



**WOOLWORTHS HOLDINGS LIMITED**

*2020 Remuneration Report*

*As extracted from the 2020 Integrated Annual Report*

**START**

SHAREHOLDER VOTING ON  
2019 REMUNERATION RESOLUTIONS

Remuneration Policy  
**95.23%**

Implementation Report  
**69.25%**

Non-executive directors' remuneration  
**94.66%**

SHAREHOLDER ENGAGEMENT  
PRE- AND POST 2019 AGM

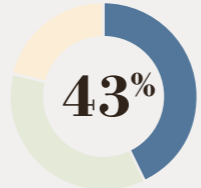
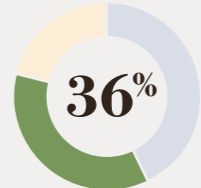
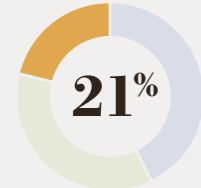
KEY FEEDBACK RECEIVED AND DELIBERATED ON

- The use of nominal GDP for the base case hurdle rate for the 3-year CAGR in HEPS growth
- Include more disclosures on STI targets
- Minimum Shareholding Requirement (MSR) for executive directors
- The use of Gini coefficient
- Disclosure of peer group companies used for executive and non-executive directors' benchmarking

REMUNERATION  
POLICY  
AT A GLANCE

REMUNERATION POLICY

Key components of the Group's Remuneration Policy applicable for 2020 are highlighted in the table below.

	GUARANTEED PAY	CORPORATE SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES
WHAT IS INCENTIVISED?	Attraction and retention	Delivery of annual financial performance and strategic initiatives	Delivery of three-year Medium Term Plan (MTP), shareholder value and selected retention
PARTICIPATION	All permanent employees	All permanent employees primarily based in head offices	Executive directors, senior executives and selected employees
PERFORMANCE PERIOD	Ongoing	One year	Generally three years, up to five years
PERFORMANCE MEASURES	Individual performance measures (IPM)	Group aPBT Company/business unit aEBIT Individual performance - IPM	Prior to August 2018: HEPS, ROCE and TSR Post August 2018: HEPS, ROCE and cash flow
OTHER	Internal and external benchmarking	Malus and 2-year clawback provisions	Malus and 2-year clawback provisions
METHOD OF DELIVERY	Cash	Cash	WHL shares
AGGREGATED EXEC DIRECTORS' (INCL NEW GROUP CEO) REMUNERATION MIX (ON-TARGET)	 43% Guaranteed pay	 36% Short-term incentives	 21% Long-term incentives

REPOSE TO COVID-19 IMPACT

The impact of COVID-19 on the Remuneration Policy was discussed at a special Remuneration Committee workshop on 2 July 2020.

Topics deliberated on included:

- Remuneration mix
- Corporate STI
- Long-term incentive performance conditions
- Retention

UP TO  
**30%**

fees and salary sacrificed by non-executive directors and senior executives for a three-month period

**R25.9M**

additional remuneration and benefits paid to WSA staff working on the front line

REMUNERATION POLICY CHANGES FOR 2021

CORPORATE STI

- Bonus pool reduced to 50%
- Performance measures:
  - 60% financial performance
  - 40% strategic drivers
- Payments made six-monthly (excl WHL, WSA, DJ and CRG Exco)

LONG-TERM INCENTIVES

- Performance conditions for 2017, 2018 and 2019 allocations are unchanged
- Specific elements of the performance conditions for 2020 allocations will be communicated to shareholders prior to the AGM

USEFUL LINKS FOR MORE DETAIL

SHARES AVAILABLE FOR PSP SCHEME

Available (approved November 2010)

**85.0M**

Utilised (28 June 2020)

