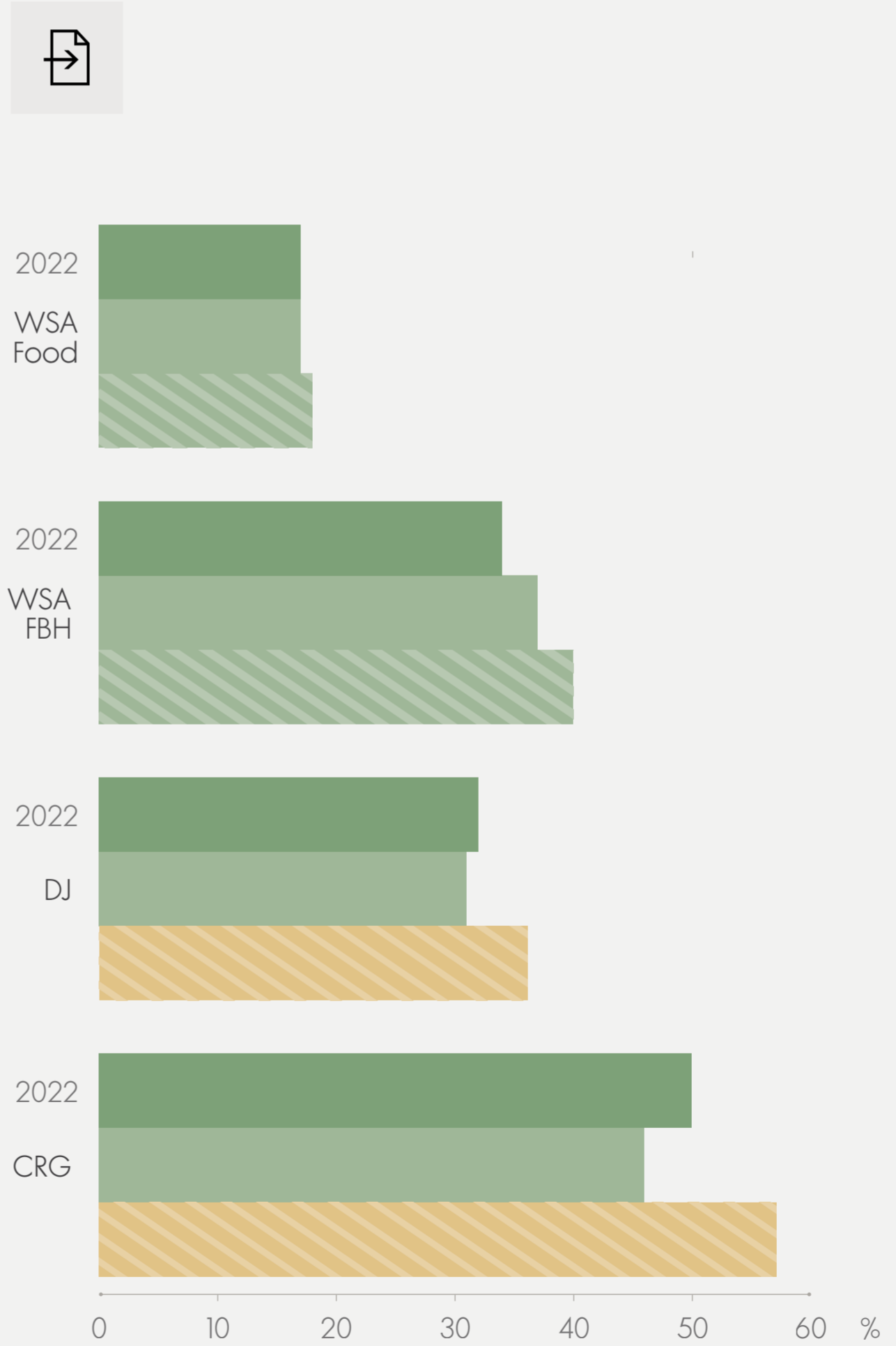
COST EFFICIENCY AND OPERATIONAL EXCELLENCE

COST TO OPERATE % ● WHL

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Indicates the proportion of revenue that is used in the ongoing expenses incurred from the normal day-to-day running of our business. Expenses divided by turnover and concession sales.

PERFORMANCE IN THE CURRENT YEAR

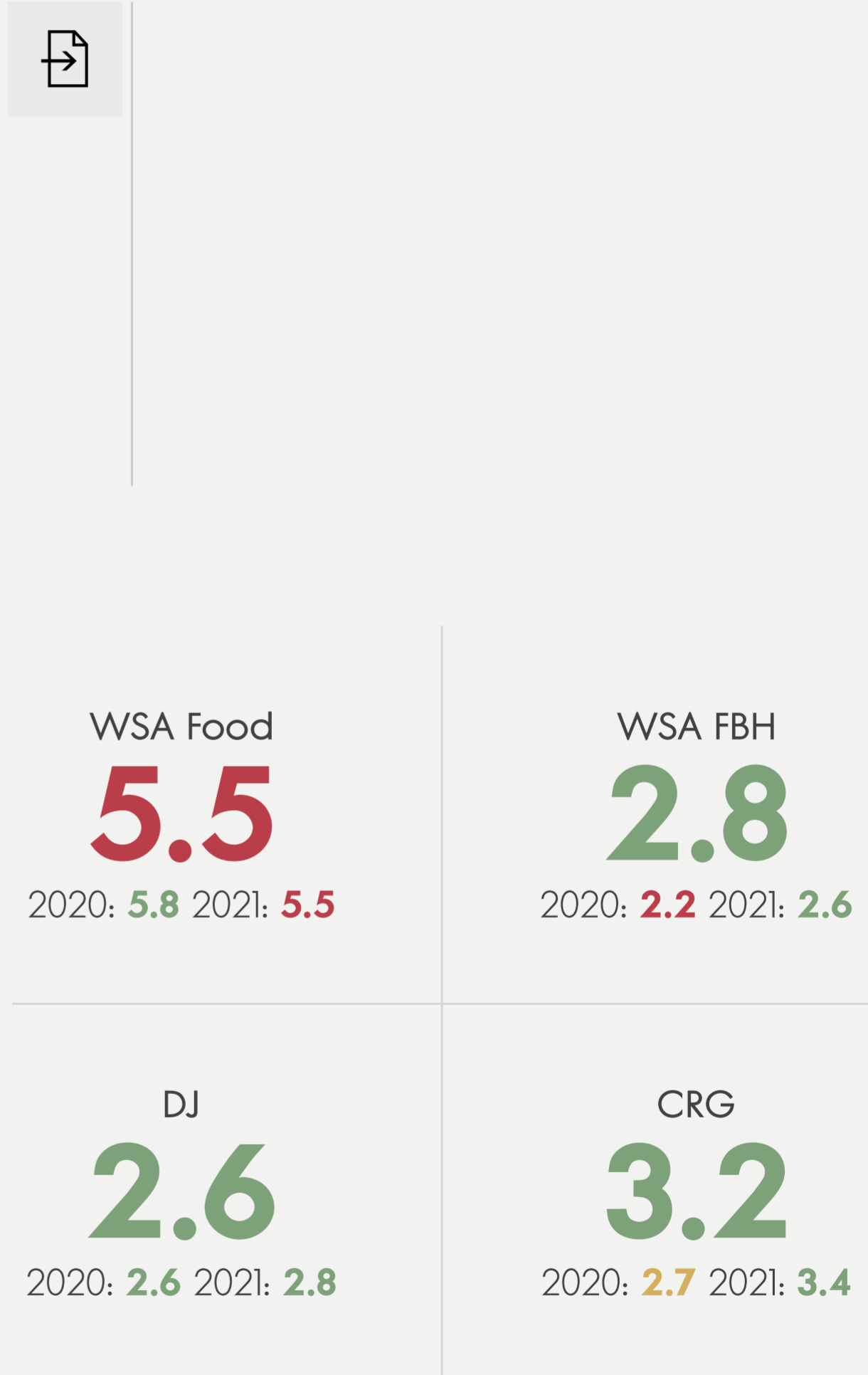


STOCK TURN ● WHL

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

Allows us to understand the amount of inventory relative to sales over time and to efficiently manage stock and related working capital. Sales over average stock holding on a rolling 12-month period.

PERFORMANCE IN THE CURRENT YEAR



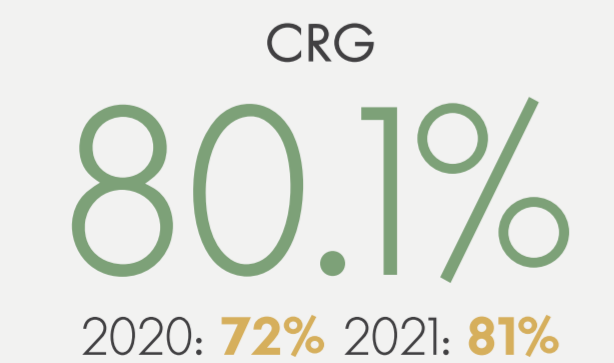
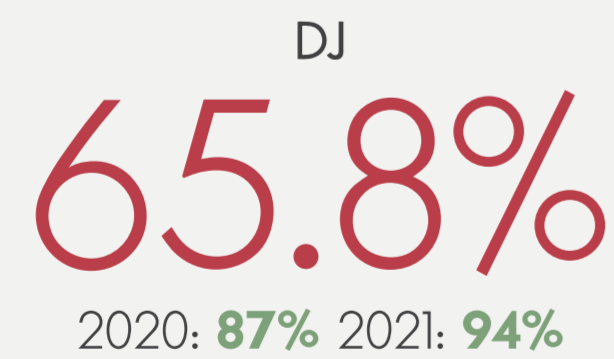
GOOD BUSINESS JOURNEY

% 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 all the sustainability targets tracked in each business.

PERFORMANCE IN THE CURRENT YEAR



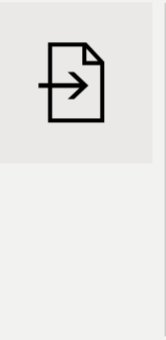
LEADERSHIP AND PEOPLE

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 EVP strategy.

PERFORMANCE IN THE CURRENT YEAR

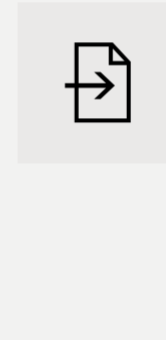


DIVERSITY ● WHL

WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?

We are dedicated to recognising all forms of diversity through committing to transforming our workforce to be more diverse and our culture to be more inclusive.
Diversity, a part of our Inclusive Justice Initiative (IJI), will be measured based on clearly defined targets.

PERFORMANCE IN THE CURRENT YEAR



Woolworths, Summer 2022

OUR RESULTS



CLICK ON BOX TO GO TO THAT SECTION



OUR GROUP FINANCE DIRECTOR'S REPORT



***WE HAVE HAD
A STRONG YEAR
OPERATIONALLY
AND FINANCIALLY,
BUT THE REAL
HIGHLIGHT HAS
BEEN OUR ROBUST
BALANCE SHEET.***

OVERVIEW

The WHL Group is pleased to report a strong operational and financial performance for FY22, following the impacts of the pandemic over the past two and a half years.

At the time of writing this report a year ago, we were dealing with very stringent lockdowns and the closure of a large part of our store network in Australia and New Zealand, whilst in South Africa, the civil unrest, in the midst of the third wave, not only disrupted trade, but negatively impacted growth forecasts and investor and consumer confidence. Nevertheless, we are in a much stronger position to withstand the impact of trade volatility, having executed on our capital plan and fundamentally restructured our balance sheet.

Trade during the second half of the year (H2), which was a more normalised period, showed an improved run rate over the first half (H1) across all our businesses, with Group turnover and concession sales growing by 5.6% in constant currency terms, as lockdown restrictions eased and our focus on trade and executing against our strategic priorities delivered positive results.

This was despite the volatile global backdrop, supply chain disruptions, exacerbated by the Russian invasion of Ukraine, the impact of rising inflation and interest rates, and severe loadshedding in South Africa.

The trade performance, coupled with strong working capital and cost management, resulted in positive cash flows and a further reduction in net debt across the Group, despite recommencing dividends and executing a substantial share buyback programme towards the end of the financial year.

Notwithstanding the ongoing challenges, we achieved many of the objectives that we had set ourselves at the beginning of the year, which include:

- Improved trade momentum across the Group, with turnover and concession sales increasing by 2.6% to R87.0 billion (in constant currency);
- Profit growth, with Group adjusted PBT growing by 11% to R5.1 billion (39.3% up on a normalised basis);
- Net borrowings reduced further, with WSA comfortably within covenant levels and both David Jones and Country Road Group in a net cash position at year-end;
- Net debt to EBITDA of 1.6x;
- Focus on capital efficiency, with the execution of a R1.5 billion share buyback programme (before and immediately after year-end), which saw us repurchasing 2.85% of our shares in issue, excluding Treasury shares;
- The repatriation of A\$90 million from David Jones, post half year, with a further A\$50 million to flow after year-end;
- Improved returns, with Return on Capital Employed (ROCE) increasing from 14.9% to 16.8%, which is ahead of FY19 levels;
- Given our strong performance and robust balance sheet, the resumption of dividends at a 70% payout ratio in respect of Woolworths South Africa and Country Road Group second half earnings.
- The acceleration of investment to drive growth with c.R10 billion capex planned over FY23 – FY25, in respect of FBH, Food and Country Road Group and a substantial shift of capital spend from bricks and mortar to data, digital and online. We continue to see substantial organic growth opportunities across the Group; and
- We have also refined our capital allocation framework and processes to ensure that we maximise returns on our capital from a Group perspective.

Turnover and concession sales

R87.0bn

+2.6% on LY*

αEBIT

R7.0bn

+0.9% on LY
(+17.8% on normalised basis)

αPBT

R5.1bn

+11.0% on LY

Net cash

R229m

WSA net debt: R3.5bn
Aus net cash: A\$335m
Net debt/EBITDA: 1.6x (1.7x LY)

adHEPS

374.9cps

+9.7% on LY

Total dividend of

229.5cps

+247.7% on LY

Return on capital employed

16.8%

(2021: 14.9%)

Free cash flow per share

448.3cps

+13.4% on LY
(2021: 395.3cps)

+11.0%

The Group delivered Adjusted profit before tax of R5.1 billion and growth of 11.0% on the prior year

* Constant currency

“The diversification in our earnings base, in food and apparel, and from a geographic perspective, is a strong underpin to our results.”

GROUP INCOME STATEMENT

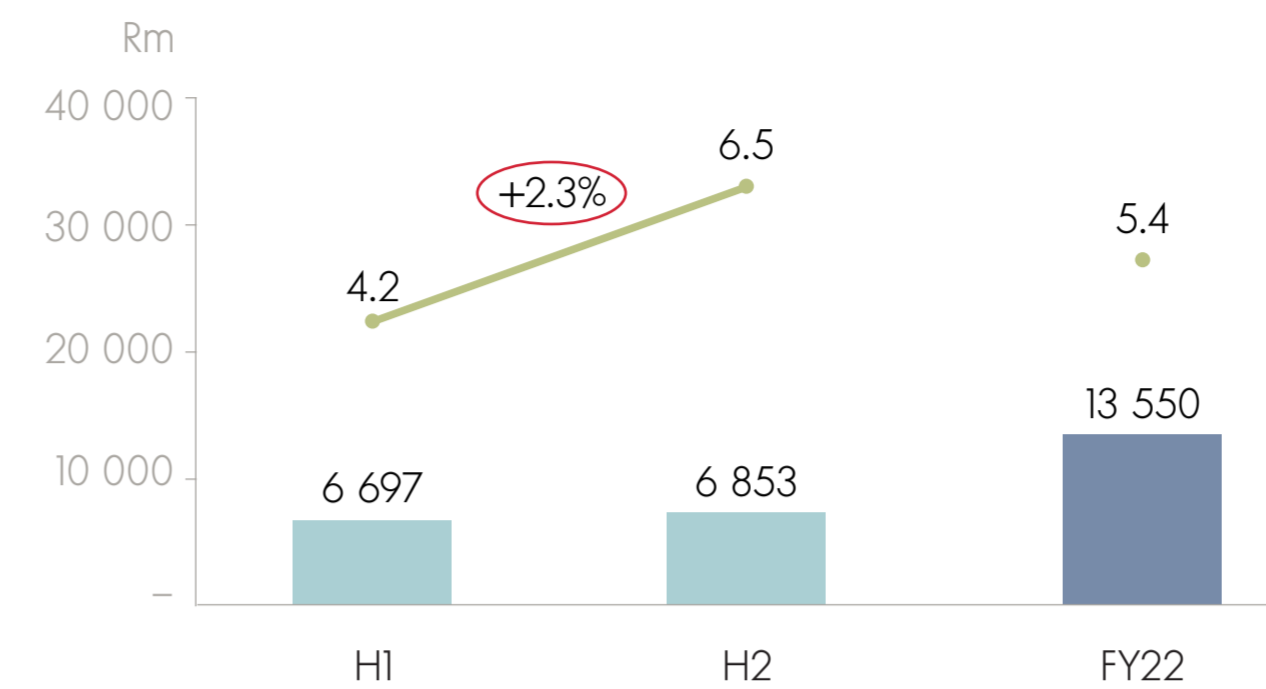
	2022 Rm	2021 Rm	% change
Turnover and concession sales	87 020	85 857	1.4
Turnover	80 067	78 763	1.7
Cost of sales	50 881	49 816	2.1
Gross profit	29 186	28 947	0.8
Other revenue	2 121	2 096	1.2
Expenses	24 514	24 174	1.4
Adjusted operating profit	6 793	6 869	(1.1)
Net finance costs	1 886	2 419	(22.0)
Earnings from joint ventures	165	118	39.8
Adjusted profit before tax	5 072	4 568	11.0
Adjustments	118	582	
Profit before tax	5 190	5 150	0.8
Tax expense	1 473	987	49.2
Profit for the year	3 717	4 163	(10.7)

As mentioned previously, our results are not comparable to 2021, particularly when comparing the halves, due to the disrupted base.

TURNOVER AND CONCESSION SALES

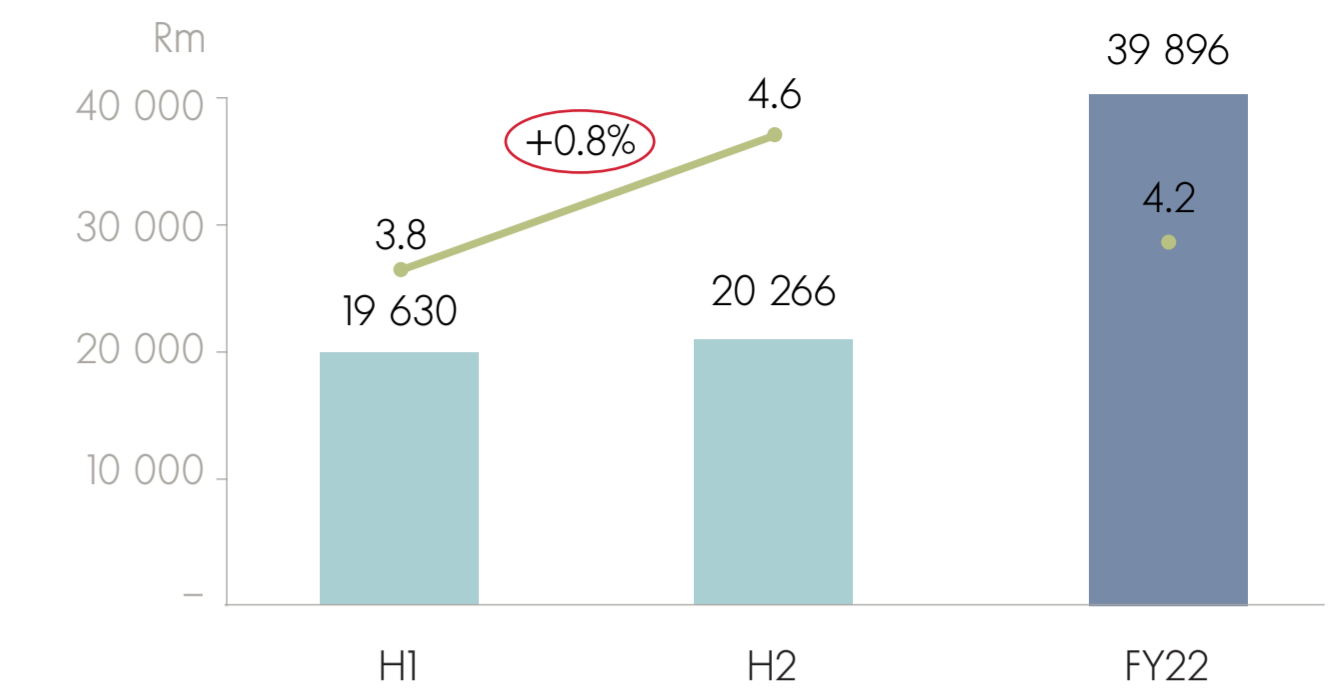
Group turnover and concession sales increased by 1.4% compared to the prior year and by 2.6% in constant currency terms. Online sales grew by 16.4%, contributing 12.4% to the Group's total turnover and concession sales over the year.

WOOLWORTHS FASHION, BEAUTY AND HOME



In SA, Woolworths FBH full-price sales saw strong growth, supported by new summer and winter ranges, market share gains in our 'must win' categories, and a stronger performance from the rest of Africa. Sales for the full year grew by 5.4% and by 7.3% in comparable stores, while trading space declined by 4.5%, supporting a double-digit increase in trading densities.

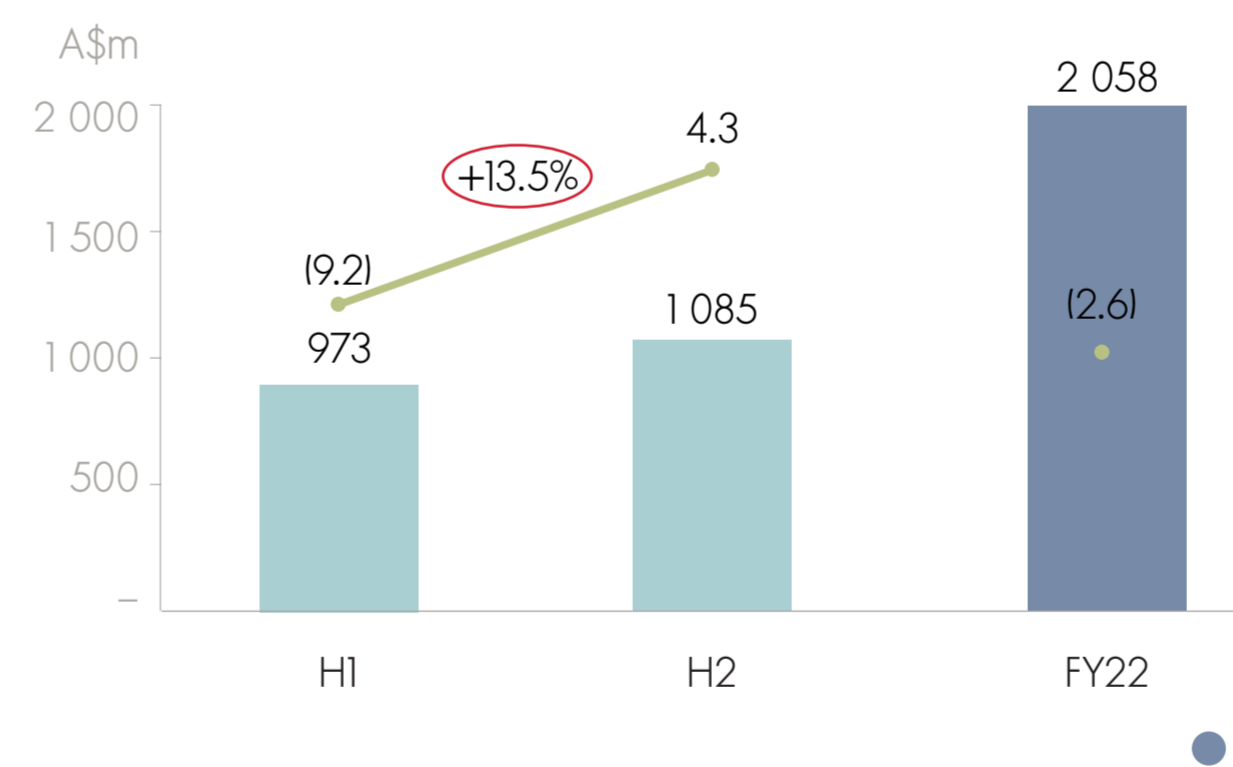
WOOLWORTHS FOOD



Our Food result reflects the impact of a high base and the return to out-of-home consumption, an increasingly competitive backdrop, and low product inflation across key categories. Turnover and concession sales grew by 4.6% in H2, with trading momentum improving over the period, as Covid-19 base effects eased. Sales for the full year grew by 4.2% and by 3.1% in comparable stores.