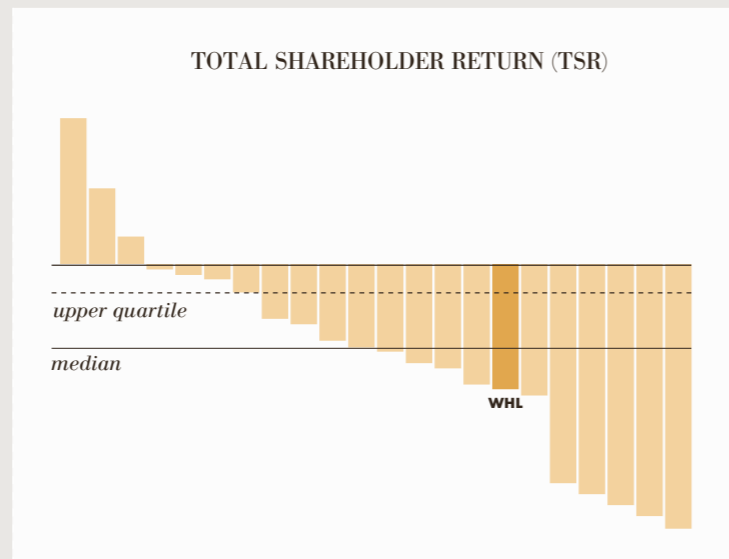
**61.7M**

## GROUP PERFORMANCE MEASURES

ADJUSTED PROFIT BEFORE TAX  
**R2 486.0M**  
*(pre IFRS 16)*

HEPS  
**195.8CPS**  
*(pre IFRS 16)*

ROCE  
**9.7%**  
*(three-year average post IFRS 16)*



# IMPLEMENTATION REPORT AT A GLANCE

*Linking group performance to directors' remuneration*

NON-EXECUTIVE DIRECTORS' PROPOSED FEE INCREASE

**0%**

*(2019: 5.0%)*

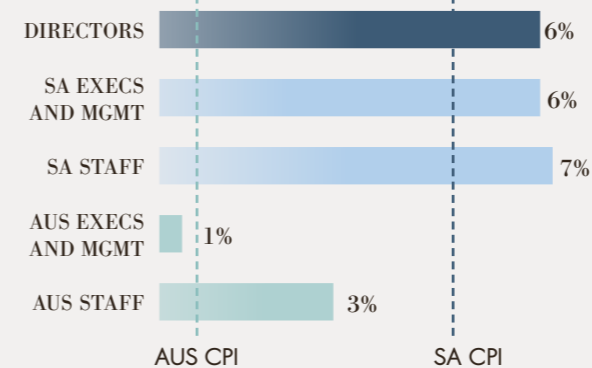
## LONG-TERM INCENTIVE ALLOCATIONS IN 2020

SIGN-ON ALLOCATION FOR NEW GROUP CEO  
**1 432 537**  
RSP SHARES  
*(5-year vesting with performance conditions)*

EXECUTIVE DIRECTORS  
**433 897**  
PSP SHARES  
*(3-year vesting with performance conditions)*

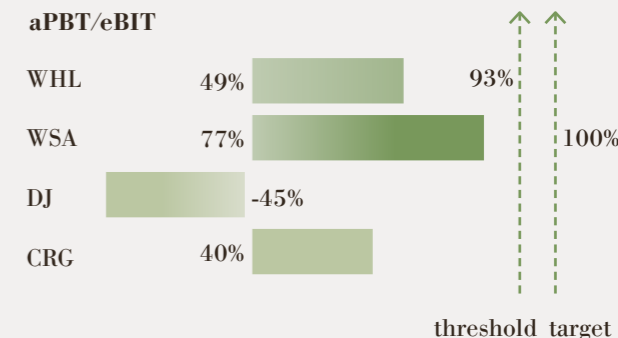
OTHER EMPLOYEES  
**4 152 811**  
PSP SHARES  
*(3-year vesting with performance conditions)*

### GUARANTEED PAY INCREASE EFFECTIVE OCT 2019



**Outcome:** Exec directors GP increase 6%, 0% increase in Oct 2020

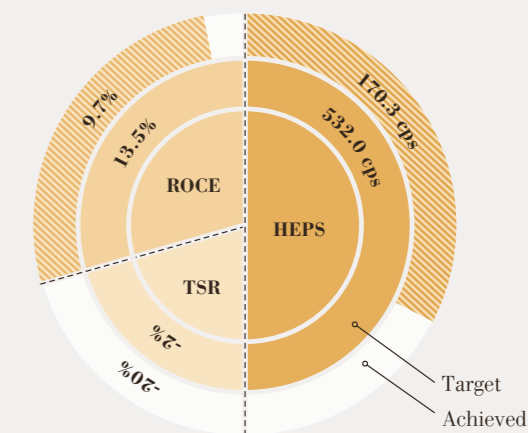
### CORPORATE SHORT-TERM INCENTIVE SCHEME (2020 FINANCIAL YEAR PERFORMANCE)