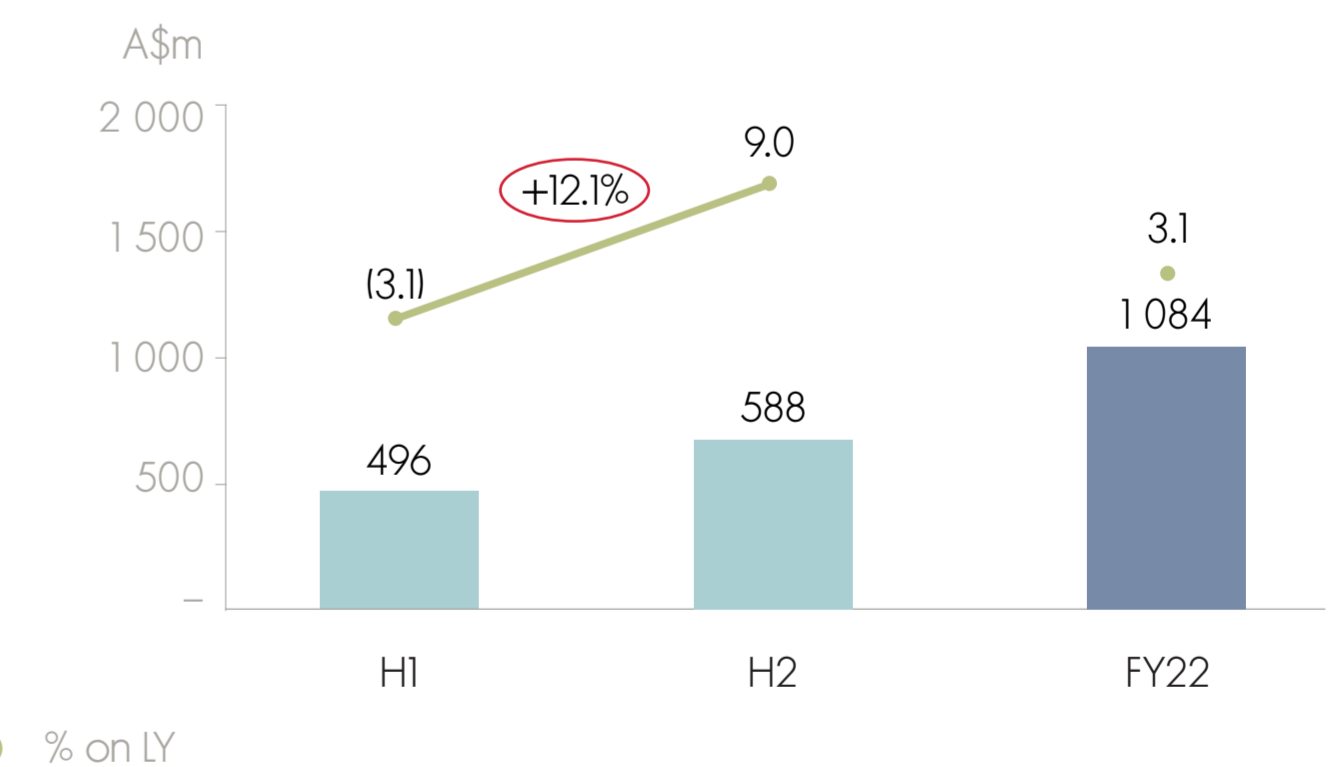
Australian trade in the first half was significantly impacted by government-enforced restrictions across the region, which required the closure of stores representing more than 70% of our brick-and-mortar sales base for an extended period. Notwithstanding the impact of rising inflation and interest rates, strong consumer demand and our focus on trade resulted in a better-than-expected rebound in sales in the second half.

DAVID JONES



David Jones' turnover and concession sales declined by 2.6% for the full year, but grew by 4.3% in the second half, post the easing of lockdown restrictions. In line with our space optimisation initiatives, trading space reduced by a further 2.6% relative to the prior year, while online sales increased by 28.7% and contributed 22.8% to total sales over the full year.

COUNTRY ROAD GROUP



Country Road Group H2 sales grew by 9.0% and by 11.3% in comparable stores, resulting in positive full-year sales growth of 3.1% and 4.0%, respectively, despite a further 8.1% reduction in trading space. This result was driven by a strong performance from the Country Road, Trenery and Politix brands, following the successful launch of new ranges and the ongoing focus on brand and product positioning. Online sales increased by 4.6% and contributed 31.6% to total sales for the year.

GROSS PROFIT

The Group gross profit margin declined marginally by 30bps from 36.8% to 36.5%, mainly due to continued price investment in Food, clearance of the first quarter (Q1) lockdown inventory build-up in Australia, higher fuel and distribution costs, and an increase in online sales. Higher full-price sales and a deliberate focus on lower markdowns reduced the impact of any further margin pressures.

EXPENSES

Cost optimisation continues to be a key focus, and we achieved substantial cost savings across the Group. Expenses were well controlled, increasing by 1.4%, despite investment in online and initiatives to drive growth. In Australia, we had the impact of standing down staff, but did not have JobKeeper support and rent relief, compared to c.A\$81 million received in the first half of last year.

EARNINGS FROM JOINT VENTURE

Our share of profit after tax from Woolworths Financial Services (WFS), our joint venture with ABSA Group Limited, was 39.6% up on last year, at R164 million. The impairment rate for the year continues to be market-leading at 4.7%, compared to 5.3% in the prior year, reflecting strong collections and continued strength of the book.

NET FINANCE COSTS

Net finance costs of R1 953 million were significantly lower than last year, and include the IFRS 16 finance costs on leases, while borrowing costs reduced by 55%. The repayment of the debt in Australia in the prior year, and partial settlement of debt in WSA in the current year resulted in lower borrowing costs. We continue to manage our interest rate risk through effective hedging, and net interest cover increased to 6.0 times from last year's 4.9 times.

ADJUSTMENTS

There were adjustments to earnings in the current year in order to arrive at headline earnings and adjusted headline earnings, which include the following material adjustments:

- Excluded from headline earnings were impairments of R121 million (pre-tax), mainly due to impairment of Right-of-use (ROU) assets from underperforming stores; and
- In line with our strategic objective to rationalise our store network, optimise space and reduce lease commitments there were a number of lease exits and modifications, primarily in David Jones, which resulted in gains of R259 million (pre-tax). This is excluded from adjusted headline earnings.

TAX

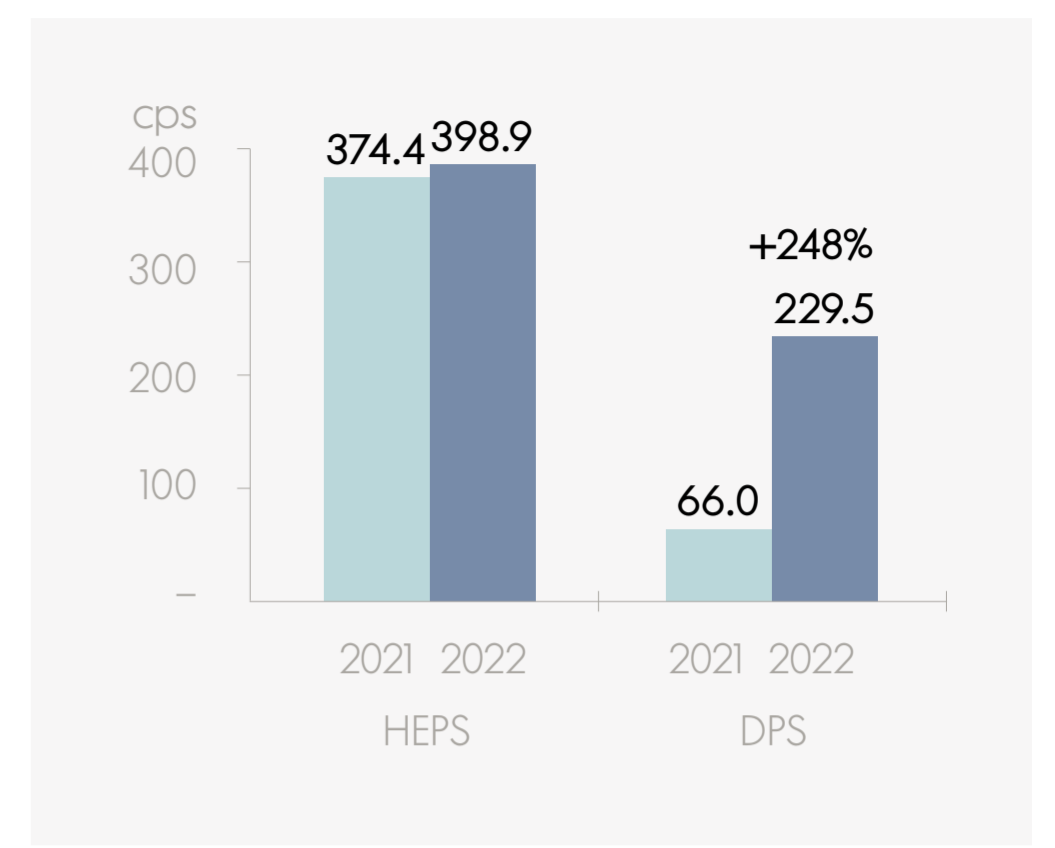
The Group's adjusted effective tax rate is 28.4%, which is 80bps higher than last year's 27.6%. The reported effective tax rate for the current year is 28.4% versus 19.2% in 2021, with the lower prior year effective rate due to the utilisation of tax losses.



Woolworths, Autumn 2022

PROFIT AND EARNINGS PER SHARE (EPS) AND HEADLINE EPS (HEPS)

The Group delivered profit before tax of R5.2 billion and profit after tax of R3.7 billion. The prior year results were enhanced by the inclusion of the profit on sale of the Bourke Street Men's and Elizabeth Street properties, substantial lease exit and modification gains and tax losses utilised in DJ, which resulted in EPS of 387.4cps being 11.0% down on last year.



	2022 cents	2021 cents	% change
EPS	387.4	435.1	(11.0)
Diluted EPS	381.4	428.7	(11.0)
HEPS	398.9	374.4	6.5
Diluted HEPS	392.7	368.9	6.5
Adjusted HEPS	380.9	346.6	9.9
Adjusted diluted HEPS	374.9	341.6	9.7
DPS	229.5	66.0	247.7
WANOS (millions)	958.9	956.3	0.3

HEPS, which excludes the profit on sale of the David Jones properties in the prior year, impairments and other capital adjustments in both years, increased by 6.5% to 398.9cps. Adjusted diluted HEPS, which excludes the adjustments referred to earlier, increased by 9.7% to 374.9cps.

DIVIDEND PER SHARE (DPS)

We ended the year in a stronger position and the Board has resolved to resume dividends and approve a final dividend payment of 149.0cps, in respect of Woolworths South Africa and Country Road Group second half headline earnings, at a pay-out ratio of 70%. We declared an interim DPS of 80.5 cents, which takes the total dividend for the year to 229.5cps, an increase of 247.7% over the prior year.

SUMMARISED STATEMENT OF FINANCIAL POSITION

“We have strengthened our balance sheet and are now focused on capital efficiency and investing for growth.”

	2022 Rm	2021 Rm	Constant currency % change
Assets			
Property, plant and equipment	9 190	9 315	(2.7)
Intangible assets	7 451	7 135	3.0
Right-of-use assets	18 891	19 116	(3.0)
Investment in joint ventures	945	893	5.8
Inventories	8 709	8 501	1.3
Trade and other receivables	1 795	1 377	29.4
Derivative financial instruments	370	46	>100
Deferred tax and tax assets	3 354	3 581	(8.2)
Cash and cash equivalents	5 374	5 624	(6.0)
Total assets	56 079	55 588	(0.6)
Equity and liabilities			
Shareholders' funds	11 800	9 328	24.2
Borrowings and overdrafts	5 096	6 640	(23.3)
Lease liabilities	26 784	27 194	(3.3)
Other non-current liabilities	844	724	15.7
Derivative financial instruments	53	379	(86.0)
Deferred tax and tax liabilities	31	390	(92.1)
Trade and other payables and provisions	11 471	10 933	3.8
Total equity and liabilities	56 079	55 588	(0.6)
Net (cash)/borrowings	(229)	1 056	
Net gearing including lease liabilities*	18 691	19 990	

* Based on lease liabilities net of deferred tax

Significant movements, in constant currency, since June 2021 are expanded on below:

Property, plant and equipment and intangible assets movements include R1.9 billion capex for the period, which is lower than that guided, due to a pullback as a result of the H1 lockdowns. We continue to shift spend from bricks and mortar and prioritise investments in online, digital, data and customer to support our strategic priorities. The opening Intangible assets balance was reduced by the write-off of previously capitalised cloud computing costs (R411 million), against equity, per the IFRIC Agenda Guidance.

Right-of-use assets include new leases and lease renewals, offset by depreciation of R2.6 billion and lease modifications and exits, prior to lease expiry.

Investment in joint ventures includes the 50% less one share of the net assets of WFS of R933 million. The investment increased from last year, as a result of earnings and no dividends last year.

Inventory increased by a marginal 1.3%, notwithstanding the growth in the business.

Shareholders' funds increased by 24.2%, as a result of operating profit after tax and foreign exchange translation impacts of R171 million, partially offset by the payment of dividends and the R266 million prior year cloud computing costs, offset against equity at the half. This increase is despite the shares cancelled in respect of the repurchases by the end of June of R759 million.

Lease liabilities of R24.2 billion (non-current) and R2.6 billion (current) include new and renewed leases. The year-end balance has decreased due to lease cancellations, modifications and payments for the period, offset by foreign exchange translation impacts.

A robust balance sheet continues to be a key objective after we successfully executed on our capital plan, substantially reduced debt to more sustainable levels and achieved covenant separation between David Jones and Country Road Group.

Trade and other payables and provisions increased due to higher trade balances and timing of settlements.

NET BORROWINGS, LIQUIDITY AND COVENANTS

“We remain committed to leading in sustainability-linked debt, with >80% of our SA debt linked to ESG targets.”

	2022	2021
WHL Net (cash)/debt (R million)	(229)	1 056
Interest-bearing debt	5 112	6 540
Net cash and cash equivalents	(5 341)	(5 484)
Unutilised committed facilities – Group	7 730	7 285
SA Net debt (R million)	3 455	4 882
Interest-bearing debt	5 112	6 540
Net cash and cash equivalents	(1 657)	(1 658)
Borrowing rate*	6.16%	7.77%
Unutilised committed facilities – SA	6 917	6 288
Aus Net cash (A\$ million)	(335)	(357)
Interest-bearing debt	-	-
Net cash and cash equivalents	(335)	(357)
Borrowing rate	n/a	n/a
Unutilised committed facilities – Aus	74	93

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

The Group was in a net cash position of R229 million at year end (excluding lease liabilities), with cash in Australia of A\$335 million, and net debt in SA of R3.5 billion. The SA business is well within target gearing and covenant levels.

We remain committed to leading in sustainability-linked debt, with greater than 80% of our SA debt now linked to ESG targets. Our ESG linked term-loan with Standard Bank has won the EMEA Finance award for Best Sustainability Linked Loan in the 2021 awards. This is fantastic news and a great accolade for us as Woolworths, and testament to the work put in to make this happen.

IFRS 16 LEASES

	GROUP	WSA	DJ	CRG
	Rm	Rm	A\$m	A\$m
Lease liabilities				
Jun 2021	27 194	6 055	1 571	399
Jun 2022	26 784	5 994	1 559	338
Average remaining lease term (years): Jun 2021	5.3	6.3	14.9	2.6
Average remaining lease term (years): Jun 2022	5.1	6.0	15.3	2.4
Average remaining lease term with no options (years): Jun 2021	3.5	3.3	14.6	2.1
Average remaining lease term with no options (years): Jun 2022	3.3	2.9	15.1	2.0

We are focused on reducing space and the tenure of our leases and in having greater flexibility in terms of our lease commitments. During the year, we exited a number of agreements across the Group and negotiated reduced lease terms, which resulted in lease exit and modification gains of R259 million.

CAPITAL MANAGEMENT AND SHAREHOLDER RETURNS

	2022	2021	
ROCE (%)	16.8	14.9	ROCE increased to 16.8%, which is also ahead of FY19 levels, on improved returns from performance and capital efficiency. The Net Debt to Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) ratio decreased to 1.6 times, due to the Australian debt being settled in the prior year and further repayment of debt in WSA.
Net debt to EBITDA (times)	1.6	2.1	
Net debt to Equity (times)	1.6	1.7	
Interest cover (times)	6.0	4.9	
Net cash/(borrowings)	R229m	(R1.1bn)	
Net equity (excluding leases)	R16.1bn	R13.7bn	





Conversion ratio

101%

SUMMARISED STATEMENT OF CASH FLOWS

“Strong cash generation has enabled a 2.5x increase in dividends, a R1.5 billion repurchase of shares, and a further R1.2 billion reduction in net gearing – all notwithstanding the disrupted first half.”

	2022 Rm	2021 Rm
Cash inflow from trading	11 503	11 393
Working capital movements	99	256
Cash generated by operating activities	11 602	11 649
Investment income received	67	83
Finance costs paid	(1 988)	(2 595)
Tax paid	(1 673)	(1 108)
Cash generated by operations	8 008	8 029
Dividends received from joint ventures	112	-
Dividends paid to ordinary shareholders	(1 417)	-
Net cash inflow from operating activities	6 703	8 029
Net investment in assets	(1 860)	(1 425)
Proceeds on disposal of assets	7	7 356
Other loans advanced	(2)	(21)
Net cash (outflow)/inflow from investing activities	(1 855)	5 910
Shares repurchased and net acquisition of Treasury shares	(923)	(70)
Lease liabilities repaid	(2 741)	(3 048)
Net borrowings repaid	(1 437)	(10 398)
Net cash outflow from financing activities	(5 101)	(13 516)
Net cash (outflow)/inflow for the year	(253)	423

There was healthy cash flow generation and conversion across all businesses, with cash generated from operating activities of R11.6 billion, despite the impact of the lockdowns in Australia in the first half. There has also been a strong focus on working capital management, in particular inventory.

The overall cash generated for the year, excluding shares repurchased and dividends, was R3.4 billion, which was achieved through profit generation and good working capital management. Free cash flow per share was 448.3cps and up 13.4%, with a cash conversion ratio of 101.4%.

SEGMENTAL REVIEWS

SEGMENTAL CONTRIBUTION

	2022 Rm	2021 Rm	% change	Constant currency % change
Woolworths Fashion, Beauty and Home	1 297	715	81.4	
Woolworths Food	2 656	2 762	(3.8)	
Woolworths Financial Services	164	118	39.0	
David Jones	203	146	39.0	(3.7)
Country Road Group	1 162	1 551	(25.1)	(24.5)
Treasury	(410)	(724)	(43.4)	
Adjusted profit before tax	5 072	4 568	11.0	11.2

The results for the current year are not directly comparable to that of the prior year, given the impact of lost sales arising from the prolonged lockdowns in Australia in the first half and, to a lesser degree, the unrest in South Africa, coupled with the absence of JobKeeper allowances in Australia and rent relief, in the prior year base. The Group's adjusted profit before tax increased by 11.2% on the prior year in constant currency.



WOOLWORTHS FASHION, BEAUTY AND HOME

“Pleasing earnings recovery, with solid progress across all key metrics.”

INCOME STATEMENT	2022 Rm	2021 Rm	% change
Turnover and concession sales	13 550	12 860	5.4
Concession sales	(48)	(5)	860.0
Turnover – own buy	13 502	12 855	5.0
Cost of sales	7 081	7 003	1.1
Gross profit – own buy	6 421	5 852	9.7
Concession and other revenue	55	14	>100
Expenses	4 867	4 783	1.8
Store costs	3 121	3 175	(1.7)
Other operating costs	1 746	1 608	8.6
Earnings from joint venture	1	-	
Adjusted operating profit	1 610	1 083	48.7
Net finance costs	(313)	(368)	(14.9)
Adjusted profit before tax	1 297	715	81.4

The FBH business grew H2 turnover and concession sales by 6.5%, with full-price sales growing by 8.8%, supported by new winter ranges, market share gains in our ‘must win’ categories, and a stronger performance from the rest of Africa. Sales for the full year grew by 5.4% and by 7.3% in comparable stores, while trading space declined by 4.5%, supporting a double-digit increase in trading densities. Price movement averaged 6.0% for the full year, driven in part by reduced markdown. Online sales grew by 13.2% and contributed 4.4% to South African sales.

Adjusted gross profit margin increased by 210bps to 47.6%, as a result of a deliberate focus on driving full-price sales and reducing markdowns. Expenses increased by 1.8% and, within this, store costs were 1.7% lower than the prior year, as we improved operating efficiencies through space reduction and cost optimisation initiatives. Adjusted operating profit increased by 48.7% to R1 610 million, resulting in an operating margin of 11.9% for the year, compared to 8.4% in the prior year.



WOOLWORTHS FOOD

“Profit growth impacted by high base, and investment in strategic initiatives, including online.”

INCOME STATEMENT	2022 Rm	2021 Rm	% change
Turnover and concession sales	39 896	38 286	4.2
Concession sales	(656)	(543)	20.8
Turnover – own buy	39 240	37 743	4.0
Cost of sales	29 810	28 491	4.6
Gross profit – own buy	9 430	9 252	1.9
Concession and other revenue	153	84	82.1
Expenses	6 690	6 327	5.7
Store costs	4 706	4 521	4.1
Other operating costs	1 984	1 806	9.9
Adjusted operating profit	2 893	3 009	(3.9)
Net finance costs	(237)	(247)	(4.0)
Adjusted profit before tax	2 656	2 762	(3.8)

The Woolworths Food business grew turnover and concession sales in H2 by 4.6%, with trading momentum improving throughout the period as Covid-19 base effects eased. Sales for the full year grew by 4.2%, and by 3.1% in comparable stores, reflecting the impact of the high base and the return to out-of-home consumption, an increasingly competitive backdrop, and low product inflation across key categories. Price movement averaged 3.5% for the full year, with underlying product inflation contained to 3.9%, as a result of continued price investment. Space grew by 1.8% relative to the prior year. Online sales increased by 45.4%, contributing 3.2% of South African sales, driven by the continued rollout of our on-demand online offering.

Adjusted gross profit margin of 24.0% was 50bps lower than the prior year, due to price investment, higher fuel and distribution costs, the increase in online sales and higher waste. Expenses grew by 5.7%, due to space growth and investments to drive growth such as online. Adjusted operating profit grew by 0.4% in H2, with full year declining by 3.9% to R2 893 million, returning an operating profit margin of 7.3% for the year, compared to 7.9% for the prior year.



Witchery, Spring 2022

WOOLWORTHS FINANCIAL SERVICES

“Improved performance underpinned by higher demand and strong collections.”