**Outcome:** No Corporate STI payments

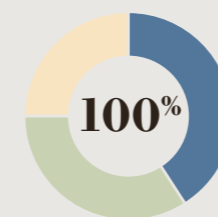
### LONG-TERM INCENTIVE SHARE SCHEME (ALLOCATIONS MADE IN 2017)

Performance condition	Achieved	Target
HEPS	170.3 cps	532.0 cps
ROCE (three-year avg)	9.7%	13.5%
TSR	-20%	-2%

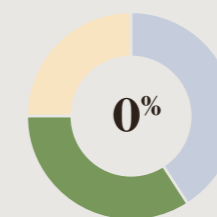


**Outcome:** 0% vesting, using pre- and post IFRS 16

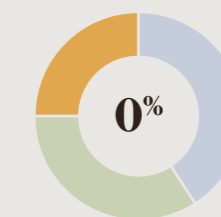
### AGGREGATED EXEC DIRECTORS' (INCL NEW GROUP CEO) ACTUAL REMUNERATION MIX



Guaranteed pay



Short-term incentives



Long-term incentives

### SINGLE-FIGURE REMUNERATION

Single-figure remuneration is disclosed for executive directors' remuneration for 2020. The intention of single-figure remuneration is to disclose the remuneration earned or accrued by directors based on the performance of the current year, including any income attributable to unvested long-term share schemes.

	GUARANTEED PAY			SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES		REMUNERATION
	Base salary R'000	Benefits R'000	Total guaranteed pay R'000	Performance bonus R'000	Fair value of shares R'000	Dividends received R'000	Total remuneration R'000
2020 Total	38 293	11 231*	49 524	-	4 836	4 947	59 307
2019 Total	39 857	1 481	41 338	2 107	-	6 626	50 071

\* Benefits include Roy Baggatini's conditional sign-on bonus, relocation, rental accommodation and legal expenses.

USEFUL LINKS FOR MORE DETAIL

# OUR REMUNERATION REPORT

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THE FOLLOWING COLOURS ARE USED  
IN THE REMUNERATION REPORT TO  
DENOTE THE FOLLOWING

THIS REPORT COMPRISES THREE SECTIONS

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REMUNERATION

GUARANTEED  
PAY (GP)

VARIABLE PAY  
(VP)

SHORT-TERM  
INCENTIVES  
(STI)

LONG-TERM  
INCENTIVES  
(LTI)

DIRECTORS' FEES

# SECTION 1: REMUNERATION COMMITTEE CHAIRMAN'S REPORT

*I was appointed the Chairman of the Remuneration Committee in November 2019 and am pleased to table the Remuneration Policy and the Implementation Report of the Group. These reports will be tabled at the 2020 Annual General Meeting. Together with the Chairman of the Board, we will engage with key shareholders on the content of these reports so that we can align our remuneration policies and practices with reasonable expectations in order to deliver sustainable profitable returns to shareholders and reward executive directors fairly, transparently and appropriately for that execution.*

## CHANGES IN LEADERSHIP

### APPOINTMENT OF NEW GROUP CEO – ROY BAGATTINI

Roy Bagattini, an experienced international business leader, was appointed as the Group Chief Executive Officer on 17 February 2020. He was appointed on a five-year fixed-term contract, with the option to extend the term for a further three years.

The Remuneration Committee deliberated on the structure and quantum of the remuneration package required to attract an experienced international business leader, such as Roy, to take up the position of Group CEO, and to also provide for any value forfeited on the resignation from his previous position. Total guaranteed pay of R15.5 m per annum at the time of signature consisting of a South African and Australian component was agreed with Roy, and his STI arrangements would entitle him to an annual incentive bonus up to 150% of his guaranteed pay, at stretch performance. The package was also informed through benchmarking undertaken by independent

external remuneration specialists, carefully considering the jurisdictions across which he would operate.