	2022 Rm		2021 Rm		% change
Average total financial services assets	13 181		13 054		1.0
INCOME STATEMENT		% to book		% to book	
Interest income	1 854	14.1	1 665	12.8	11.4
Interest paid	452	3.4	399	3.1	13.3
Net interest income	1 402	10.6	1 266	9.7	10.7
Impairment charge	614	4.7	690	5.3	(11.0)
Risk-adjusted margin	788	6.0	576	4.4	36.8
Non-interest revenue	865	6.6	778	6.0	11.2
Operating costs	1 197	9.1	1 021	7.8	17.2
Profit before tax	456	3.5	333	2.6	36.9
Tax	128	1.0	98	0.8	30.6
Profit after tax	328	2.5	235	1.8	39.6
50% equity accounted	164		118		
Return on equity	18.4%		13.6%		

The WFS book reflects a year-on-year increase of 6.8%, driven by credit card demand and recovery in spend. The impairment rate improved to 4.7%, compared to 5.3% in the prior year, reflective of the continued strength of the book and a strong collections performance. Net interest income was 10.7% up on last year from the growth in the book and repo rate increases. Return on equity at 18.4% is above the cost of capital.

DAVID JONES

“Notwithstanding H1 disruption, focus on trade and cost control drove strong cash generation.”

INCOME STATEMENT	2022 A\$m	2021 A\$m	% change
Turnover and concession sales	2 058.1	2 112.1	(2.6)
Concession sales	(729.3)	(750.3)	(2.8)
Turnover – own buy	1 328.8	1 361.8	(2.4)
Cost of sales	790.7	813.5	(2.8)
Gross profit – own buy	538.1	548.3	(1.9)
Concession and other revenue	186.4	195.9	(4.8)
Gross profit	724.5	744.2	(2.6)
Expenses	661.1	685.6	(3.6)
Store costs	495.6	561.1	(11.7)
Other operating costs	165.5	124.5	32.9
Department store adjusted operating profit	63.4	58.6	8.2
Financial services operating profit	20.3	25.6	(20.7)
Adjusted operating profit	83.7	84.2	(0.6)
Net finance costs	(70.7)	(70.7)	-
Adjusted profit before tax	13.0	13.5	(3.7)

DJ turnover and concession sales declined by 2.6% for the full year and by 2.5% in comparable stores, but grew by 4.3% in the second half, post the easing of lockdown restrictions. In line with our space optimisation initiatives, trading space reduced by a further 2.6% relative to the prior year. Online sales increased by 28.7% and contributed 22.8% to total sales for the year.

Gross profit margin of 35.2% was in line with the prior year, with higher full price sales being offset by lower margin luxury concession sales. Expenses declined by 3.6% through various initiatives to reduce costs, including space reduction. This was achieved despite Covid-19 related government support and rent concessions in the prior year. Adjusted operating profit of A\$83.7 million was 0.6% down on the prior year, with an operating profit margin of 4.1%, compared to 4.0% in the prior year. Adjusted operating profit was 45.2% up on the prior year, after taking into account the impact of store closures and one-off Covid-19 support in both years.



COUNTRY ROAD GROUP

“Strong performance underpinned by Country Road, Trenerly and Politix brands”

INCOME STATEMENT	2022 A\$m	2021 A\$m	% change
Turnover	1 084.2	1 051.9	3.1
Cost of sales	438.7	412.1	6.5
Gross profit	645.5	639.8	0.9
Other revenue	1.9	2.2	(13.6)
Expenses	527.2	487.3	8.2
Store costs	365.9	343.9	6.4
Other operating costs	161.3	143.4	12.5
Adjusted operating profit	120.2	154.7	(22.3)
Net finance costs	(17.4)	(18.6)	(6.5)
Adjusted profit before tax	102.8	136.1	(24.5)

CRG H2 sales grew by 9.0% and by 11.3% in comparable stores, resulting in positive full-year sales growth of 3.1% and 4.0%, respectively, despite a further 8.1% reduction in trading space. This result was driven primarily by a strong performance from the Country Road, Trenerly and Politix brands, following the successful launch of new ranges and the ongoing focus on brand and product positioning, and a good performance from SA. Online sales increased by 4.6% and contributed 31.6% to total sales for the year.

Gross profit margin of 59.5% was 130bps lower than the prior year, impacted by increased clearance sales (from the first quarter lockdown and inventory build-up) and higher supply chain costs, arising from global supply chain constraints. Expenses increased by 8.2%, as a result of the substantial prior year support in the form of the JobKeeper subsidy and rent relief. Adjusted operating profit declined by 22.3% to A\$120.2 million with an operating profit margin of 11.1%, compared to 14.7% in the prior year. Adjusting operating profit was 17.2% up on the prior year, after taking into account the impact of store closures and one-off Covid-19 support in both years.

OUR GOVERNANCE



CLICK ON BOX TO GO TO THAT SECTION



BOARD GOVERNANCE

The Board is committed to leading the Group effectively and has continued to practice high standards of governance in keeping with its view that this promotes good business, successful strategy execution and performance.

Leading by example and setting an ethical tone, the Board ensures that good corporate governance is embedded throughout the Group, enhancing our credentials with stakeholders, protecting our reputation, and creating sustainable value for all stakeholders. These ambitions can only be realised by having a well-structured Board and deeply embedded governance principles throughout the Group.

To achieve the Board's governance objectives, it has mandated the Nominations Committee to ensure that the Board composition remains appropriately balanced and constituted of the necessary attributes to support the Group's strategic priorities and growth ambitions. This mandate encompasses a combination of functions ranging from the nomination, induction and evaluation of directors, to conducting an orderly succession process.

BOARD APPOINTMENTS

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.

These pre-defined factors ensure that candidates with relevant skills, experience, and knowledge and who will reflect the Board's commitment to diversity are identified and recommended to the Board for appointment. 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.

DIRECTOR INDEPENDENCE

The Board, through the Nominations Committee, assesses all non-executive directors' independence annually. The assessment is conducted in accordance with the independence criteria recommended by King IV™ and the Company's Memorandum of Incorporation (MOI). In addition, the Board takes the demands of directors' other professional commitments into account to assess whether a director continues to have sufficient time and capacity to discharge his or her duties effectively and is free from conflicts that cannot be managed satisfactorily.

2022

Having conducted its annual independence assessment, the Board is satisfied that the non-executive directors have all demonstrated independent and objective judgement in decision-making, and do not have any interests or associations which, when considered from the perspective of a reasonable and informed third party, are likely to influence their judgement or cause bias in their decision-making.



DIRECTOR INDUCTION AND DEVELOPMENT

New directors are supported in meeting their statutory obligations and developing an understanding of the Group's strategic priorities, through an extensive induction programme. This includes introductions to 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 Australia, and one-on-one meetings with key levels of management across both regions, are arranged.

2022

During a director's tenure, governance and regulatory briefings are provided and directors are immersed in Company, and more generally, in retail-specific experiences on an ongoing basis.

Recently the emphasis of Board development has focused on gaining even deeper insights into sustainability issues such as the impact of climate change on the Group and its stakeholders; as well as into digital and data governance given these capabilities are integral to our strategy to become a leading and truly connected retailer. More on this aspect of Board development, is in the Board evaluation commentary.

2022

SUCCESSION

The Nominations Committee undertook a considered review of the depth of skills and expertise on the Board. The purpose of this was to ensure that collectively the Board has an appropriate combination of attributes to critically assess strategic opportunities and risks and has a clear understanding of and experience in identifying financial and non-financial risks, innovative technologies, and the role of business in sustainability.

The committee also took existing Board members' terms of office and those retiring in accordance with the MOI into account.

The Board is confident that collectively, it has the right balance of skills, experience, and diversity of perspective. These attributes enable the Board to fulfil its fiduciary responsibilities, provide the necessary oversight over implementation of the Group's strategic initiatives, and ensure that good governance practices are maintained.

In addition, the size of the Board is appropriate and provides for suitable representation on the Board's committees.

The Board supported the Nominations Committee in its nomination of the following non-executive directors:

- Nombulelo (Pinky) Moholi as Lead Independent Director
- Phumzile Langeni for appointment to the Board and as a member of the Audit and Risk and Compliance Committees on 1 April 2022
- Rob Collins for appointment to the Board and as a member of the Risk, Information and Technology Committee from 1 October 2022.

The committee also reviewed the leadership and succession planning of the Group executive committee (Group Exco), including the Group CEO, and reviewed both planned and emergency succession planning on an ongoing basis.



Trener, Summer 2022

ROTATION AND TENURE

Non-executive directors are subject to a nine-year tenure limit (equating to three terms of three years) on the Board, unless extended in accordance with the criteria in terms of the MOI. Executive directors do not have a tenure limit, however, they are subject to rotation every three years. The mandatory retirement age for executive directors is 63 in terms of the Group's retirement policy and they are eligible for early retirement from the age of 55.

Both executive and non-executive directors are subject to staggered rotation after three years in terms of the MOI. Subject to the Board's eligibility requirements in accordance with its policies and the MOI, directors may make themselves available for re-election by shareholders at the Annual General Meeting.

2022

The following directors will retire at the Annual General Meeting in November 2022, and being eligible in terms of the Board's independence and performance assessments, have made themselves available for election or re-election:

- Rob Collins, who will be recommended for election, given his appointment from 1 October 2022
- Phumzile Langeni, who will be recommended for election, given her appointment from 1 April 2022
- Belinda Earl, who will be recommended for re-election
- Christopher Colfer, who will be recommended for re-election

BOARD EVALUATION

The Board's policy is to conduct effectiveness evaluations every year, alternating between externally and internally facilitated evaluation processes. This cadence was interrupted over the last cycle due to the Covid-19 pandemic and its resultant demands on the Board.

An internally facilitated evaluation process was followed in 2022 which entailed the online completion of a Board evaluation questionnaire and separate questionnaires for each of the Board committees. The evaluations focused on perspectives to enhance Board dynamics, oversight, practices and stakeholder engagement by:

- identifying what is working well and highlighting any areas for potential improvement;
- assessing how effectively the Board engages with management and vice versa;
- assessing whether the Board and Committees receive the necessary information to perform their respective duties effectively; and
- assessing the extent of stakeholder engagement.

The questionnaires were disseminated, and responses subsequently collated, by a trusted external service provider (The Board Practice) and the Company Secretariat. The outcomes were considered by the Nominations Committee and all other Board committees before presentation to the Board.

The overall consensus was that the Board and Board committees are functioning effectively. There was a collective sentiment that despite the challenges of meeting virtually for the past two years due to the pandemic, the Board had transitioned to the virtual environment effectively, had made positive strides in operating as a cohesive unit, had developed a good rhythm into and through meetings, and that it was a well-functioning Board characterised by an approach of 'high challenge and high support'.

In line with Board members' feedback and their emphasis for the year ahead, further opportunities for immersions on global trends in sustainability, technology, data and human capital management will be arranged going forward.

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 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.

THE OVERALL CONSENSUS WAS THAT THE BOARD AND BOARD COMMITTEES ARE FUNCTIONING EFFECTIVELY. THERE WAS A COLLECTIVE SENTIMENT THAT DESPITE THE CHALLENGES OF MEETING VIRTUALLY FOR THE PAST TWO YEARS DUE TO THE PANDEMIC, THE BOARD HAD TRANSITIONED TO THE REMOTE ENVIRONMENT EFFECTIVELY, AND HAD MADE POSITIVE STRIDES IN OPERATING AS A COHESIVE UNIT.



BOARD FOCUS AREAS DURING THE YEAR

As already mentioned elsewhere in this Report, the year under review was shaped by several external events which have placed significant stress on the system. In all instances though, our people consistently stepped up to the challenges with determination and commitment, for which we thank them.

The Board has continued to support, challenge and actively engage with executive leadership as it maintained focus on keeping the business momentum, scanning the horizon for risks and opportunities and trading the business profitably. In addition, the views and interests of the Group's stakeholders were deliberated and considered in decisions - more on our stakeholders is included on pages 26 to 28 of this Report. The Board also continued to fulfil its other core responsibilities of overseeing effective governance, risk and financial accountability over this time.

BOARD MEETINGS

During the reporting period, the Board held five scheduled meetings with Board calls six weekly in between. In addition, regular written reports on trading and general business performance were provided to the Board by the Group CEO and Group Finance Director. Four of the scheduled meetings took place during the quarterly Board and committee meeting cycles which are held over three days, with two days set aside for strategy discussions every six months. An additional ad hoc meeting was held to approve the interim financial statements and interim dividend. The Board calls, which were held between the scheduled meetings, provided the Board with updates on performance, employee wellness and progress on the Covid-19 vaccination initiatives; and enabled the Board to discuss strategic matters in more detail, consider the 2022 capital optimisation plan, and approve the final 2022 budget.

The first two quarterly meetings of the year were held digitally, and as the Covid-19 infection rates eased, the February and May quarterly Board and committee meeting cycles were held physically, in Cape Town, South Africa, for the first time in two years. On both these occasions, the Board also visited stores and a supplier facility, and engaged with management and store employees. The November meeting cycle will be held in Australia facilitating broader face-to-face engagement by the Board.

The Board composition and director attendance at Board and committee meetings during the reporting period are set out in the table alongside, which excludes details of the Board calls.

FOCUS AREAS

The year under review started with a strengthened balance sheet, improved liquidity and significantly reduced debt. We also refreshed our strategic framework and implemented a revised Group scorecard (dashboard) to track performance against the new strategic objectives. The scorecard, which provides the Board with an overview on strategy execution, is tabled at each quarterly Board meeting and all items for discussion are guided by, and mapped against, the Company's strategic priorities.

In addition, the Board receives feedback from Board committee chairmen at each quarterly meeting, on the key matters dealt with by the committees as well as recommendations on policy amendments and regulatory updates. The Board executes its responsibility for monitoring the Group's systems of risk management and internal control, and for reviewing their effectiveness, through the Risk and Compliance Committee which is formally comprised of all Board members. Full details on the Board's approach to Risk management is set out on pages 29 to 35 of this Report.

BOARD ATTENDANCE FOR THE YEAR UNDER REVIEW

STRAT – Strategy; AC – Audit Committee; NOMCO – Nominations Committee; R&C – Risk and Compliance Committee; R&TM – Remuneration and Talent Management Committee; SEC – Social and Ethics Committee; SC – Sustainability Committee; TC – Treasury Committee.

	Date of appointment	Designation	Overall attendance	BOARD	STRAT	AC	NOMCO	R&C	R&TM	SEC	SC	TC	Directors standing for election or re-election
Hubert Brody ¹	01/07/2014	Independent Non-executive	96%	5/5	2/2		4/4	4/4	3/3	3/3	2/2	3/4	
Roy Bagattini	17/02/2020	Executive	100%	5/5	2/2			4/4		3/3	2/2	4/4	
Zarina Bassa ²	17/11/2011	Independent Non-executive	100%	4/4	1/1	3/3	3/3	3/3	2/2			3/3	
Christopher Colfer	01/07/2019	Independent Non-executive	100%	5/5	2/2	4/4	4/4	4/4	3/3				Re-election
Belinda Earl	01/07/2019	Independent Non-executive	92%	4/5	2/2			4/4			2/2		Re-election
Reeza Isaacs	26/11/2013	Executive	100%	5/5	2/2			4/4				4/4	
David Kneale	11/03/2019	Independent Non-executive	100%	5/5	2/2		4/4	4/4	3/3				
Phumzile Langeni ³	01/04/2022	Independent Non-executive	75%	1/1	1/1	1/1		0/1					Election
Nombulelo Moholi ⁴	01/07/2014	Lead Independent Non-executive	96%	4/5	2/2		4/4	4/4	3/3	3/3	2/2		
Sam Ngumeni ⁵	12/02/2014	Executive	100%	5/5	2/2			4/4		2/2	1/1		
Zyda Rylands ⁶	22/08/2006	Executive	100%	1/1				1/1		1/1	1/1		
Thembisa Skweyiya	11/03/2019	Independent Non-executive	100%	5/5	2/2	4/4		4/4		3/3	2/2	4/4	
Clive Thomson	19/08/2019	Independent Non-executive	100%	5/5	2/2	4/4		4/4		3/3		4/4	

1. Chairman

2. Resigned from the Board and the Audit, Treasury, Nominations, Remuneration and Talent Management and Risk and Compliance Committees on 31 March 2022

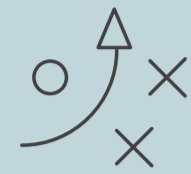
3. Appointed to the Board and the Audit and Risk and Compliance Committees on 1 April 2022

4. Appointed as Lead Independent Director on 7 July 2022

5. Appointed to the Social and Ethics and Sustainability Committees on 1 October 2021

6. Resigned from the Board and the Risk and Compliance, Social and Ethics and Sustainability Committees on 30 September 2021

AN OVERVIEW OF THE MATTERS DISCUSSED AND DEBATED BY THE BOARD DURING THE YEAR IS PROVIDED BELOW:



STRATEGY

- Continued to monitor and oversee performance against the strategic initiatives particularly in the context of the dynamic nature of the Covid-19 pandemic and emerging macro risks
- Considered and approved the Integrated Business Plan to achieve tighter integration of strategies, investment priorities and financial outcomes
- Supported the Group CEO's restructure of the Woolworths South Africa operating model to target and drive strategy execution with greater speed, agility and clearer accountability
- Monitored progress on the refurbishment of the David Jones flagship store in Melbourne, Australia (Bourke Street) which was successfully completed on time in July 2022 and approved the downsizing and redevelopment of the flagship store in Chatswood, New South Wales, Australia, which will be jointly funded by the landlord and by David Jones from operating and capital budgets
- Reviewed David Jones' store optimisation strategy and in particular the downsizing of its real estate footprint and reduction in occupancy costs; and approved space reduction arrangements with certain landlords
- Took an in depth review of the David Jones and Woolworths South Africa loyalty propositions and supported management's proposed innovations and the development of upweighted offerings within the parameters of the cost optimisation plan
- Finalised the strategic risk profile at the annual strategic risk workshop



FINANCE

- Oversaw the restructuring of the capital optimisation plan and reviewed value unlock proposals for the Australian businesses
- Considered the Group's longer-term dividend policy and approved the payment of a final dividend of 149.0cps and an interim dividend of 60% of Woolworths South Africa's earnings; a special dividend of A\$90 million from David Jones
- Deliberated how best to return capital to shareholders and further enhance shareholder value given the strong liquidity levels, and approved a share repurchase of up to R1.5bn, funded partially from the special dividend of c.R1bn received from David Jones
- Approved the acquisition by WSA of a property in Pinetown, Kwa-Zulu Natal, for use as a distribution facility given the limited remaining useful capacity of the currently owned facility



GOVERNANCE

- Considered the results from the internally facilitated Board and Committee evaluations which are referred to in earlier sections of this Report
- Hosted the 2021 Annual General Meeting virtually due to Covid-19 restrictions and ensured the necessary capability for all attendees to engage on the virtual platform and put questions to the Board
- Received feedback on the pertinent issues raised at the inaugural Good Business Journey investor engagement session held in October 2021 as well as from the Board committees and executive management on their respective stakeholder engagements
- Received feedback on employee pulse and customer perception surveys and monitored management's responses to the issues raised
- Approved a new Group Stakeholder Engagement policy to promote meaningful and appropriate engagement with each stakeholder group
- Reviewed the Board committee terms of reference and approved changes to the Risk and Compliance and Social and Ethics committees' terms of reference as indicated further in this Report
- Approved the 2022 Integrated Annual Report



SUSTAINABILITY

- Ensured that financial decisions remained aligned to the sustainability strategy and supported the execution of sustainability-linked funding and a term loan with Standard Bank which won the EMEA Finance award for Best Sustainability Linked Loan in the 2021 awards
- Received updates on performance against the Good Business Journey Vision 2025+ targets
- Received feedback on the establishment of an internal reporting framework to ensure appropriate Climate-related Financial Disclosures (TCFD) in reports going forward
- Monitored the integration of environmental and sustainability risks into the existing risk management system
- Received feedback on the Group's first Sustainability Investor engagement held in October 2021
- Introduced a process to increase Board insights into current and developing sustainability issues to better inform decision-making on sustainability matters and more urgent concerns such as the impact of climate change on the Group and its stakeholders
- Approved the Good Business Journey Report

2023 FOCUS AREAS

- Continue to monitor the initiatives implemented to amplify the Group's medium and long-term strategies and the impact of the constrained macro-economic environment on our people and customers
- Continue to support management in the appropriate strategic allocation of capital, with a focus on opportunities to support innovation and competitive positioning
- Monitor the Group's response to climate change including the mitigation of climate change risks
- Assess the impacts of the changed "world of work" model on outputs as well as the effect on our people
- Monitor digital and data transformation progress and the delivery of omnichannel customer-centric solutions and experiences
- Oversee the up-weighting of the Employee Value Proposition, enhancing the approach to talent development and embedding a high performance culture and greater levels of accountability
- Continue to increase the Board's insights into sustainability matters and roll out an extended insights development programme covering global trends in retail, technology, data and human capital management

OUR GOVERNANCE FRAMEWORK

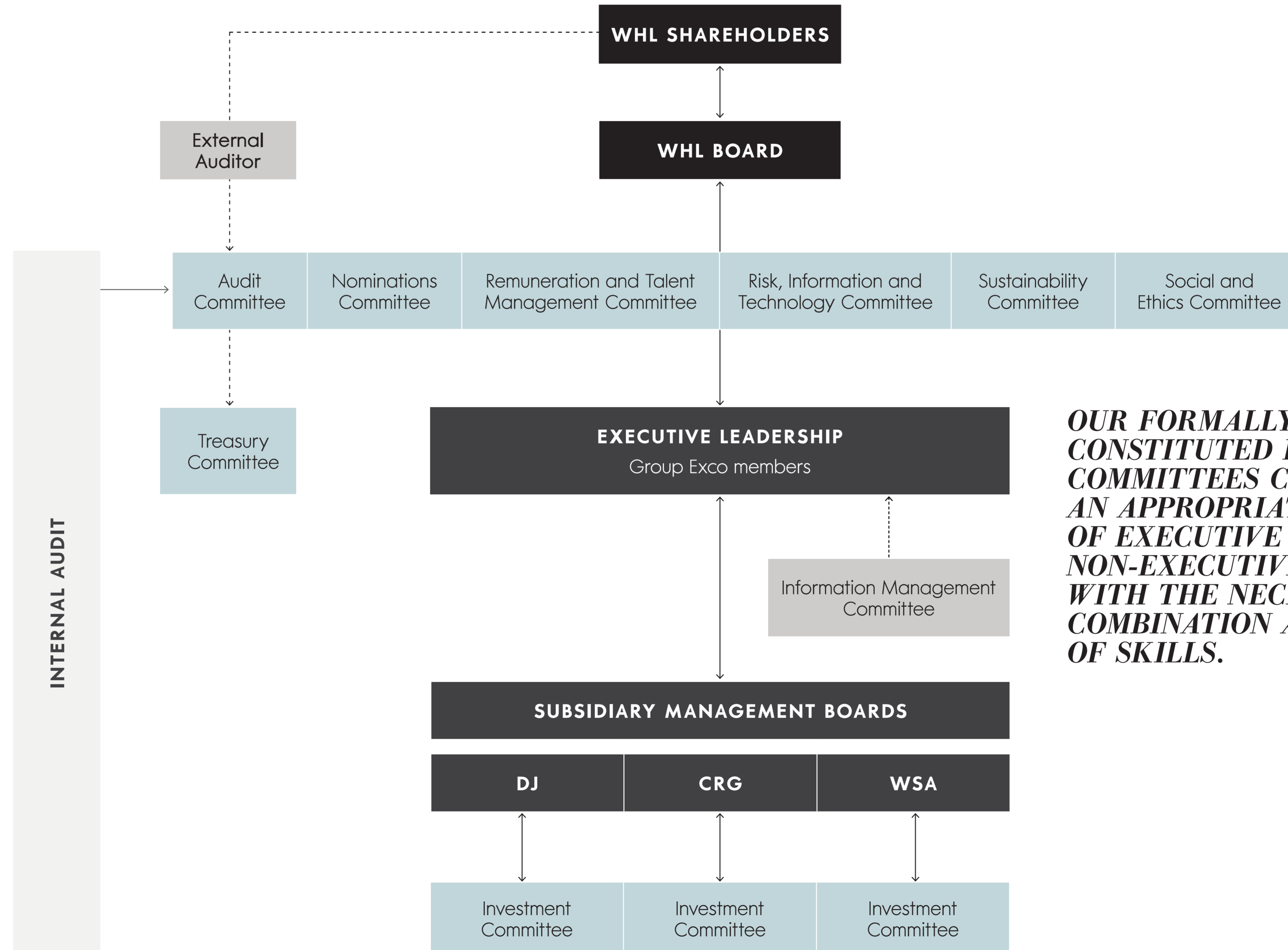
Our governance framework facilitates collaborative leadership and effective decision-making at the appropriate levels, ensuring that the Board and its committees, Group Exco and senior management are able to collaborate proactively, consider issues and take action at the appropriate levels.

At the end of the reporting period, the Risk and Compliance and Social and Ethics committees' responsibilities were adjusted to add further emphasis to the Risk and Compliance Committee's responsibilities relating to Information and Technology governance given the increasing strategic importance of digital and data in the business. To open up capacity on the Risk and Compliance Committee for this, the committee's compliance-related functions will be consolidated with those currently performed by the Social and Ethics Committee. Going forward these committees will be referred to as the Risk, Information and Technology and Social and Ethics Committee.

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

BOARD COMMITTEES

Our formally constituted Board committees comprise an appropriate balance of executive and non-executive directors with the necessary combination and balance of skills to effectively execute the respective committee mandates. These are set out in formal terms of reference and delegated powers from the Board and are reviewed annually for relevance and effectiveness.



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



4
Meetings

4
Independent
Non-Executive
Directors

MEMBERS

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

Membership changes: Zarina Bassa stepped down on 31 March 2022

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; considering the Group CEO's performance, and remuneration as well as the performance of individual board members and the Group Company Secretary.

2023 FOCUS AREAS

- Oversee implementation of the revised Board development programme to develop greater insights into global technology trends, and data and human capital management
- Oversee the 2023 externally facilitated Board and committee evaluation processes
- Regularly review, deliberate and enhance Board and executive succession plans
- Oversee the continued evolution of the governance framework with particular reference to the roles and duties of Board committees



2022 GOVERNANCE OUTCOMES

- Considered the results from the internally facilitated Board and Committee evaluations and provided feedback to the Board; and considered the results of the committee's evaluation, which found that it functions effectively
- Evaluated the Group CEO's performance for 2021 and agreed his 2022 key performance goals and measures, which include ESG measures for the first time
- Reviewed the Board succession plan to ensure the appropriate balance of skills, knowledge, and experience for effective leadership of the Group, as well as ongoing female and black member representation on the Board
- Recommended for Board approval, the appointment of Ms Moholi as Lead Independent Director; Mr Kneale as Chairman of the Risk and Compliance and Remuneration and Talent Management Committees; and Ms Langeni and Mr Collins as non-executive directors
- Considered the Group CEO's executive succession updates and supported his initiatives to build a robust succession pipeline together with emergency succession alternatives
- Reviewed the governance framework, Board committee compositions, skills matrix and responsibilities. Recommended changes to the Risk and Compliance and Social and Ethics committees' terms of reference as indicated further in this Report, to ensure the Board's areas of accountability continue to be well supported
- Focused on furthering Board development in sustainability matters
- 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 at the 2022 Annual General Meeting

REMUNERATION AND TALENT MANAGEMENT COMMITTEE



3
Meetings

4
Independent
Non-Executive
Directors

MEMBERS

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

Membership changes: Zarina Bassa stepped down as Chairman on 24 November 2021 and as a member on 31 March 2022

MANDATE

To ensure that the Employee 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 FOCUS AREAS

- Continue to refine the Remuneration Policy to attract and retain top talent in support the Group's strategic objectives
- Ensure appropriate agility in the remuneration framework to remain resilient to changing operational requirements and global trends
- Ensure that the Group continues to attract, develop and retain critical talent to ensure achievement of the strategic objectives and ongoing success
- Monitor the effectiveness of talent management and development strategies with particular reference to the Group leadership competency framework
- Continue to monitor the Group's human capital strategies for scarce data, digital and technology skills
- Continue to drive engagement with shareholders to ensure the Remuneration Policy remains relevant, appropriate and aligned to good governance practice



2022 GOVERNANCE OUTCOMES

- Engaged with shareholders prior to and after the 2021 AGM to gain insights into topical issues
- Continued to refine the Group's Remuneration Policy to ensure rewards and benefits contributed to the successful delivery of the Group's strategy; remain appropriately competitive to mitigate retention risk and that these are balanced with the interests of stakeholders
- Convened a workshop at which the committee reviewed the Group's approach to incentive remuneration as well as global remuneration trends and benchmarking
- Approved the FY2023 performance measures and weightings for executives, as well as the inclusion of an ESG performance condition from 2023
- Approved implementation of a minimum shareholding requirement
- Approved the overall remuneration budget for all employees, as well as the remuneration paid to the Group CEO; and Group and subsidiary 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
- Convened a talent review workshop at which the committee assessed the talent landscape and the impact of the executive talent management strategy
- Monitored the Group's approach to fair pay and maintained the focus on a just wage in South Africa
- Considered the results of the committee effectiveness evaluation which found that the committee functions effectively

RISK AND COMPLIANCE COMMITTEE*



2022 GOVERNANCE OUTCOMES

- Continued to monitor the Group's key risks and trends, particularly the evolving post Covid-19 outlook, as well as the impact of continuing global economic uncertainty and socio-political challenges
- Reviewed the key risk mitigation controls and regular adjustments to the controls to respond to changing operating conditions
- Monitored the integration of environmental and sustainability risks into the existing risk management system
- 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 IT governance reports, including the strategic alignment and execution of IT projects, and development of technology and digital delivery capabilities
- Considered cyber resilience capability for effective protection against and responses to cyber-attacks, 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
- Continued to monitor health and safety trends across the Group and assessed the measures taken to protect employees and customers
- 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
- Considered and approved the annual risk management and compliance monitoring plans
- Reviewed the regulatory compliance framework, processes and risks for all operations
- Reviewed and approved the Combined Assurance Model
- Considered the results of the committee effectiveness evaluation which found that the committee functions effectively

MEMBERS

David Kneale (Chairman), Roy Bagattini, Hubert Brody, Christopher Colfer, Belinda Earl, Reeza Isaacs, Phumzile Langeni, Nombulelo Moholi, Sam Ngumeni, Thembisa Skweyiya, and Clive Thomson

Membership changes: Zarina Bassa and Zyda Rylands stepped down on 31 March 2022 and 30 September 2022, respectively; and Phumzile Langeni was appointed on 1 April 2022

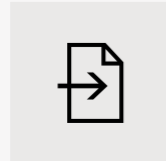
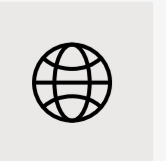
MANDATE

Assists the Board in the governance of risk and setting the direction for Enterprise Risk Management throughout the Group. In addition, oversees and holds management accountable for the implementation of effective risk management and compliance.

* The Committee's name was changed to Risk, Information and Technology Committee post year end

2023 FOCUS AREAS

- Continue to monitor the effectiveness of the risk management framework and measures to protect the Group against future disruptions
- Up-weight the emphasis on IT Governance, including 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
- Continue to monitor data governance frameworks and controls in place to ensure ongoing privacy of information and the protection and ethical use of data



AUDIT COMMITTEE



2022 GOVERNANCE OUTCOMES

- Monitored the integrity of the annual and interim financial statements and trading announcements and recommended them to the Board for approval
- Reviewed quarterly finance reports, business performance reviews, as well as solvency and liquidity and going concern assessments
- Monitored the robustness of the internal control framework over financial reporting to support the Chief Executive and Chief Financial Officer's responsibility statement
- Considered and endorsed Treasury Committee recommendations relating to the payment of the 2022 interim dividend out of Woolworths South Africa and a special dividend of A\$90 million from David Jones
- Assessed the merits of and subsequently endorsed the Treasury Committee's recommendation to execute a share repurchase programme of R1.5 billion
- Assessed whether the Integrated Annual Report presented a fair and balanced view of the Group with any material issues reported appropriately
- Managed the external auditor (KPMG) transition and the ongoing relationship, 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
- Received reports on the Group's tax position and status of tax compliance
- Monitored the re-alignment of financial decisions with the Group's sustainability strategy and the execution of sustainability-linked term loans, revolving credit facilities, general banking facilities and an unlisted bond
- Reviewed a proposal for the establishment of an internal reporting framework to ensure appropriate climate related financial disclosures (TCFD) in reports;
- Accepted responsibility for the role of Audit Committee of South African subsidiary companies
- Considered the results of the committee effectiveness evaluation which found that the committee functions effectively

MEMBERS

Clive Thomson (Chairman), Christopher Colfer, Phumzile Langeni, and Thembisa Skweyiya

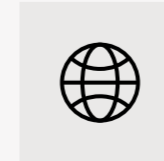
Membership changes: Zarina Bassa stepped down on 31 March 2022 and Phumzile Langeni was appointed on 1 April 2022

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 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 FOCUS AREAS

- Continue to monitor business and financial performance in line with the strategy and cost optimisation plans
- Monitor the capital allocation framework and principles to ensure that capital allocation decisions are aligned to these
- Continue to ensure that financing decisions are aligned with maintaining a strong balance sheet, achieving targeted gearing levels and incorporating ESG and sustainability principles
- Monitor progress in aligning reports with appropriate Climate-related Financial Disclosures



SOCIAL AND ETHICS COMMITTEE



3 Meetings

4 Independent Non-Executive Directors

2 Executive Directors

2022 GOVERNANCE OUTCOMES

- Continued to monitor the impact of the Group's Inclusive Justice Initiative and received regular updates on progress including tracking against the BBBEE scorecard in South Africa
- Together with the Sustainability Committee, hosted the Group's first Sustainability Investor engagement in October 2021
- Received an update on the employee Pulse survey conducted across the Group during the year
- Oversaw the continued evolution of the Group's stakeholder engagement strategy; recommended the Stakeholder engagement Policy to the Board for approval; and considered feedback on the 2022 Stakeholder Survey in Woolworths South Africa
- Continued to monitor the effectiveness of employee mental health and wellness initiatives
- Monitored initiatives to drive vaccination rates for a safer workplace as well as the implementation of the hybrid working model and return to work plans
- Monitored progress on employment equity plans, barriers to achieving the plans and remedial action
- Reviewed the Group's talent succession plans focusing on diversity, inclusivity, and female representation at senior management levels
- Received regular updates on the Group's Social Development initiatives, as well as their impact, and sponsorships
- Reviewed the Group Anti-Bribery and Corruption and Whistleblowing Policies; and the approach to training and employee engagement in relation to both policies
- Reviewed the Group's employment and supply chain practices for alignment with global best practice to ensure the protection of human rights and prevention of child and forced labour
- Reviewed the David Jones and Country Road Group's modern slavery plans in accordance with the Australian Modern Slavery Act
- Monitored the Group's customer communications and surveys, as well as initiatives to ensure customer safety
- 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 functions effectively

MEMBERS

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

Membership changes: Zyla Rylands stepped down on 30 September 2021 and Sam Ngumeni was appointed on 1 October 2021

MANDATE

Assists the Board in setting the tone for an ethical organisational culture by overseeing the Group's conduct and approach, and ensuring that the manner in which the business is conducted supports the Group's intent to be a responsible corporate citizen. In addition, carries out the statutory duties in terms of the Companies Act.

2023 FOCUS AREAS

- Monitor performance against the Group's 2025 Transformation vision, including the impact of the Inclusive Justice Initiative
- Continue to monitor the impact of the Group's Social Development initiatives
- Oversee the continued evolution of the Group's stakeholder engagement strategy
- In the context of the Committee's expanded compliance role in 2023, review the Group's Compliance Framework and monitor the effectiveness of the approach to regulatory compliance and the conduct of mandatory compliance training



TREASURY COMMITTEE



4 Meetings

3 Independent Non-Executive Directors

3 Executive Directors

2022 GOVERNANCE OUTCOMES

- Continued to monitor the liquidity positions of the Australian and South African businesses against forecasts
- Considered the Group's longer-term dividend policy and recommended resumption of the WSA interim dividend at a pay-out ratio of 60%; a special dividend of A\$90 million from David Jones; and the reinstatement of the Woolworths South Africa and Country Road Group dividend at a 70% payout ratio.
- Recommended that a share repurchase programme with a total value of R1.5 billion be executed
- Reviewed interest rate and foreign currency risks, levels of hedging and foreign exchange cover in the context of market conditions and prevailing volatility
- Monitored the execution of sustainability-linked term loans, revolving credit facilities, general banking facilities and an unlisted bond
- Recommended proposed changes to the Group's domestic medium term note programme to align the terms of the programme with the new JSE Debt Listings Requirements
- 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 functions effectively

MEMBERS

Clive Thomson (Chairman), Roy Bagattini, Hubert Brody, Reeza Isaacs, Thembisa Skweyiya and Ian Thompson

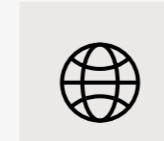
Membership changes: Zarina Bassa stepped down on 31 March 2022

MANDATE

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

2023 FOCUS AREAS

- 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
- Monitor the effectiveness of the capital allocation plan to support the Group's strategies and growth ambitions
- Ensure momentum is maintained with regard to the conversion of existing or new debt to sustainability-linked lending/banking facilities



SUSTAINABILITY COMMITTEE



2 Meetings

4 Independent Non-Executive Directors

2 Executive Directors

MEMBERS

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

Membership changes: Zyda Rylands stepped down on 30 September 2021 and Sam Ngumeni was appointed on 1 October 2021

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; and to oversee that the sustainability initiatives and objectives are effectively integrated into the business and that the Group operates in an environmentally responsible manner.

2022 GOVERNANCE OUTCOMES

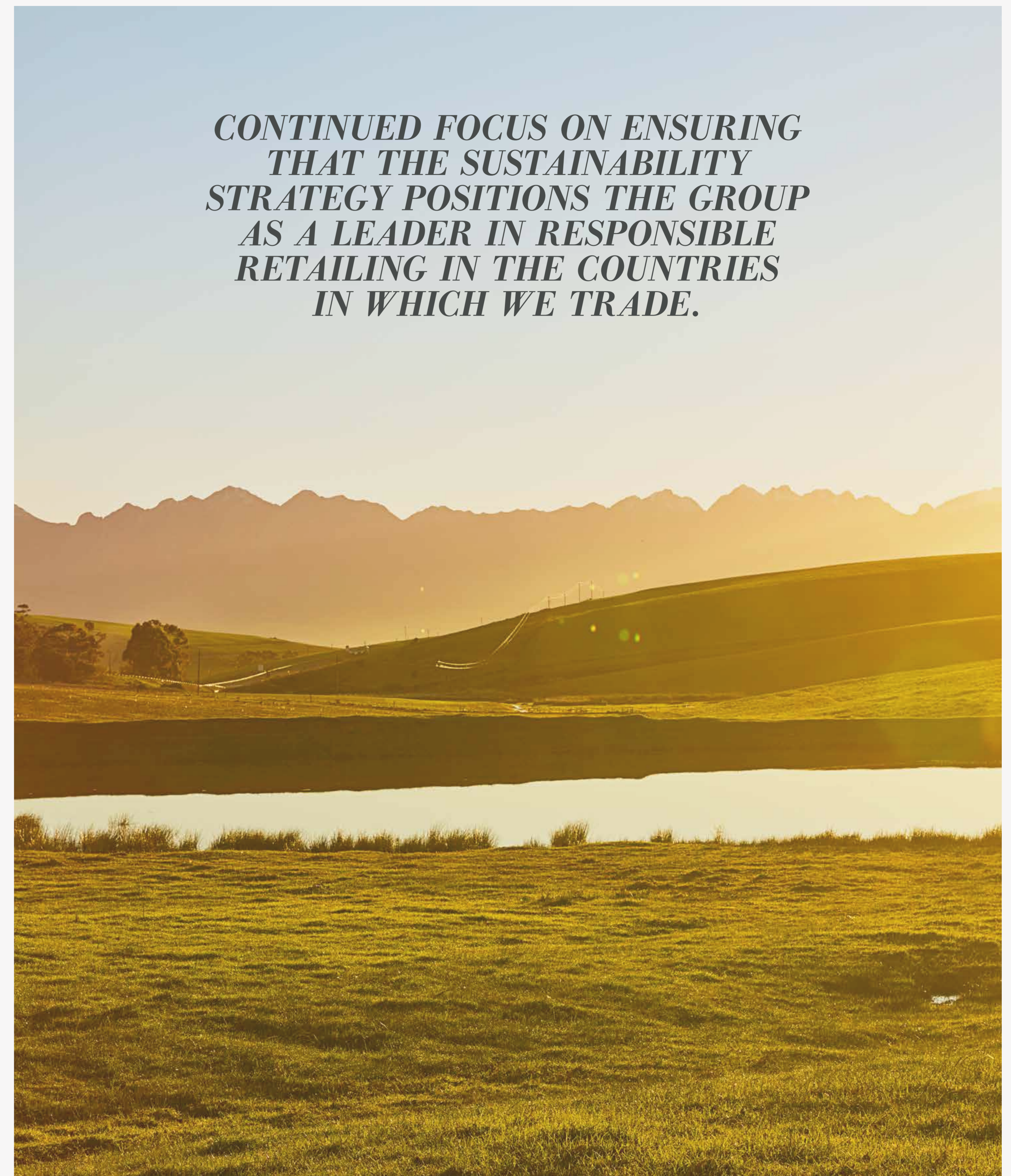
- Hosted the Group's first Sustainability (Good Business Journey) Investor engagement in October 2021 in partnership with the Social and Ethics Committee
- Continued to monitor the effects of climate change and the risks and opportunities for our value chain
- Received updates on the evolving global sustainability reporting landscape, including the International Sustainability Standards Board exposure drafts, updates made to the TCFD and the JSE Sustainability and Climate Change Guidance
- 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
- Reviewed and approved the sustainability materiality determination process and material issues identified
- Approved the scope of the limited assurance engagement and readiness review exercise for the 2022 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, David Jones and Country Road Group relative to their competitors
- Received updates on local and global sustainability trends and news, as well as on environmental-related 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
- Reviewed key sustainability risks identified and reported to the Risk and Compliance Committee
- Reviewed and recommended the Sustainability Report (Good Business Journey Report) for 2022 to the Board for approval
- Considered the results of the committee effectiveness evaluation which found that the committee functions effectively

2023 FOCUS AREAS

- Continued focus on ensuring that the sustainability strategy positions the Group 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 whilst striving for more responsible consumption and production systems and behaviours



CONTINUED FOCUS ON ENSURING THAT THE SUSTAINABILITY STRATEGY POSITIONS THE GROUP AS A LEADER IN RESPONSIBLE RETAILING IN THE COUNTRIES IN WHICH WE TRADE.



SHAREHOLDER ENGAGEMENT

We are committed to developing and maintaining quality, long-term relationships with a broad range of stakeholders who have an interest in the Group. Our approach in this regard is detailed in the opening sections on pages 26 to 28 of this Report. For the purposes of this section, we focus on shareholder engagements on Environmental, Social, and Governance (ESG) matters which took place at the end of 2021. These included one-on-one engagements with Hubert Brody, Zarina Bassa and the Group Company Secretary, Chantel Reddiar, as well as one-on-one meetings with management to discuss the resolutions to be tabled for approval at the Annual General Meeting, after the Notice of Meeting was published. Similar engagements will take place once the Notice of Meeting has been published on our website.

A further highlight on our engagement calendar was the inaugural Sustainability (Good Business Journey) investor Engagement which was hosted jointly by the Sustainability and Social and Ethics Committees in October 2021. The engagement was well attended and will become a regular forum for investors and shareholders to delve into more detail on our sustainability initiatives and raise topical matters for discussion.

Shareholders are encouraged to attend the 2022 Annual General Meeting, which provides further opportunity to engage with the Board. There is an open invitation to do so at the 2022 Annual General Meeting. The Meeting will be accessible by way of a virtual platform. More details on this are included in the Notice of Meeting on our website.

A HIGHLIGHT ON OUR ENGAGEMENT CALENDAR WAS THE INAUGURAL SUSTAINABILITY (GOOD BUSINESS JOURNEY) INVESTOR ENGAGEMENT WHICH WAS HOSTED JOINTLY BY THE SUSTAINABILITY AND SOCIAL AND ETHICS COMMITTEES IN OCTOBER 2021

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 and traditions, 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 in South Africa and Australia twice a year. 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, visual guides covering a range of topics.



During the year we established the Governance Academy which 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 prevent bribery and corruption; complaints on internal audit and accounting practices; whistleblowing and protections afforded to whistleblowers; 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 is 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, 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, 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 or laws or regulations. Details on how to report a concern are set out in the Group Whistleblower and the Accounting or Audit Matters Complaint Policies.

COMPLIANCE

The Group is committed to operating in line with all legal and regulatory requirements in the countries in which it operates, and it recognises its obligations and responsibilities to all stakeholders. The Board has, accordingly, approved an effective compliance programme as 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 Risk and Compliance Committee every quarter and from 2023 this oversight function will be performed by the Social and Ethics

Committee. Oversight will include the level of regulatory compliance to 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 offered via the recently operationalised Governance Academy's 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	KING IV™ COMPLIANCE
<p>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 30 September 2022.</p>	<p>Being of the view that good corporate governance contributes to value creation, 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 primary objective in terms of applying the King IV™ principles is to ensure that the governance outcomes relating to an ethical culture, effective control, good performance, and legitimacy are firmly embedded within the organisation. 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, 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.</p>



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.

**WE ARE VIGILANT TO
SHIFTING EXTERNAL SIGNALS
AND FOCUS ON ADAPTING TO
CHANGE, WHILE CONSTANTLY
LEVERAGING OUR ENTRENCHED
STANDARDS OF GOVERNANCE,
ETHICS, AND INTEGRITY.**

OUR SOCIAL AND ETHICS COMMITTEE REPORT



I AM PLEASED TO AGAIN BE IN THE POSITION TO 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.

ARTICULATION AND 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. We have, in addition, expanded our remit to ensure that other areas considered to be of relevance are incorporated in our oversight role, including the Group’s operations in Australia and New Zealand.

The Board has ultimate responsibility for monitoring that the Group is operating as a responsible corporate citizen. We assist the Board in executing its responsibilities in this regard, by monitoring the Group’s conduct and, together with the Sustainability Committee we focus on delivering the Group’s sustainability strategy, which is articulated as Vision 2025+.

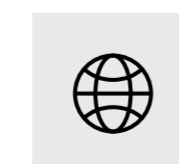
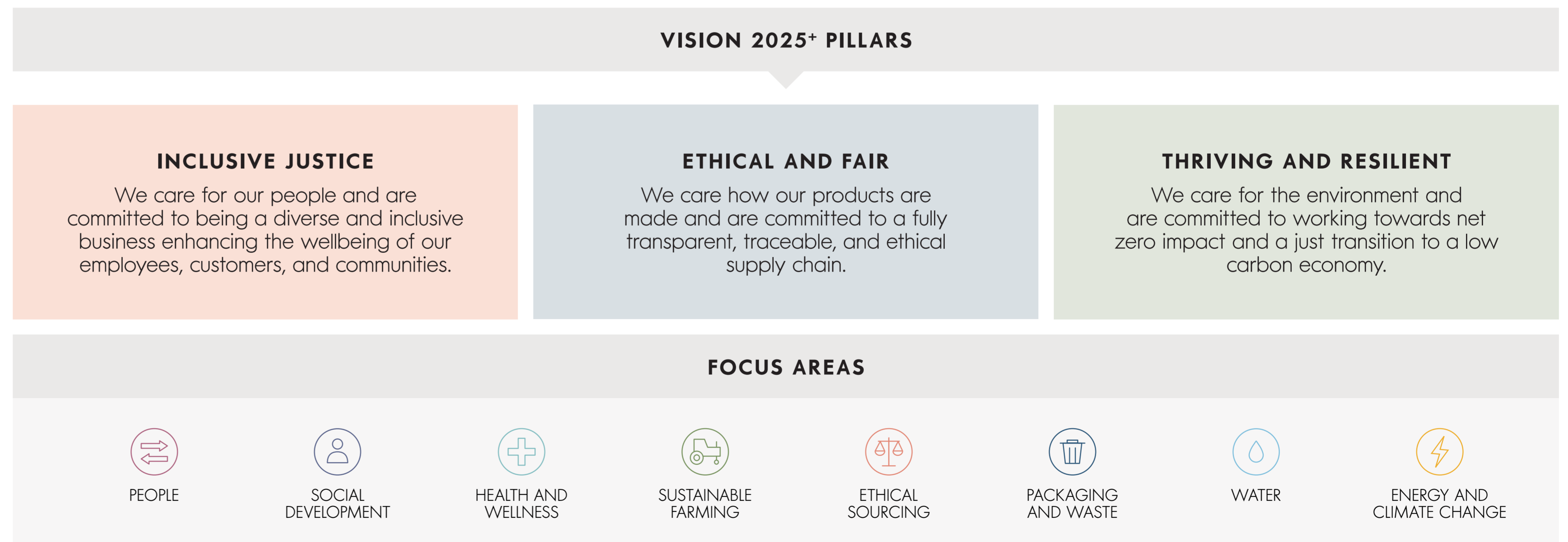
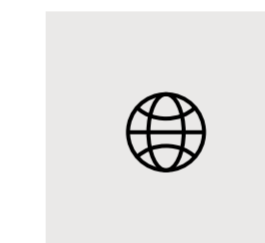
We also enlist the support of the Risk and Compliance, and Remuneration and Talent Management Committees to which certain of the SEC’s monitoring and reporting functions have been delegated. This integrated approach to our monitoring and reporting functions, ensures the efficient use of resources with all efforts focused on delivering on our Vision 2025+ sustainability strategy and the creation of shared value.

We keep track of performance on the functions delegated, through our cross-memberships on the committees mentioned (refer to the committee memberships on pages 80 to 83 of this report) as well as the feedback provided by committee chairmen at the quarterly Board meetings. These collective activities take place within the parameters of the governance framework and collectively contribute to delivering on our Vision 2025+ sustainability strategy.

VISION 2025+

Vision 2025+, the next evolution of the Good Business Journey, which was approved by the Board in 2021, comprises three main pillars that are further articulated through eight focus areas. Each pillar and focus area includes ambitious goals delivering to the overall strategic intent of Vision 2025+, as well as clearly defined strategy and management approaches. The committee oversees the people, social development and health and wellness focus areas, while the Sustainability Committee oversees the remaining focus areas.

From a performance monitoring perspective, management monitors performance relative to the focus areas by means of scorecards that include KPIs and targets aligned to all the focus areas. From these scorecards, relevant KPIs and targets are incorporated into the individual employees and management scorecards, as part of the Integrated Performance Management system. High level performance updates are reported at the meetings of the committee and the Sustainability Committee.



RESPONSIBLE CORPORATE CITIZENSHIP

As a Group, we take our role as a responsible corporate citizen seriously and strive to play a meaningful role in addressing the economic and societal needs and expectations of the communities where we operate. Like others, the Group has had to navigate the continued impact of the Covid pandemic, as well as the emerging impacts from the more recent geopolitical issues, on our people and the broader stakeholder community.

We are proud of how our people have dealt with external adversity. Through exceptionally difficult times, they have remained committed and passionate about the important roles they play in our business. We have been touched by their resilience and courage; and by them showing up under extraordinarily difficult personal circumstances as they did during the pandemic; the civil unrest in parts of South Africa last year; as well as the devastating floods in KwaZulu-Natal in the latter part of the reporting period. We are equally proud of our management teams who responded swiftly to these events, providing strong leadership and putting immediate relief measures in place as appropriate. Our Employee for Employees Fund which was set up at the start of the Covid-19 pandemic (more detail can be found in our Remuneration Report) has also been a supporting mechanism by our employees for our employees during these challenging times.

OUR PEOPLE

These broader developments have entrenched our determination to ensure that our people and talent management practices deliver a compelling value proposition that is customised to meet the unique needs of our employees in each of the regions in which we operate. With this in mind, management has continued to entrench the Group purpose and values through continuous employee engagement, building organisational leadership capability, and investing in the wellbeing of our people. We understand that our people are wanting a differentiated experience which inspires us to focus on creating a leading and integrated talent experience and further improving our talent processes.

As a Group we have worked hard to make progress in all these respects and report details of our collective efforts in the People chapter of the [Good Business Journey Report](#) and in the Remuneration Report on page 94 of this Report, which include details of our Just Wage initiative in the South African business.

As we recover from the pandemic and reflect on the many lessons it has taught us, we recognise that wellness is not only the absence of illness but a more holistic concept that requires us to re-assess how we add to the quality of life for employees and their families. It also requires us to re-assess how we address the underlying social injustice and systemic inequality that affect the overall well-being of our people, whether at work or home. This is a top priority for us and a key motivator for including health and wellness as a key focus area of our Vision 2025+ ambitions and for operationalising the Inclusive Justice Initiative which supports Vision 2025+ as one of three pillars.

DIVERSITY AND INCLUSION

Through the Inclusive Justice Initiative 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. The ethos of the initiative is more than simply creating diverse and inclusive environments. It aims to make real changes focusing on racism, gender equity, gender-based violence, LGBTQIA+ rights, diversity and inclusion, reconciliation, social and community development, fair and responsible pay, the development of small to medium businesses, ethical and local sourcing, as well as continually driving activism with employees.

Our approach to diversity and inclusion is founded on our stance on human rights - principles for which we actively advocate and expect not only the Group, but also our business partners to practice. 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.

We are proud of the initiative to adopt Inclusive Justice for Women as a lead corporate advocacy issue across the Group and being the first major South African retailer to be a signatory to the United Nations Women's Empowerment Principles. These principles commit us to developing detailed action plans to address key issues. These include fostering an inclusive workplace culture, promoting women empowerment and gender equality through our policies and practices and establishing and enforcing a zero-tolerance policy against all forms of violence and harassment at work. Several panel discussions have been held to better understand these issues in the workplace and these will be built on during the next year.

***WE ARE PROUD OF HOW
OUR PEOPLE HAVE DEALT
WITH ADVERSITY. THROUGH
EXCEPTIONALLY DIFFICULT
TIMES, THEY HAVE REMAINED
COMMITTED AND PASSIONATE.***



SOCIAL DEVELOPMENT

As a responsible corporate citizen, we acknowledge our responsibility to have a lasting positive impact as we contribute to addressing the socio-economic needs and expectations of the communities where we operate. The social development strategy leverages our relationships with key strategic partners, our operating footprint and loyal customer bases, and the long-established Woolworths Trust.

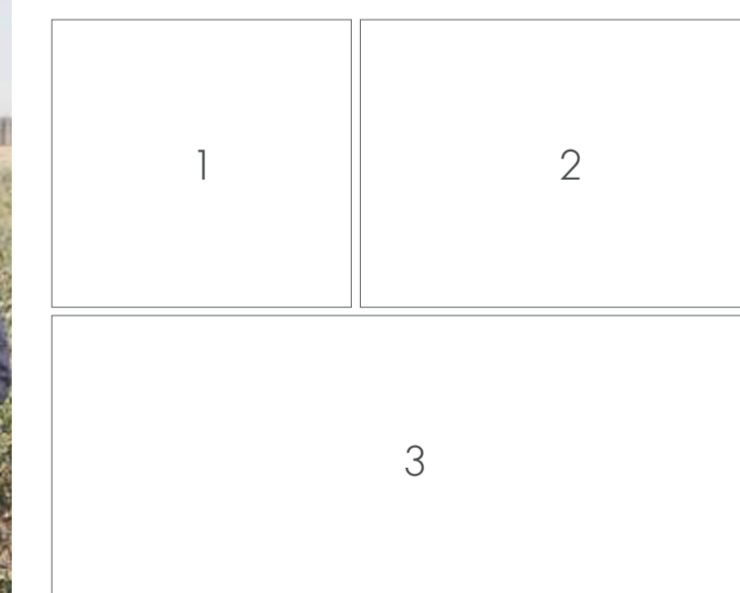
In South Africa, our goals are to improve food security and educational outcomes, extend our reach for good through our employee community involvement programme and mitigate the impact of disasters in our communities. In the rest of Africa countries our teams are actively involved in community programmes, supported by donations of surplus clothing and food to local charities. The businesses in Australia support a range of charities through various brand-community partnerships, focusing on addressing wellbeing and local empowerment challenges.

Our teams and partners have worked exceptionally diligently during the year to maintain momentum and focus on their respective programmes, particularly those that are critical to supporting post pandemic recovery. We are pleased to present details on this and the resultant impacts, in the Social Development chapter of the Good Business Journey Report.

We nevertheless specifically acknowledge the work done towards food security and alleviating hunger in South Africa and furthering the sustainable development goal of #ZEROHUNGER FUTURE BY 2030. Our team's efforts on the Zero Hunger Food Security campaign have been recognised by the Intercontinental Group of Department Stores where the initiative was voted as second runner up in the World's Best Sustainability/Corporate Social Responsibility campaign by a department store category.

The campaign to improve the health and wellbeing of learners at school is also worthy of mention. We are particularly pleased with the way our teams have leveraged multiple areas of internal expertise, such as nutritious food, healthy living, wellness, and sustainability to support the upliftment of education and the health and wellbeing of children at schools in South Africa. The programme provides teachers with a suite of educational content in Social Sciences and Life Skills, as well as experiential educational components aimed at embedding key theoretical principles learnt in the classroom. Schools have also been provided with a Tuck Shop Guide to assist teachers and parents to promote healthier eating choices.

In response to the restriction on face-to-face engagements during the Covid pandemic and to maintain momentum on the programme, a digital platform was launched to help increase reach, visibility, flexibility, and accessibility of the programme. The platform offers downloadable and printable work packs that include educator and learner booklets, posters, and engaging videos and tutorials; virtual video experiences featuring lessons, games, music, and quizzes; and healthy living content, including quick and easy meals and tips for leading a balanced lifestyle.



1. Afrika Tikkun Foundation: Supporting young entrepreneurs to start their own agriculture businesses.
2. Representatives of Woolworths donating clothing to the Kenya Red Cross
3. Living Soils Community Learning Farm staff and interns



HEALTH AND WELLNESS

In keeping with our commitment to advocate for women, Woolworths South Africa launched an initiative that aims to provide employees and their families with support in dealing with trauma as a result of gender-based violence and femicide (GBVF). A platform has been established to provide those in need with access to confidential counselling and medical support from registered specialists, either face-to-face or using digital or telephonic channels. In addition, our teams are working to understand trends in GBVF among our workforce so as to tailor support to optimise benefits and identify appropriate proactive and preventative measures.

In South Africa, the Covid-19 'health line', which was initially established to provide support and advisory services for medical-related Covid-19 concerns, has been extended through the employee assistance helpline. This helpline now offers holistic support for psychological, health, nutrition, and management issues. We have also continued to maintain the Staying Strong programme, which focuses on building individual resilience and a culture of self-care, with individuals taking accountability for their own wellbeing and demonstrating empathy towards others.

In Australia and New Zealand, a variety of support mechanisms have been put in place to promote employee health and well-being. These include the aggressive customer behaviour project which was launched to support employees who were experiencing mental challenges as a result of increased customer aggression post the lockdowns. Ongoing training in this regard will continue annually. In addition, retail and support centre leaders are being helped to develop the necessary skills to respond to the increasing number of team members presenting with mental health challenges. Training focuses on providing the employees with the necessary tools to identify and remediate issues and enable leaders to engage in conversations about mental fitness. In addition, digital tools have been made available which provide a series of wellbeing articles, videos, activities, and live online fitness classes, to help optimise team members' health and wellbeing.

The Australian businesses have also partnered with the Resilience Project, an organisation that delivers various mental health programmes to companies, to help build resilience and enable our employees to continue to bounce back from and beyond the pandemic.

The Committee supports management's approach to employee wellness, as well as the campaigns to encourage Covid-19 vaccinations and the provision of

access to vaccines. Recently, management confirmed a hybrid working model for office employees and with employees returning to the office more frequently, various tools were provided to facilitate the transition back into a communal working environment.

As a Group we also focus on inspiring healthy living and healthy food choices through the Good Food Journey which advocates the avoidance of additives (such as tartrazine, all other azo dyes, MSG, aspartame,

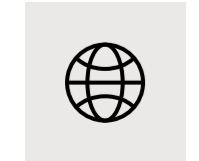
saccharin, and cyclamate) and the use of non-artificial colourants and flavourants in our food. Customers are offered more organic and free-range choices to promote healthy eating as part of a healthy lifestyle while also ensuring a more caring approach to animal welfare. Through the food business's ongoing partnership with the Discovery Vitality HealthyFood™ programme customers are encouraged, through incentives, to make healthy food-purchasing decisions, and to avoid food that is

linked to dietary practices that cause noncommunicable diseases such as diabetes, high cholesterol, and high blood pressure.

Our [Good Business Journey Report](#) includes more detail on the Group-wide initiatives to promote health and wellness. We encourage you to read this in order to gain a fuller picture of our approach in this regard.



THE STAYING STRONG PROGRAMME, WHICH FOCUSES ON BUILDING INDIVIDUAL RESILIENCE AND A CULTURE OF SELF-CARE, WITH INDIVIDUALS TAKING ACCOUNTABILITY FOR THEIR OWN WELLBEING AND DEMONSTRATING EMPATHY TOWARDS OTHERS.





**AS A VALUES-LED GROUP
THAT ASPIRES TO BE
'CUSTOMER OBSESSED',
OUR CUSTOMERS ARE A
KEY PRIORITY.**

Woolworths, Autumn 2022

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is important to the Group and remains a key area of focus for the committee, particularly as society recovers from the effects of Covid-19 and we work towards gaining a deeper understanding of our stakeholders needs and expectations.

Given the importance of stakeholder management and relations, particularly at this time, management undertook an extensive internal review of 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 committee recently reviewed and recommended the new Group Stakeholder Management policy to the Board for approval. Implementation of the policy and the related guidelines will give our teams who manage different categories of our stakeholder universe, the ability to align with global and world class standards.

The Stakeholder Perception Survey conducted in Woolworths South Africa this year provided an opportunity to track stakeholder perceptions and monitor levels of trust in the company across different stakeholder categories. The survey aimed to test what issues matter to our stakeholders, and their perceptions on how the company is performing relative to the issues.

As a Group we are mindful of the growing focus of our investors on ESG performance as they consider ways in which to drive the social agenda. To provide investors with deeper insights into the Group's sustainability strategy and performance, the Group held its first investor sustainability summit. I was pleased to represent the committee at the summit and, together with Belinda Earl (Chair of the Sustainability Committee), provided investors with insights into our respective roles in delivering the Group's sustainability strategy as articulated through the Good Business Journey and Vision 2025+. Given the importance of sustainability, we will be holding another investor sustainability summit during the course of October 2022. We have also included specific ESG performance measures into the Group's long term incentive scheme -further details on this can be found in the Remuneration Report on page 94 of this Report.

A comprehensive view of our stakeholder engagement programme is provided earlier in this Report on pages 26 to 28.

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

Woolworths South Africa's Enterprise and Supplier Development (ESD) programme is integral to building a sustainable and capable black-owned and black women owned supplier base that will deliver competitive advantage, enhance market share, and drive costs down in the supply chain. The ESD initiative which has been in operation for over 12 years, has been incorporated under the auspices of the Inclusive Justice Institute with the aim of elevating the ESD supplier base through a more integrated approach, by providing them with access to formal operational governance structures, business development services and funding.

Our focus on increasing the development of local suppliers in the countries in which we trade in the rest of Africa continues with a renewed sense of urgency following the impact of Covid-19 on local economies. This is a complex initiative, due to the country-specific frameworks aimed at redressing specific economic imbalances, which requires careful analysis and assessment before development initiatives can be launched.

As reported in previous years, all suppliers (as well as their suppliers or business partners) who are contracted to our businesses are expected to conduct fair and ethical trade, advance the welfare of their employees and provide decent work facilities, as well as prevent harm to animals and the environment. Suppliers are contractually bound by the Group's Codes of Business Principles to ensure alignment with our approach to conducting business ethically and responsibly.

OUR FOCUS ON INCREASING THE DEVELOPMENT OF LOCAL SUPPLIERS IN THE COUNTRIES IN WHICH WE TRADE IN THE REST OF AFRICA CONTINUES WITH A RENEWED SENSE OF URGENCY FOLLOWING THE IMPACT OF COVID-19 ON LOCAL ECONOMIES.

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 antibribery and corruption, whistleblowing and conflicts of interest. The various policies are available on our website.

During the year, the committee reviewed the Group 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.

We remain committed to conducting business transparently and in an honest and ethical manner and 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.

In addition, our Codes of Business Principles oblige our suppliers to practice the same ethical governance standards as we do. We are committed to building long standing relationships with our suppliers who are genuinely committed to working together towards decent labour conditions and better environmental performance and will assist them in this regard. We monitor our suppliers' performance through various programmes on which they are required to report. We are members of SEDEX, a web-based platform for sharing responsible sourcing data on supply chains and continue to progress on converting our suppliers to SEDEX Members Ethical Trade Audit (SMETA), one of the most widely used ethical audit formats in the world. Suppliers who are currently not using SMETA are audited against our own, independently verified ethical audit protocols.

PROTECTION FOR WHISTLEBLOWERS

As bribery, fraud, corruption, harassment, discrimination and other forms of unacceptable behaviours are often not overt and are therefore difficult to identify, we have established an independent and secure reporting channel on which all employees, as well as key customers and suppliers in the South African and Australian business can report suspected fraud or other activities considered to be ethical transgressions. The Group Whistleblower 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. No material reports were received through this facility during the year.

Awareness and refresher training on the scope and intent of the Whistleblower policy is provided on an ongoing basis.

BBBEE

The Group was rated as a level 5 BBBEE contributor in 2022 (level 7 in 2021), based on the measurement criteria contained in the BBBEE Codes of Practice. In reviewing performance in the context of BBBEE, the committee took management's broader approach to inclusive growth, incorporated as part of our Vision 2025+, into account. While the committee supports management's approach in this regard, as well as the initiatives and targets that have been set, we will continue to press for more immediate results to achieve an elevated BBBEE contributor status.

COMMITTEE EFFECTIVENESS EVALUATION

The Committee's performance was reviewed as part of the 2022 internally facilitated Board effectiveness evaluation which found that the Committee was operating well.

CLOSING REMARKS

We owe a debt of gratitude to our employees for their commitment and consistently positive spirits, regardless of how trying their circumstances may be. 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 steady steer and strong 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
Chairman of the Social and Ethics Committee



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

OUR REMUNERATION REPORT



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

CHAIRMAN'S REPORT

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

Timelines to address these needs are also different. The needs on the African continent are more long term in nature and go to the very heart of addressing the inequalities of a continent where the remuneration gap is significant, while

the challenges in Australia are more short term in nature, with c.70% of store sales in H1 unable to trade due to being in a form of lockdown. This has made for robust committee deliberations in terms of a remuneration policy which is relevant and adaptable in all the countries in which the Group trades.

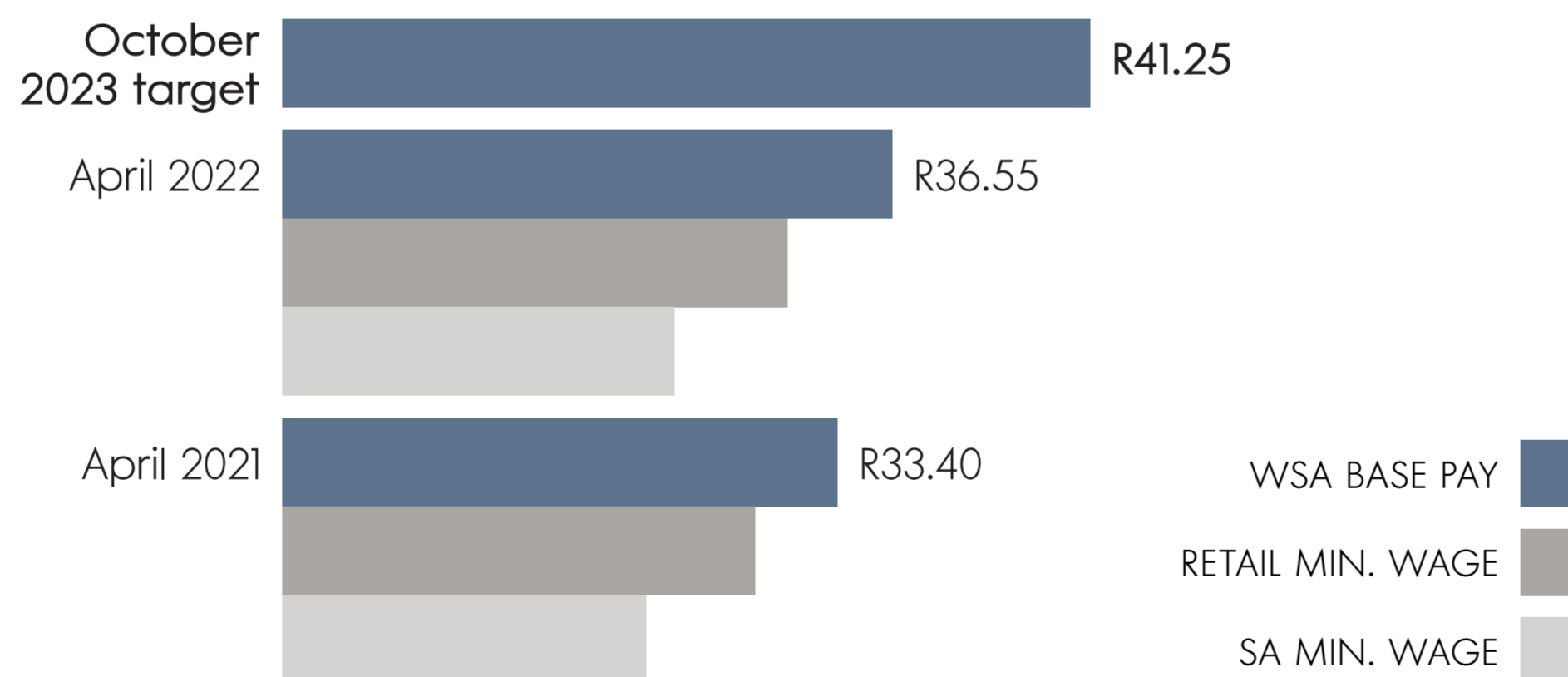
The Group's remuneration policies also attempt to support and align to strategies which support the Group's intent to become one of the world's most responsible retailers and the principles of fair, transparent, and responsible remuneration.

FAIR AND RESPONSIBLE REMUNERATION

WOOLWORTHS SOUTH AFRICA - 'JUST WAGE'

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

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



R41.25
Target hourly rate by October 2023

E4E FUND

R1.5M flood assistance for KZN store employees

EMPLOYEES FOR EMPLOYEES FUND

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

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

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

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

SHAREHOLDER ENGAGEMENT

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

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

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

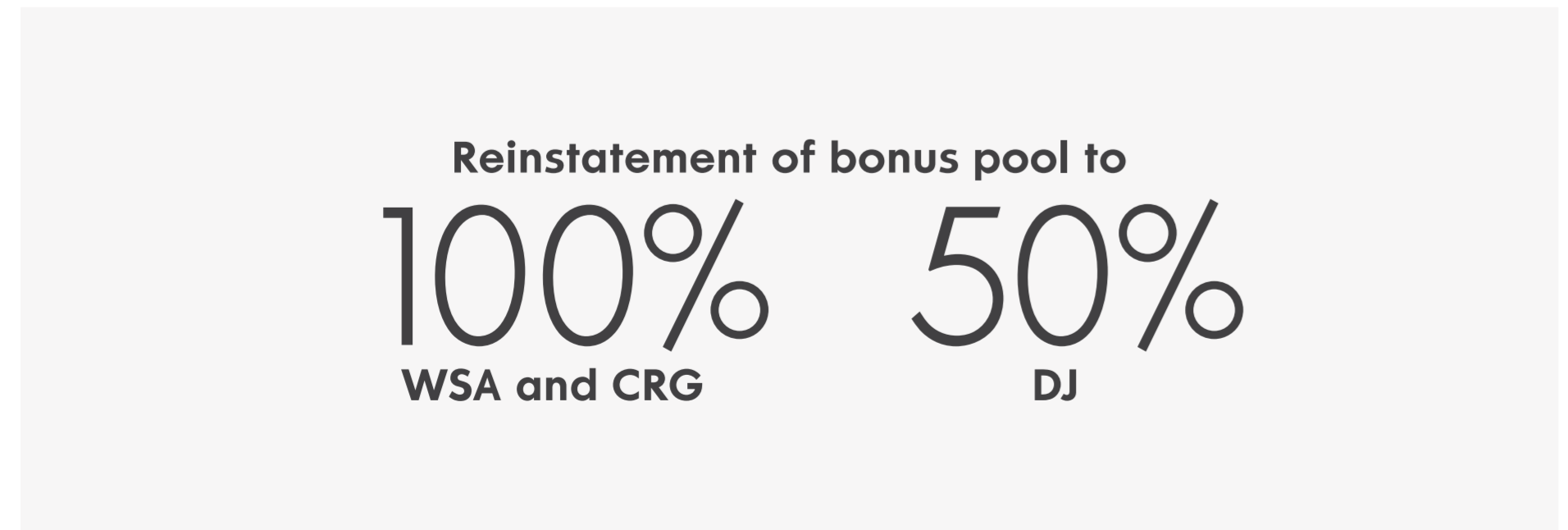
REMUNERATION POLICY ENHANCEMENTS FOR FY2023

APPLICABLE TO THE CORPORATE SHORT-TERM PERFORMANCE BONUS

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

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

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



APPLICABLE TO THE LONG-TERM SHARE INCENTIVE SCHEMES

INTRODUCTION OF MINIMUM SHAREHOLDING REQUIREMENT (MSR)

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

MSR IMPLEMENTED EFFECTIVE FY2023 FOR GROUP CEO AND DIRECT REPORTS.

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

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

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

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

ESG METRICS:

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



Country Road, Summer 2022

REMUNERATION OUTCOMES RESULTING FROM THE 2022 FINANCIAL YEAR PERFORMANCE

GUARANTEED PAY

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

+5.4%
increase awarded to WSA store staff

SHORT-TERM VARIABLE REMUNERATION

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

LONG-TERM VARIABLE REMUNERATION

ALLOCATIONS FOR THE 2023 FINANCIAL YEAR

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

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

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

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

DELIVERY OF STRATEGIC OBJECTIVES

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

In recognition of the achievement of the Group FD, and the importance of his retention and to deliver to key strategic objectives, the committee approved an additional variable remuneration award during the year. The award comprised a cash payment of R1.2m and RSP shares to the value of R13.2m. The RSP shares have a three-year performance period, with vesting conditional on the achievement of specific sustainable savings and value driven by the Investment

Optimisation project, the introduction of a capital allocation framework, and the improvement of WSA FBH profitability. The performance conditions for this award are outlined in more detail in the Implementation Report on page 109.

ACCESS TO INFORMATION AND ADVISORS

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

REGULATORY COMPLIANCE

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

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

David Kneale
*Chairman of the Remuneration
and Talent Management Committee*

THIS REPORT IS STRUCTURED AS FOLLOWS:

AT A GLANCE

High level summaries of our Remuneration Policy and the Implementation Report



REMUNERATION POLICY

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

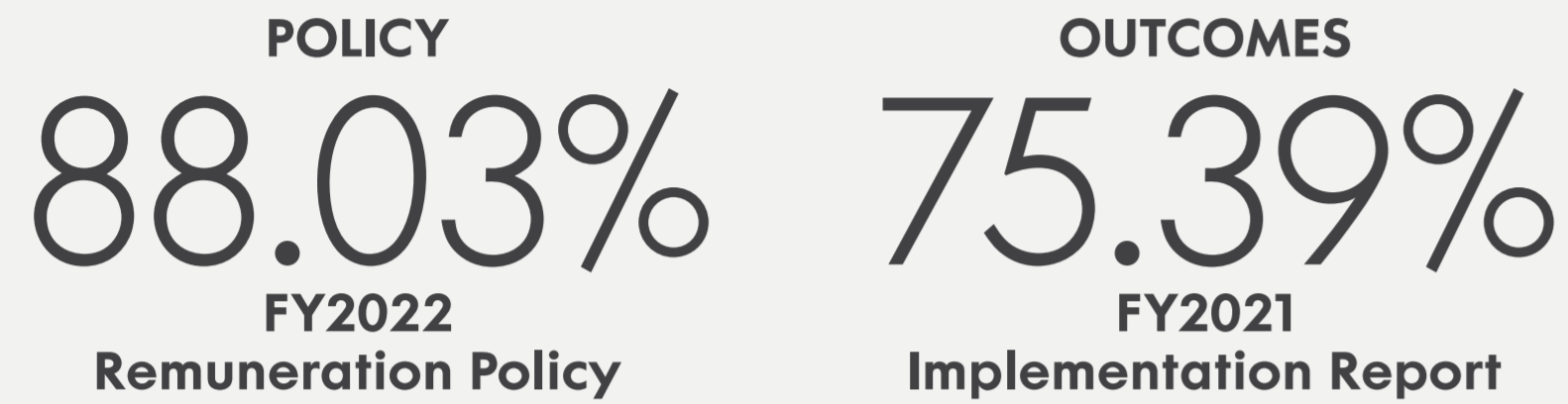
IMPLEMENTATION REPORT

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



SHAREHOLDER SUPPORT

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



2022 NON-EXECUTIVE DIRECTORS' FEES

97.94%

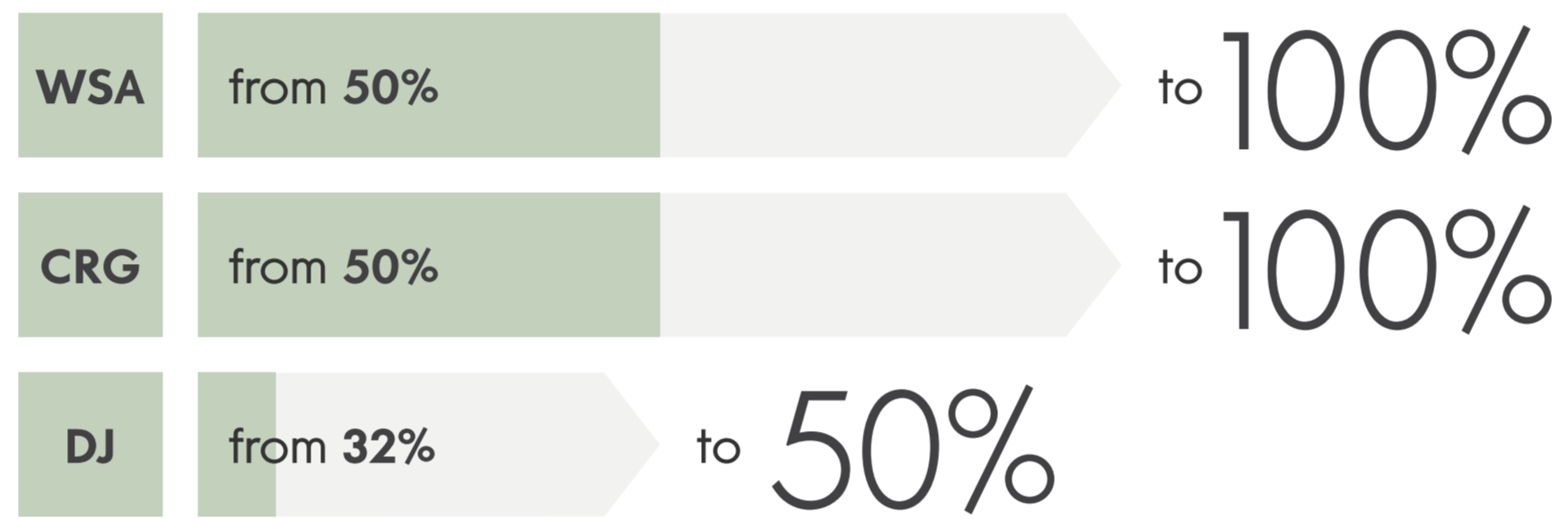
2023 PROPOSED NON-EXECUTIVE DIRECTORS' FEES

+5.25%

ENHANCEMENTS MADE TO FY2023 REMUNERATION POLICY

CORPORATE SHORT-TERM INCENTIVE SCHEME

Bonus pools adjusted to reflect post-pandemic economic climate



MINIMUM SHAREHOLDER REQUIREMENT INTRODUCED

Five-year holding period to achieve limits



GBJ 2025+ MEASURES NOW INCLUDED IN LTI SCHEMES



SUSTAINABILITY AND ENVIRONMENTAL

10%



TRANSFORMATION

10%



REMUNERATION OUTCOMES

BASED ON THE 2022 FINANCIAL YEAR PERFORMANCE

GROUP PERFORMANCE

STRATEGIC DELIVERY ON TRACK

+11.0%
aPBT growth

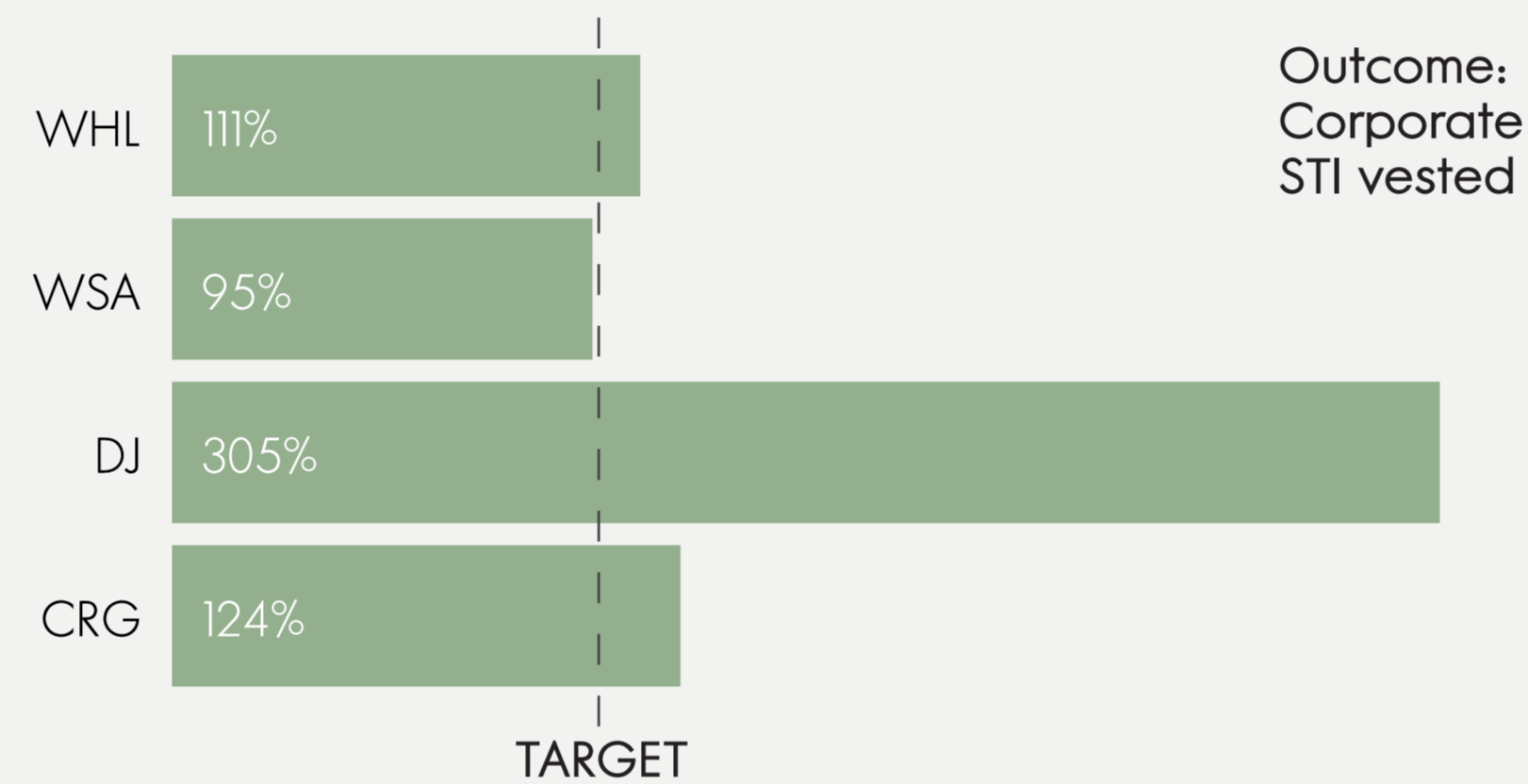
380.9CPS
aHEPS

16.8%
ROCE

1.6X
Net debt:EBITDA including lease obligations

CREDIBLE SHORT-TERM PERFORMANCE

Linked to FY2022 performance

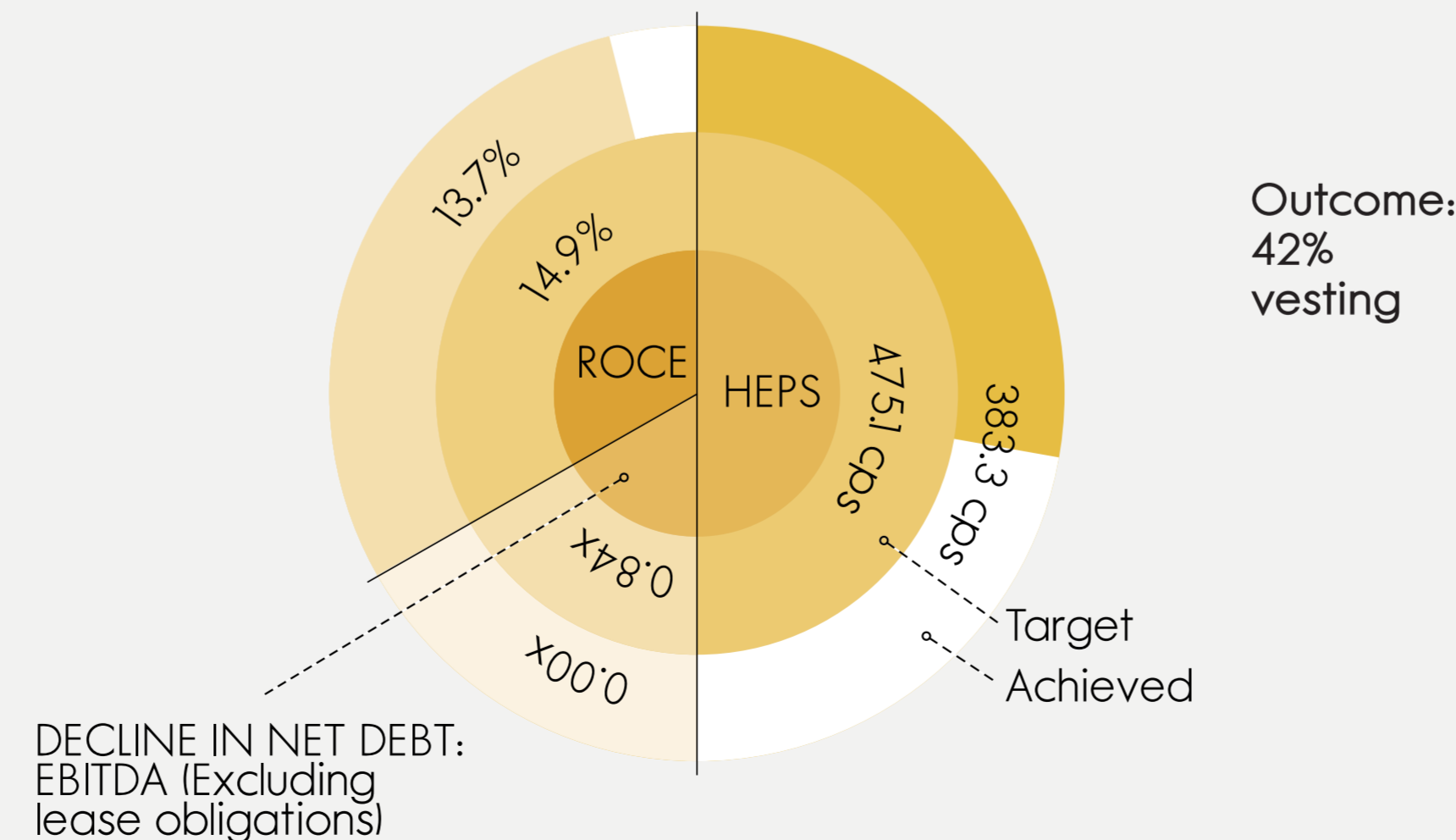


INFLATION-LINKED GUARANTEED PAY

Increase effective 1 October 2021



THREE-YEAR LONG-TERM INCENTIVE PERFORMANCE IMPACTED BY COVID



SINGLE-FIGURE REMUNERATION

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

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

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

REMUNERATION POLICY FOR THE 2023 FINANCIAL YEAR (TO BE VOTED ON AT AGM ON 23 NOVEMBER 2022)

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

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

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

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

FAIR AND RESPONSIBLE REMUNERATION

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

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

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

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

WOOLWORTHS SOUTH AFRICA ‘JUST WAGE’

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

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

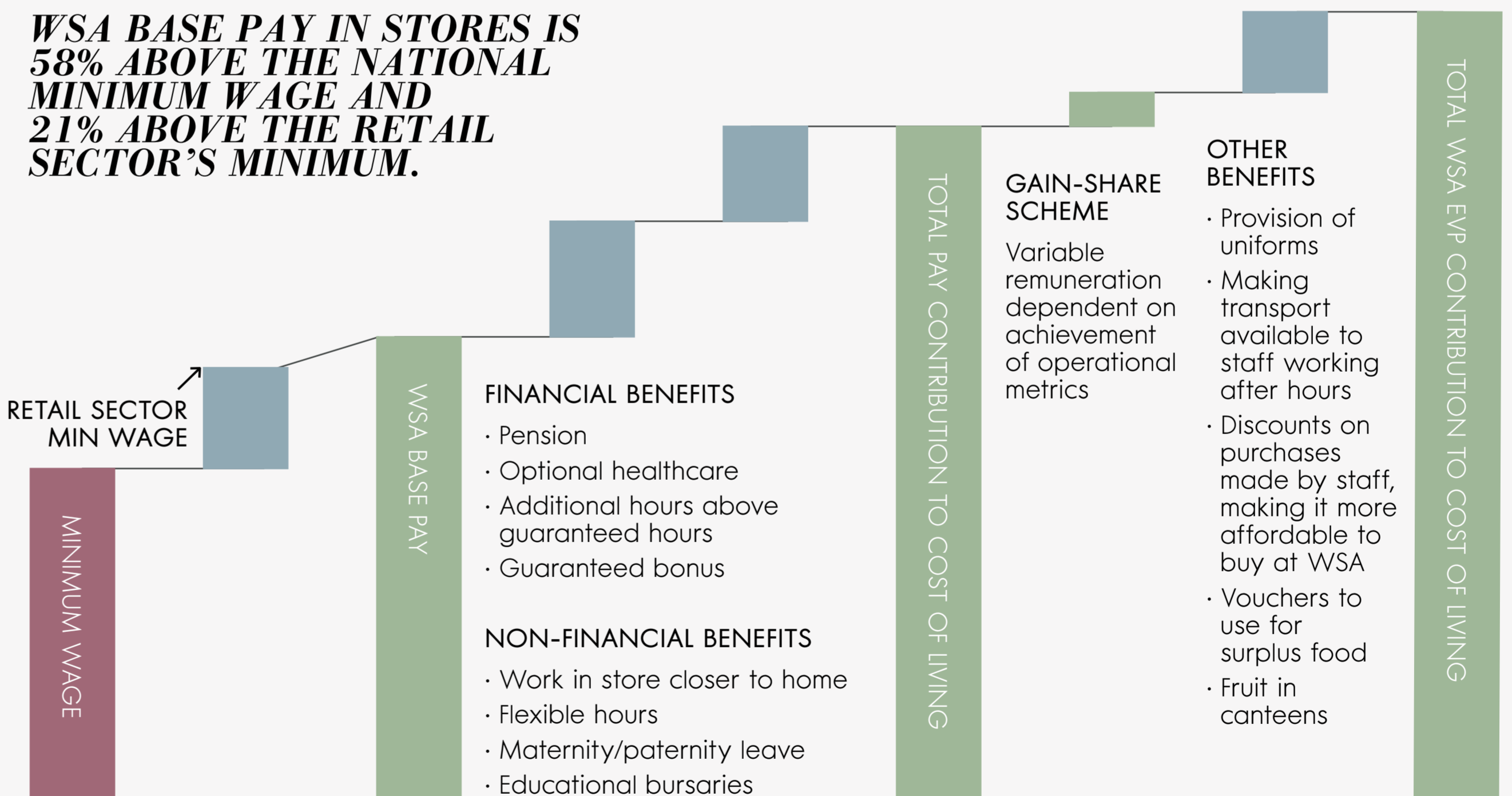
One of the principles that guides the Group’s policy on fair and responsible remuneration is: ‘consideration given to minimum wage legislative requirements and living wage’. The International Labour Organisation (ILO) defines a living wage as the amount necessary to meet the reasonable needs of a worker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

decent life. Quantifying this accurately is the subject of much debate.

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

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

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



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

REMUNERATION FRAMEWORK

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

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

MALUS AND CLAWBACK PROVISIONS

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

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

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

MINIMUM SHAREHOLDING REQUIREMENT (MSR)

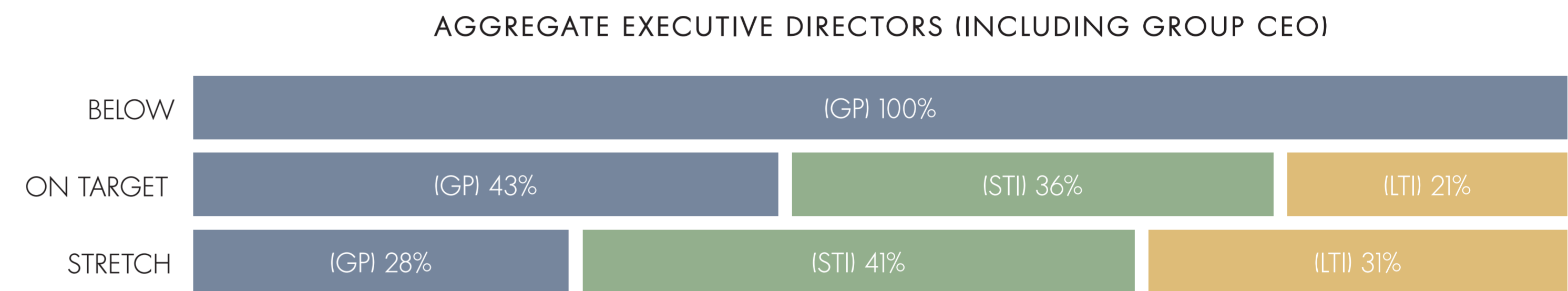
MSR has been adopted as part of the Remuneration Policy with effect from 1 September 2022. It will apply to the Group CEO, executive directors and other members of the Group’s Exco.

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

REMUNERATION MIX

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

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



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

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

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

SERVICE CONTRACTS AND NOTICE PERIODS

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

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

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

DISCRETION

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

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

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

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

ALIGNMENT TO STRATEGY

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

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

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

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



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

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

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

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

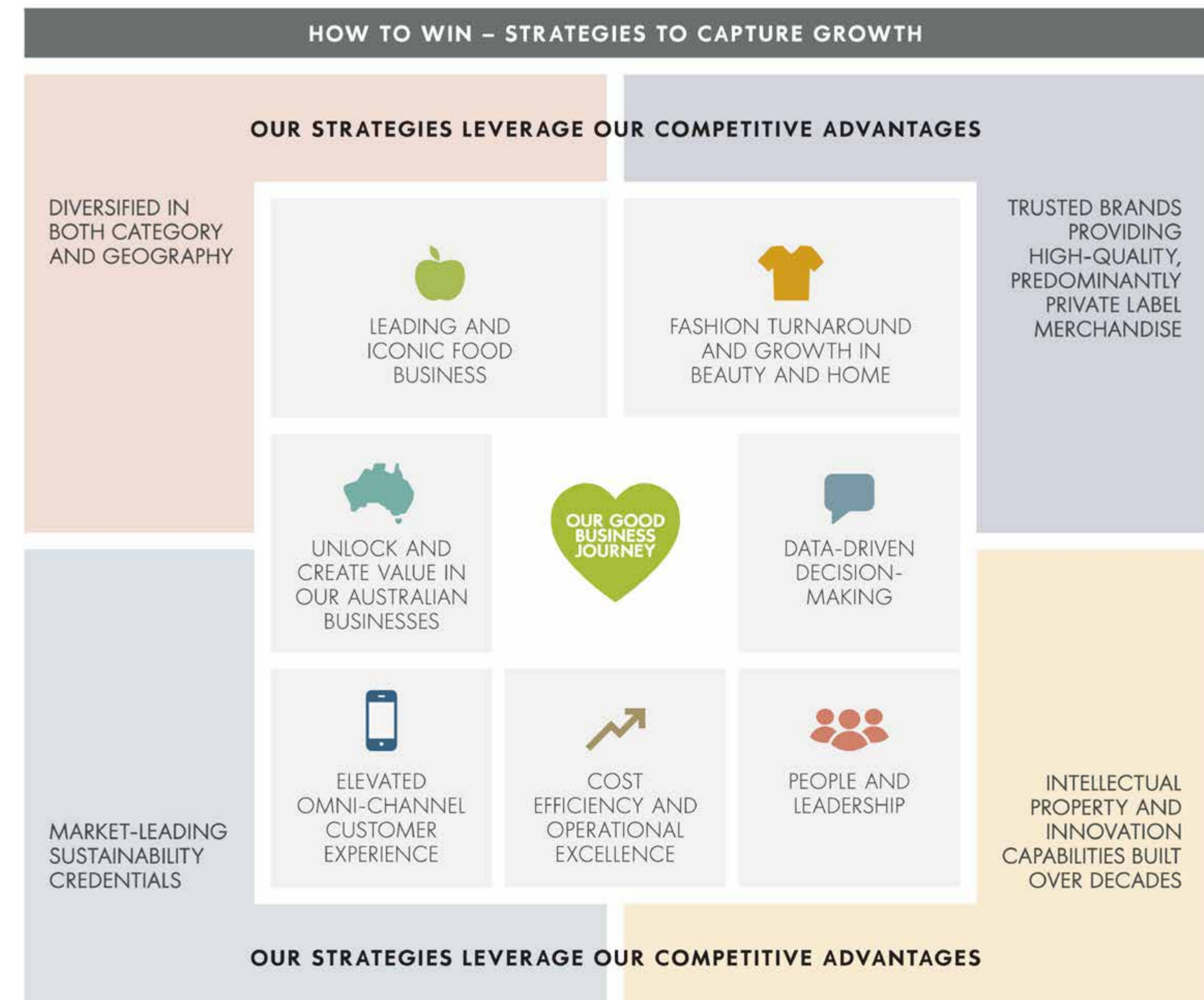
40% OF THE GROUP CEO'S AND EXECUTIVE DIRECTORS' CORPORATE STI PERFORMANCE BONUS IS DEPENDENT ON THE ACHIEVEMENT OF THE STRATEGIC OBJECTIVES.

ALIGNMENT TO INTEGRATED BUSINESS PLAN

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

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

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



REMUNERATION POLICY FOR 2023 FINANCIAL YEAR

REMUNERATION POLICY APPLICABLE TO THE 2023 FINANCIAL YEAR

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

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

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

GUARANTEED PAY	
BASE SALARY	OTHER BENEFITS
<p>PURPOSE AND LINK TO STRATEGY</p> <p>Market-related level of remuneration with consideration for 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 contributing to wellbeing of employees in line with EVP</p>
<p>MECHANICS</p> <p>Reviewed annually against retail peer companies in South Africa, Australia and other countries in which the Group trades, respectively</p> <p>Market conditions, company performance, internal comparability, 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 AND MAXIMUM LIMIT</p> <p>Base salary reviewed in context of company and Group performance, in-country CPI, and affordability</p>	<p>OPPORTUNITY AND MAXIMUM LIMIT</p> <p>Some benefits and the quantum of benefits will vary according to the Group’s subsidiaries and the market in which they trade</p>
<p>PERFORMANCE CONDITIONS</p> <p>Adjustments influenced by individual performance metrics aligned with strategy and behaviours to Group values</p>	<p>PERFORMANCE CONDITIONS</p> <p>n/a</p>

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

OTHER INCENTIVE SCHEMES (EXCL CORPORATE STI)

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

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

NO OF PARTICIPANTS

19 284



SHORT-TERM INCENTIVES																		
SHORT-TERM INCENTIVE SCHEME																		
<p>PURPOSE</p> <p>Motivate executives and senior management to achieve short-term strategic and financial objectives in the one-year business plan</p>																		
<p>MECHANICS</p> <p>Bonus split: 60% financial and 40% strategic objectives (individual)</p> <p>The target is determined annually in advance</p> <p>Financial STI calculated as follows:</p> <ul style="list-style-type: none"> Group CEO: 100% based on Group performance Group COO and Group FD: 100% based on Group performance DJ, CRG CEOs: 50% based on Group performance and 50% based on respective company performance WSA CEO FBH and WSA CEO Food: 20% Group, 30% WSA and 50% FBH or Food Execs: 20% based on Group performance with remaining 80% based on line of sight to company and/or specific business area performance <p>Strategic objective measures are specific to each employee</p> <p>Earnings potential is applied on a sliding scale between threshold, on-target, and stretch performance</p>																		
<p>OPPORTUNITY AND MAXIMUM LIMIT</p> <p>On-target and stretch performance of GP:</p> <table border="1"> <tr> <td>Group CEO</td> <td>100%</td> <td>150%</td> </tr> <tr> <td>Group COO and Group FD</td> <td>80%</td> <td>150%</td> </tr> <tr> <td>WSA FBH and Food CEOs</td> <td>80%</td> <td>150%</td> </tr> <tr> <td>DJ and CRG CEOs</td> <td>80%</td> <td>125%</td> </tr> <tr> <td>Execs: WSA</td> <td>30% to 80%</td> <td>75% to 150%</td> </tr> <tr> <td>AUS</td> <td>20% to 30%</td> <td>60% to 115%</td> </tr> </table>	Group CEO	100%	150%	Group COO and Group FD	80%	150%	WSA FBH and Food CEOs	80%	150%	DJ and CRG CEOs	80%	125%	Execs: WSA	30% to 80%	75% to 150%	AUS	20% to 30%	60% to 115%
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AUS	20% to 30%	60% to 115%																

PERFORMANCE CONDITIONS

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

PAYMENT CYCLE

Payments made annually in September

MALUS AND CLAWBACK

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

OTHERS

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

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

NO OF PARTICIPANTS

3 454

LONG-TERM INCENTIVES											
PERFORMANCE SHARE PLAN	RESTRICTED SHARE PLAN (RSP)										
<p>PURPOSE</p> <p>Motivate employees to achieve three-year strategy aligning shareholder and executive interests</p>	<p>PURPOSE</p> <p>Retain and motivate employees who are key to the delivery of the Group’s long-term strategy</p> <p>Enables the recruitment of key executives to address value forfeited on resignation from a previous employer</p>										
<p>MECHANICS</p> <p>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</p> <p>Vesting occurs subject to the achievement of performance conditions over the three-year performance period</p> <p>Vesting occurs on a linear scale in accordance with agreed threshold and stretch targets</p> <p>Participants receive a payment settled in equity on vesting equal to the value of dividends that would have been paid on the vested shares during the vesting period</p>	<p>MECHANICS</p> <p>Participants allocated the unrestricted delivery of shares after a three- to five-year period from the date of grant or shorter period at the discretion of the committee</p> <p>Vesting and ownership to participants occurs on condition that the participant is still in the employ of the Group on the expiry of the agreed vesting period and applicable performance conditions are achieved</p> <p>Staggered vesting occurs from year three to year five. The committee has the discretion to amend vesting periods where appropriate</p> <p>Participants are entitled to receive dividends during the vesting period</p> <p>RSP allocations are not awarded to Australia-based employees</p>										
<p>OPPORTUNITY AND MAXIMUM LIMIT</p> <p>Grants are made annually at the discretion of the committee based on GP at grant date.</p> <p>Allocations capped at:</p> <table border="1"> <tr> <td>Group CEO</td> <td>150%</td> </tr> <tr> <td>Group COO and Group FD</td> <td>100%</td> </tr> <tr> <td>WSA FBH and Food, DJ and CRG CEOs</td> <td>100%</td> </tr> <tr> <td>Execs (WSA)</td> <td>46% to 100%</td> </tr> <tr> <td>DJ and CRG Execs</td> <td>46% to 50%</td> </tr> </table>	Group CEO	150%	Group COO and Group FD	100%	WSA FBH and Food, DJ and CRG CEOs	100%	Execs (WSA)	46% to 100%	DJ and CRG Execs	46% to 50%	<p>OPPORTUNITY AND MAXIMUM LIMIT</p> <p>Awards subject to committee discretion to determine the minimum and maximum award of GP at the grant date</p> <p>Allocations are limited to the Group CEO, Executive Directors, Group Exco members, and selected management</p>
Group CEO	150%										
Group COO and Group FD	100%										
WSA FBH and Food, DJ and CRG CEOs	100%										
Execs (WSA)	46% to 100%										
DJ and CRG Execs	46% to 50%										
<p>PERFORMANCE CONDITIONS</p> <p>Executive directors, Group Execs, operating entity Excos:</p> <ul style="list-style-type: none"> Annual allocation with 100% based on financial performance conditions and weightings as below <p>Senior management:</p> <ul style="list-style-type: none"> Annual allocation with 50% based on financial performance conditions and 50% based on individual performance (IPM) 	<p>PERFORMANCE CONDITIONS</p> <p>100% vesting on condition that the participant is still in the employ of the Group at the vesting dates and the achievement of IPM rating or agreed performance conditions</p> <p>For executive directors, where RSPs are applicable, vesting is either based on performance conditions as highlighted below or specific agreed deliverables being achieved</p>										

PERFORMANCE CONDITIONS	WEIGHTING	MEASUREMENT	VESTING
aHEPS growth	40%	3-year CAGR of HEPS > SA CPI	<ul style="list-style-type: none"> threshold 30%: SA CPI +1% each year target 100%: SA CPI +4% each year
ESG	20%	Scorecard approach incorporating climate, sustainability, employment equity and transformation	<ul style="list-style-type: none"> Transformation target 100%: BBBEE level 4, including specific EE targets Environmental target 100%: 1m FBH units per annum back to SA production, all stores plastic shopping bag free
ROCE	40%	ROCE performance > WACC from integrated business plan	<ul style="list-style-type: none"> threshold 30%: WACC +1% target 100%: WACC +3%

MALUS AND CLAWBACK

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

MINIMUM SHAREHOLDING REQUIREMENT

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

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

OTHERS

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

Classified as a JSE Schedule 14 scheme

NO OF PARTICIPANTS

816

NO OF PARTICIPANTS

103

NON-EXECUTIVE DIRECTORS

REMUNERATION POLICY APPLICABLE TO THE 2023 FINANCIAL YEAR

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

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

EMOLUMENTS

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

SERVICE CONTRACTS

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

PROPOSED NON-EXECUTIVE DIRECTORS' FEES

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

Three comparator groups have been used for the benchmarks:

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

Given global inflationary trends and foreign exchange fluctuation, the fees payable to non-executive directors based in the United Kingdom and Australia were

independently benchmarked during the year. This supports our aim to attract high calibre non-executive directors who bring international expertise and are remunerated comparatively to their respective international regions.

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

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

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

PEER GROUP USED FOR BENCHMARKING:

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

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

WOOLWORTHS HOLDINGS SHARE TRUST

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

JSE-APPROVED SCHEDULE 14 SHARE SCHEMES

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

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

Grants awarded in terms of JSE Schedule 14 schemes:

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

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

RSP SCHEME

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

919 267 RSP shares were allocated to participants during FY2022.

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

UTILISATION OF SHARES FOR LTI SHARE SCHEMES

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



Woolworths, Summer 2022

IMPLEMENTATION REPORT

FOR THE 2022 FINANCIAL YEAR ENDED 26 JUNE 2022

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

COMPLIANCE WITH THE REMUNERATION POLICY

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

FAIR AND RESPONSIBLE REMUNERATION

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

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



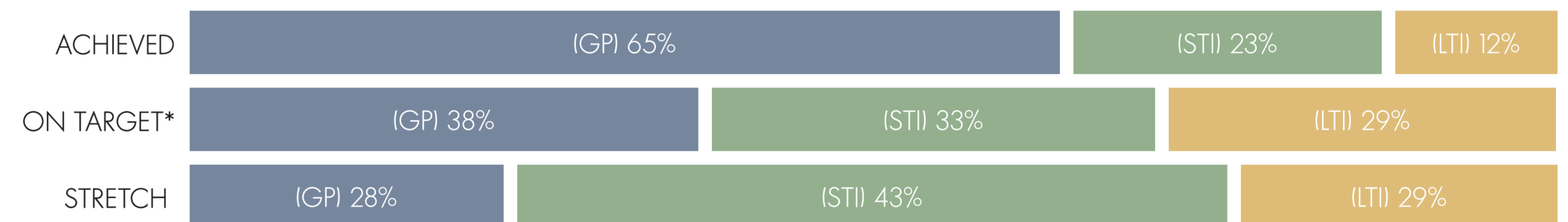
GROUP CEO AND EXECUTIVE DIRECTORS

REMUNERATION MIX

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

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

AGGREGATE EXECUTIVE DIRECTORS (INCLUDING GROUP CEO)



* On target reflects the reduced bonus pool of 50%

	% INCREASE
Group CEO and executive directors	4.16
SENIOR EXECUTIVES AND MANAGEMENT	
South Africa	4.40
Australia	2.66
STAFF	
South Africa	5.40
Australia	1.88

GUARANTEED PAY

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

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

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

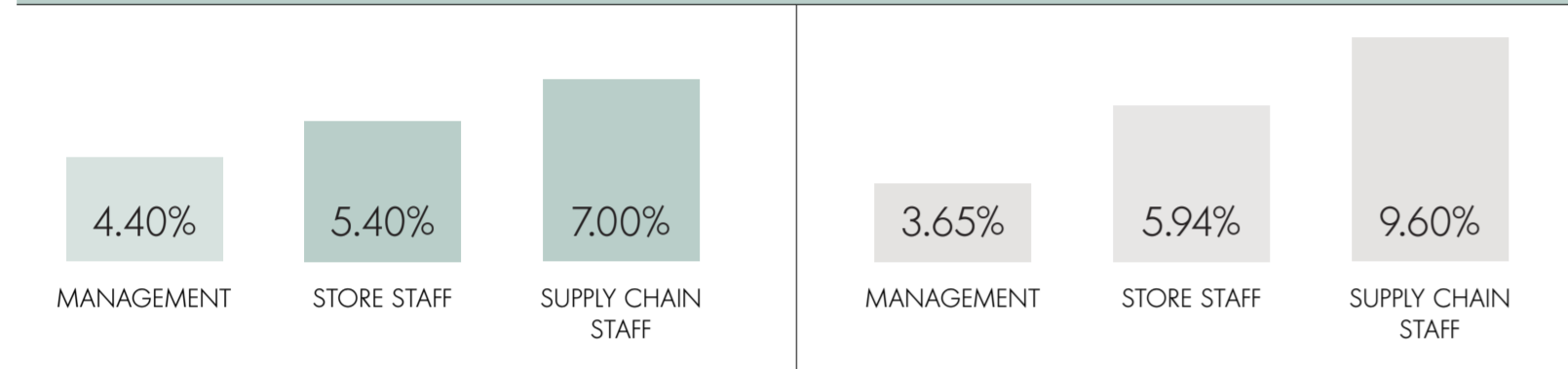


FAIR AND RESPONSIBLE PAY BAROMETER

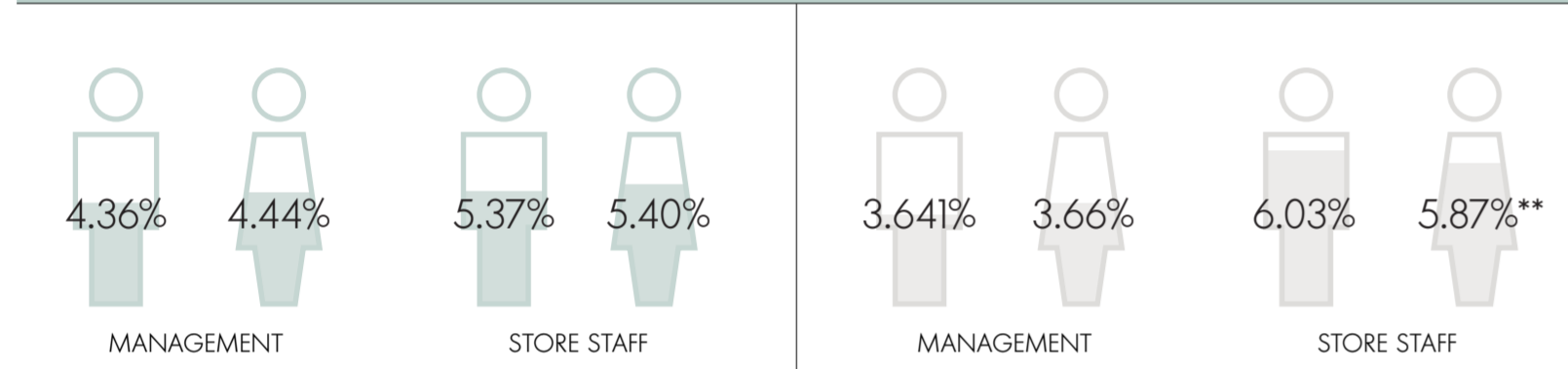
SOUTH AFRICA

2022 | AVG 2019-2021

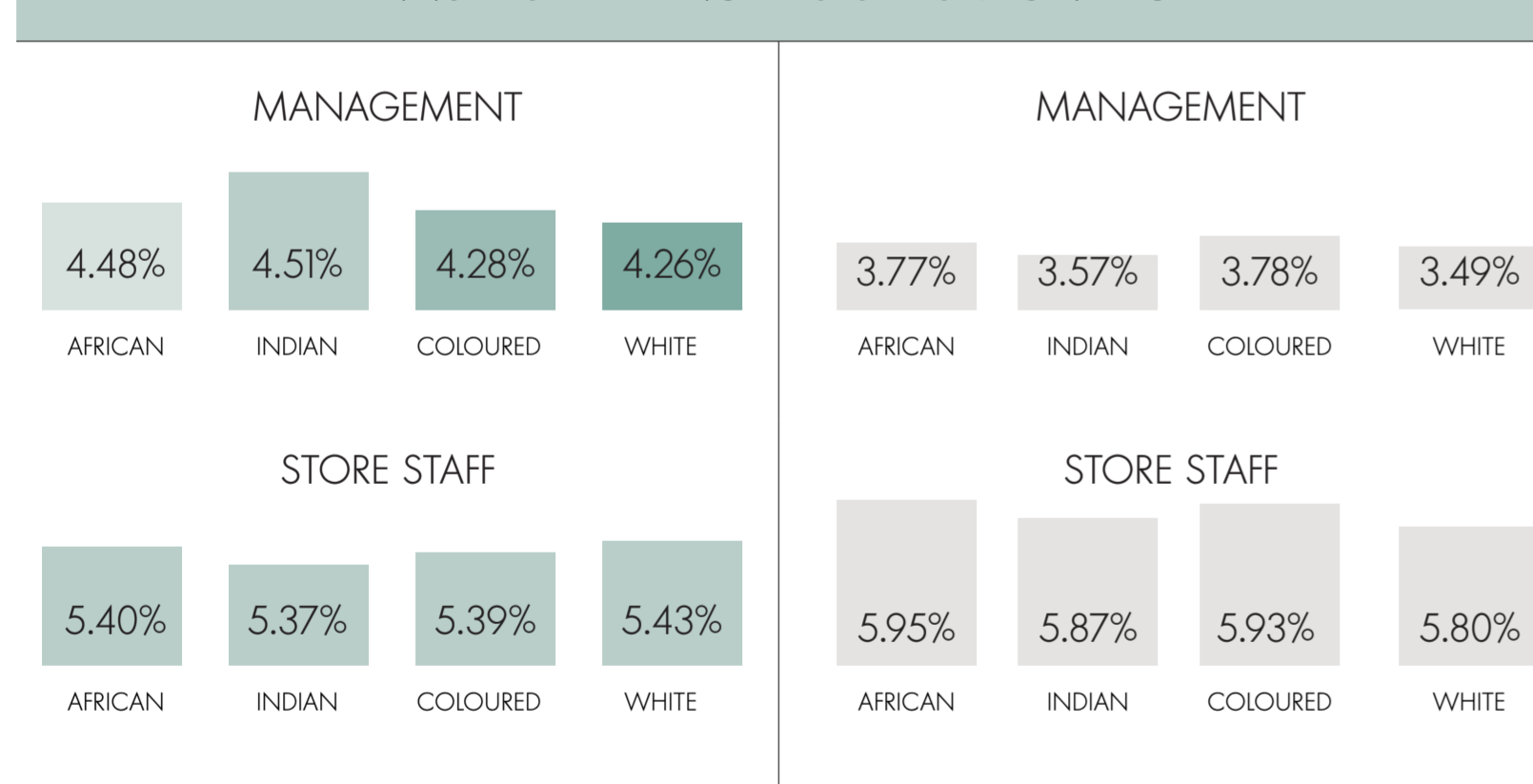
DIFFERENTIATED ANNUAL SALARY INCREASES*



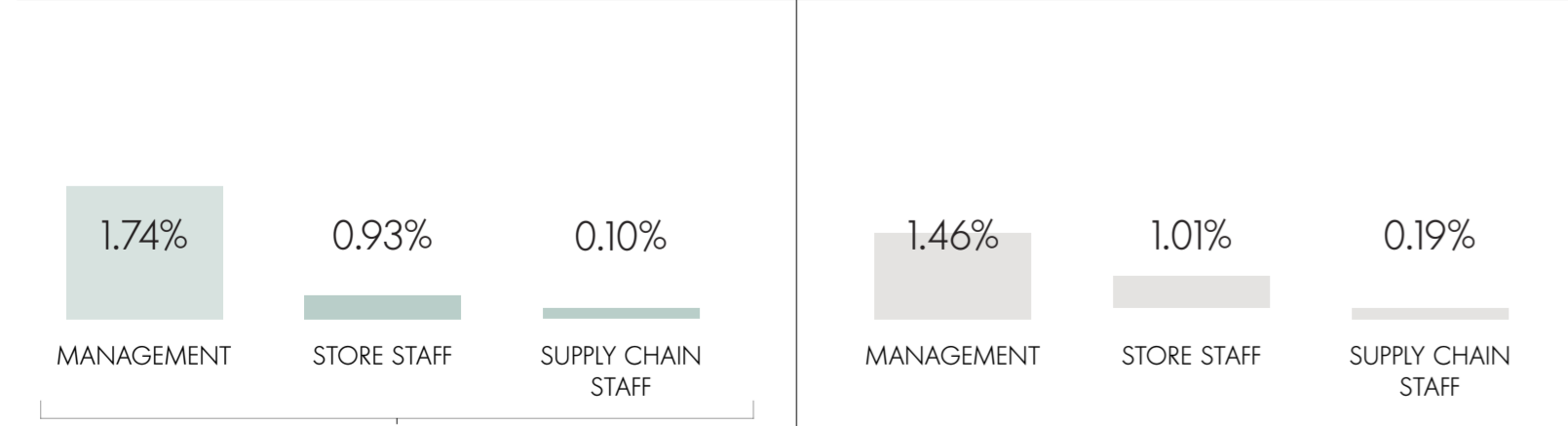
ANNUAL SALARY INCREASES BASED ON GENDER*



ANNUAL SALARY INCREASES BASED ON RACE*



SHORT-TERM INCENTIVES % of Group aPBT



Total: 2.77%

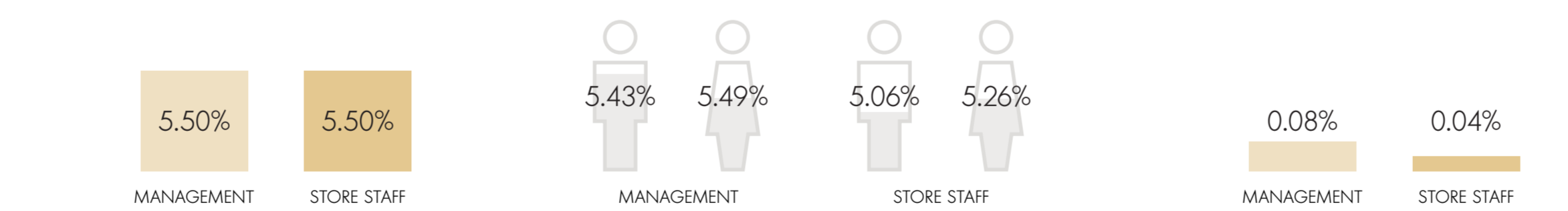
* increase effective 1 October 2021
 ** percentages represent the higher proportion of female vs male employees



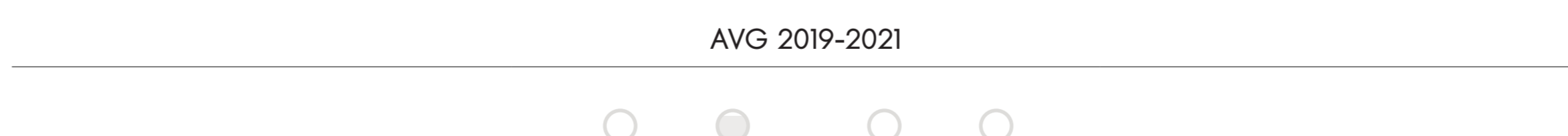
REST OF AFRICA

2022 | AVG 2019-2021

DIFFERENTIATED ANNUAL SALARY INCREASES*



ANNUAL SALARY INCREASES BASED ON GENDER*



SHORT-TERM INCENTIVES % of Group aPBT



Total: 0.11%

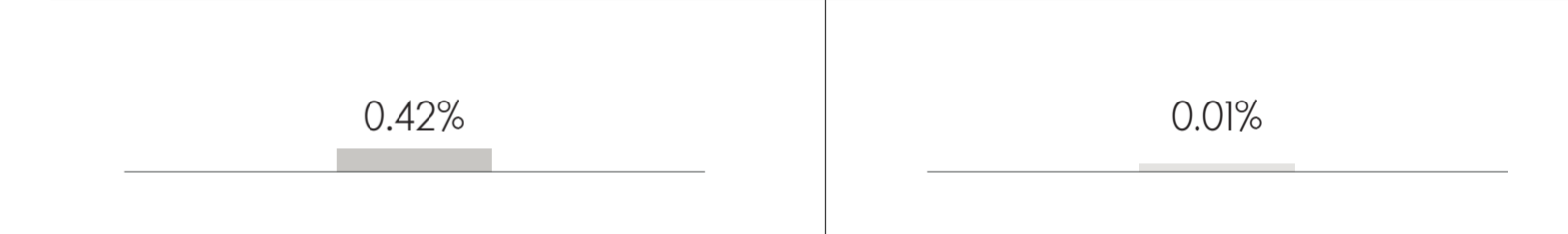
EXECUTIVE DIRECTORS INCLUDING GROUP CEO

2022 | AVG 2019-2021

DIFFERENTIATED ANNUAL SALARY INCREASES*



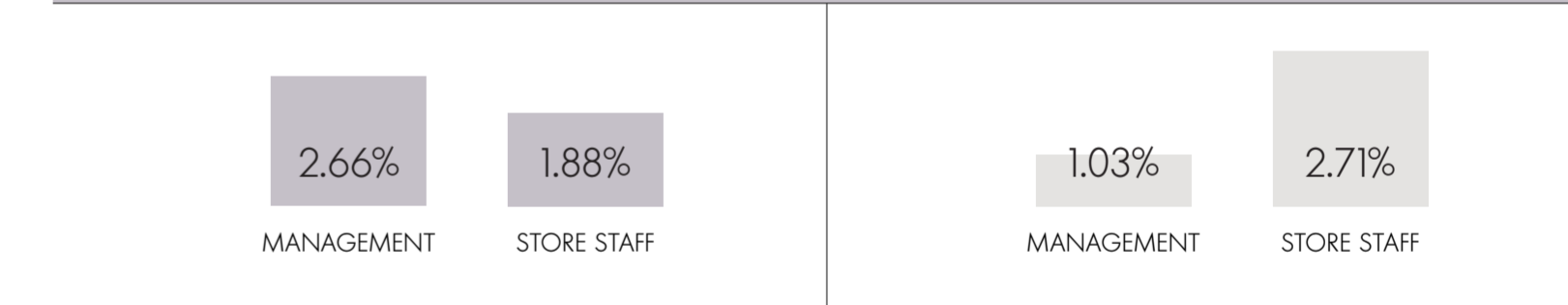
SHORT-TERM INCENTIVES % of Group aPBT



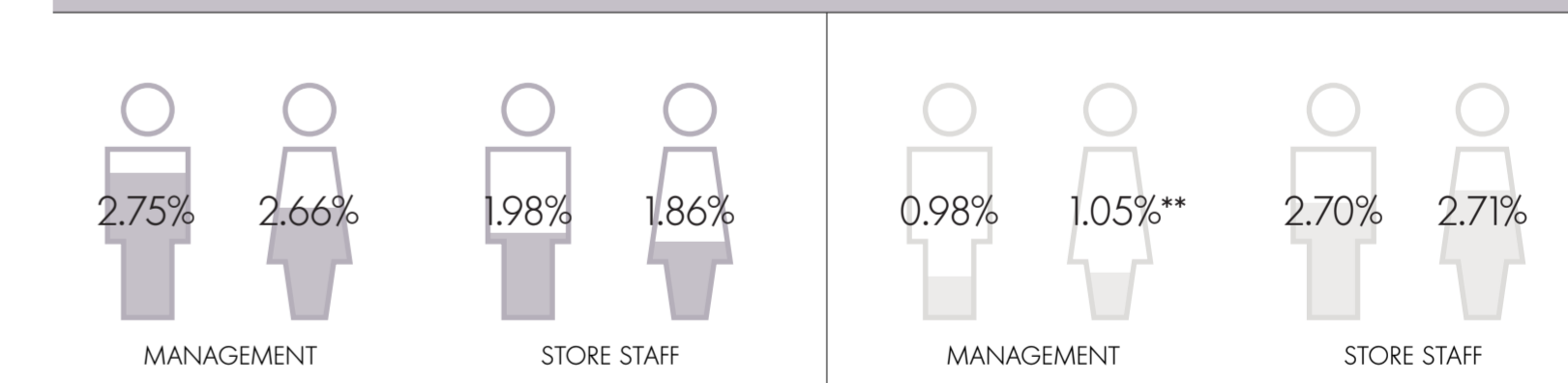
AUSTRALIA AND NEW ZEALAND

2022 | AVG 2019-2021

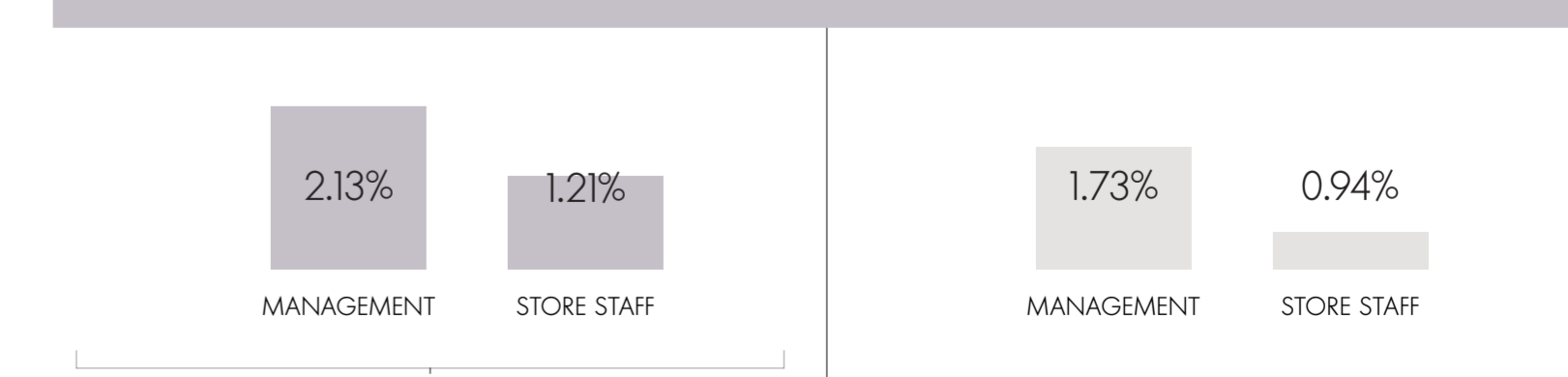
DIFFERENTIATED ANNUAL SALARY INCREASES*



ANNUAL SALARY INCREASES BASED ON GENDER*



SHORT-TERM INCENTIVES % of Group aPBT



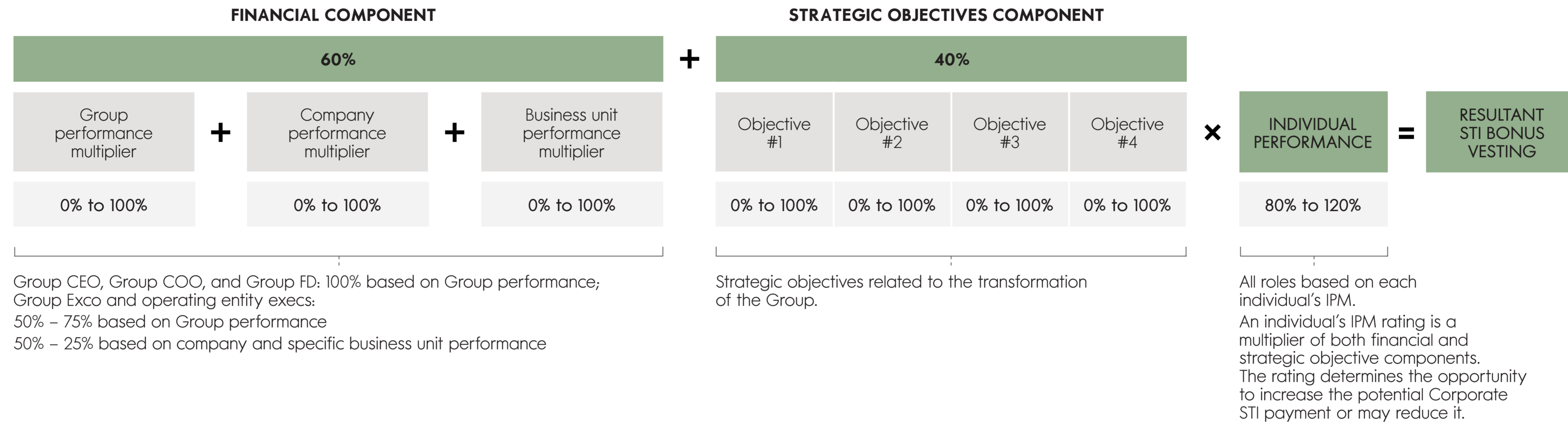
Total: 3.34%

SHORT-TERM INCENTIVES (STI)

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

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

THE CONSTRUCT OF THE CORPORATE STI SCHEME IS SHOWN BELOW:



FINANCIAL PERFORMANCE FOR 2022 FINANCIAL YEAR AND STI VESTING

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

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

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

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

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

DISCRETION EXERCISED BY COMMITTEE FOR 2022 CORPORATE STI SCHEME

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

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

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

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

CORPORATE STI VESTING

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

ROY BAGATTINI - GROUP CHIEF EXECUTIVE OFFICER

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

FINANCIAL PERFORMANCE

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

STRATEGIC PERFORMANCE

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

REEZA ISAACS - GROUP FINANCE DIRECTOR

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

FINANCIAL PERFORMANCE

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

STRATEGIC PERFORMANCE

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

SAM NGUMENI - GROUP CHIEF OPERATING OFFICER

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

FINANCIAL PERFORMANCE

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

STRATEGIC PERFORMANCE

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

* pre-IFRS 16 and pre-incentives

LONG-TERM INCENTIVES

ALLOCATIONS DURING THE 2022 FINANCIAL YEAR

ANNUAL ROLLING ALLOCATIONS

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

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

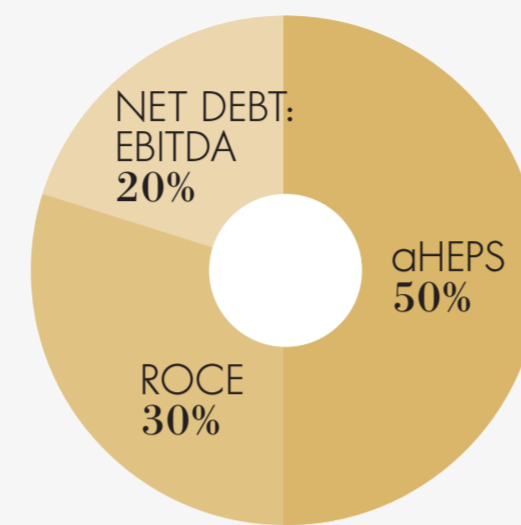
WEIGHTINGS AND PERFORMANCE CONDITIONS

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

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

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

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



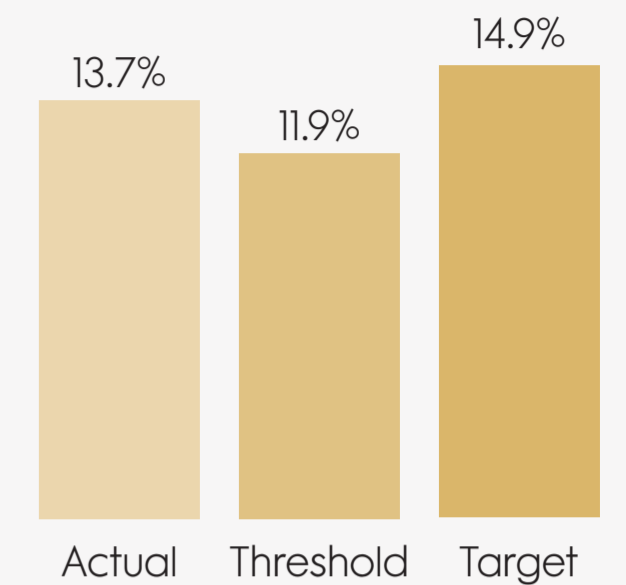
The performance conditions of the PSP August 2019 allocations were tested to determine if vesting had been achieved. The performance conditions are:

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

41.6% Partial vesting based on weighting of performance conditions

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

LOWER DEBT LEVELS IMPROVES ROCE
72%
Average ROCE performance vesting



ALLOCATION OF RSP SHARES AWARDED TO GROUP FINANCE DIRECTOR

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

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

PERFORMANCE CONDITIONS

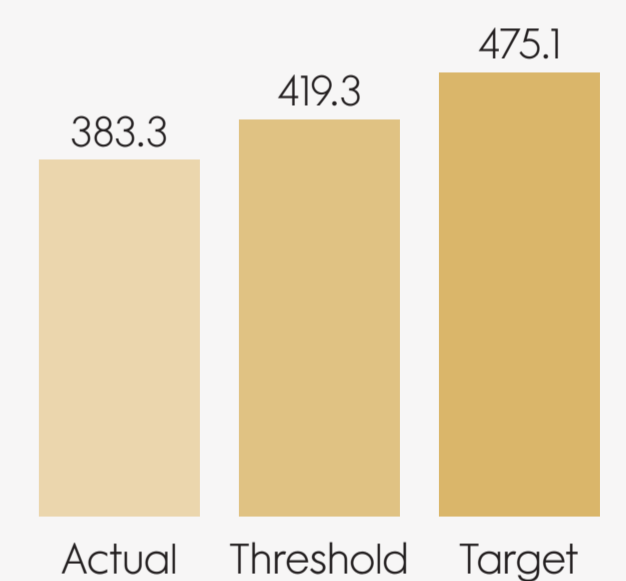
Conditional on the achievement of IPM deliverables with specific measures relating to:

- Value creation opportunities for the Group
- Sustainable Group wide cost-out initiatives
- Capital allocation methodology and processes
- FBH financial health

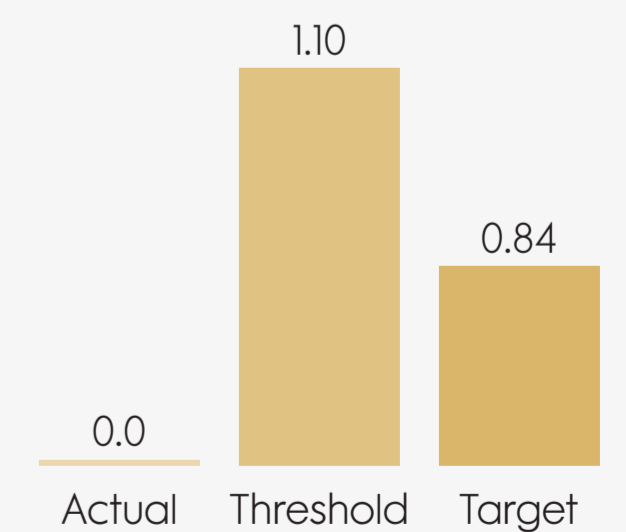
VESTING PERIOD

100% in year 3

COVID-19 IMPACTED THREE-YEAR HEPS
0%
HEPS performance vesting



SIZEABLE REPAYMENT OF DEBT IN 2021
100%
Cash flow performance vesting



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

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

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

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

NOTES

- 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 26 June 2022 of 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 on the different geographies.
- As discussed in the Committee Chairman's report, Reeza Isaacs was awarded R1.2m (disclosed in benefits) on recognition of his substantial contribution to the improved financial position of the group.
- Zyda Rylands resigned as an Executive Director with effect from 30 September 2021. Accordingly, her remuneration is for a three-month period in FY2022 and twelve months in FY2021.



DIRECTORS' PARTICIPATION IN SHARE SCHEMES

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

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

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

NOTES

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

DIRECTORS' PARTICIPATION IN SHARE SCHEMES

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

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

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

NOTES

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

NON-EXECUTIVE DIRECTORS' FEES AND EMOLUMENTS (AUDITED)

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

2022											
	Notes	Directors' fees (1) R'000	Audit Committee member R'000	Nominations Committee member R'000	Remuneration and Talent Mgmt Committee member R'000	Risk and Compliance Committee member R'000	Social and Ethics Committee member R'000	Sustainability Committee member R'000	Treasury Committee member R'000	Benefits (2) R'000	Total non-executive directors' remuneration R'000
Hubert Brody		2 298	-	191	131	131	119	119	133	29	3 151
Zarina Bassa	(3)	605	151	89	145	177	-	-	99	44	1 310
Christopher Colfer		1 494	203	119	131	131	-	-	-	-	2 078
Belinda Earl		1 582	-	-	-	131	-	203	-	-	1 916
David Kneale	(4)	430	-	119	204	172	-	-	-	27	952
Phumzile Langeni	(5)	110	52	-	-	33	-	-	-	-	195
Nombulelo Moholi		430	-	119	131	131	119	119	-	56	1 105
Thembisa Skweyiya		430	203	-	-	131	203	119	133	25	1 244
Clive Thomson		430	370	-	-	131	119	-	251	41	1 342
		7 809	979	637	742	1 168	560	560	616	222	13 293

2021											
	Notes	Directors' fees (1) R'000	Audit Committee member R'000	Nominations Committee member R'000	Remuneration and Talent Mgmt Committee member R'000	Risk and Compliance Committee member R'000	Social and Ethics Committee member R'000	Sustainability Committee member R'000	Treasury Committee member R'000	Benefits (2) R'000	Total non-executive directors' remuneration R'000
Hubert Brody		2 250	-	187	129	129	117	117	130	25	3 084
Zarina Bassa		1 282	199	117	245	245	-	-	130	36	2 254
Christopher Colfer		2 533	199	117	129	129	-	-	-	144	3 251
Belinda Earl		1 599	-	-	-	129	-	166	-	-	1 894
David Kneale		421	-	117	129	129	-	-	-	32	828
Nombulelo Moholi		421	-	99	129	129	150	117	-	45	1 090
Thembisa Skweyiya		421	199	-	-	129	148	117	110	29	1 153
Clive Thomson		757	362	-	-	129	117	-	245	40	1 650
		9 684	959	637	761	1 148	532	517	615	351	15 204

NOTES

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



GLOSSARY

ABBREVIATIONS USED IN THIS INTEGRATED ANNUAL REPORT

A

aPBT: Adjusted Profit Before Tax

aEBIT: Adjusted Earnings Before Interest and Tax

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

B

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

BPS: Basis Points

C

CEO: Chief Executive Officer

COO: Chief Operating Officer

CPI: Consumer Price Index

CPS: Cents Per Share

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

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

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

D

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

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

dtic: Department of Trade, Industry and Competition

E

EBIT: Earnings Before Interest and Tax

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation

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

F

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

FD: Group Finance Director

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

FY: Financial Year

G

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

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

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

H

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

HDSA: Historically Disadvantaged South Africans

I

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

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

J

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

K

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

L

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

LID: Lead Independent Director

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

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

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

M

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

O

OPEX: Operating expenses

R

ROCE: Return on Capital Employed

ROE: Return on Equity

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

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

S

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

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

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

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

T

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

V

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

W

WACC: Weighted Average Cost of Capital

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

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

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

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

Y

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

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

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