Roy was awarded a sign-on allocation of restricted shares equalling 350% of his guaranteed pay, with a 5-year vesting period and subject to strategic non-financial performance conditions. In addition, he would be entitled to a sign-on bonus of 100% of his guaranteed pay, prorated for the 2020 financial year worth R5.8m, subject to certain initial performance measures. Reasonable relocation, legal and incidental expenses relating to Roy's move from the United States to South Africa were paid for by the Group within income tax guidelines. A comprehensive restraint of trade agreement, incorporating a 24-month period in South Africa and a 12-month period in Australia, was also agreed. Additional details are provided in Section 3: Implementation Report.

### RESIGNATION OF GROUP CEO – IAN MOIR

Ian Moir resigned as Group CEO on 16 February 2020. He was appointed acting CEO of David Jones and will hold this role until a suitable candidate is appointed.

During mid-2019, the Remuneration Committee approved the terms that would apply to Ian's resignation in line with his contract and the Group's Remuneration Policy. Ian will be entitled to the settlement of outstanding leave pay, 12-months' notice pay and relocation expenses from South Africa to Australia. It was also agreed that no shares would be issued to Ian from 2019 onwards, notwithstanding the fact that he was entitled to an annual restricted share allocation of 150% of guaranteed pay, in terms of his employment agreement.

The terms of Ian's resignation were flexible, and accommodated an uncertain handover date, over an extended period for both the Group CEO position and that of the CEO of David Jones. Given the situation posed

by the COVID-19 pandemic, this arrangement proved advantageous in such respect as well.

In 2013, the committee approved a 24-month restraint of trade agreement with Ian which extended to the South African territory only, as it was the largest component of the Group's operations. Following the acquisition of David Jones and 100% ownership of CRG in 2014, the geographic reach of the Group changed significantly with the Australasian operations forming a critical component of the business activities. In order to protect the Group, we therefore, as part of the terms of Ian's resignation agreement, approved a new restraint of trade agreement incorporating Australia. Consequently, and subject to any breach in conditions, Ian will be entitled to an amount of A\$2.9m payable for the Australia restraint of trade. This payment is likely to take place during the Group's 2023 financial year. Additional details are provided in Section 3: Implementation Report.

## 2020 FINANCIAL YEAR PERFORMANCE

The Group has been severely impacted by the global COVID-19 humanitarian crisis.

Governments across the globe have implemented various measures to reduce and curtail the spread of the virus. The Group is fully supportive of these measures to ensure the safety of our employees and customers. This impacted Group companies in varying degrees.

The impact of the virus, including its socio-economic effects, has materially weakened the financial performance of the Group. During this period, the Group has been determined in its efforts to mitigate the reduction in earnings, optimise working capital and preserve cashflow and liquidity.

Group adjusted profit before tax (aPBT) decreased by 12.3% to R2.4 billion (pre IFRS16) and adjusted HEPS declined by 45.5%.

## E4E TRUST

In recognition of the challenging circumstances experienced by staff in the Group during the COVID-19 pandemic, the Board, Group CEO and senior executive teams elected to forgo up to 30% of their fees and salaries for a three-month period from April to June 2020.

An employee trust, E4E, was established to manage the fees and salary forgone by the board and senior management. The intent of the E4E Trust is to provide assistance to certain employees in the Group who may experience hardships that are not catered for in any existing employee benefit schemes.

## SHAREHOLDER ENGAGEMENT AND FEEDBACK ON REMUNERATION RESOLUTIONS

At our Annual General Meeting (AGM) held on 27 November 2019, shareholders gave us strong approval for our Remuneration Policy, but were disappointed in the way we had applied and implemented that policy during the 2019 financial year. In line with King IV™ recommendations, shareholders were invited to forward their written submissions and to indicate their willingness to engage with the Board on the Implementation Report. Shareholders were also advised that the Remuneration Committee would discuss their submissions at their meeting in February 2020.

Shareholders did not take up the opportunity to submit their concerns and engage with the Board. Consequently, no conference call was held in March 2020. However, prior to the AGM, Hubert Brody and myself personally held discussions with a number of key shareholders, to get their views on the Remuneration Policy and Implementation Report. The feedback received from these engagements

has stimulated much debate and discussion in committee meetings during the year, with a specific workshop held on 2 July 2020 to focus on the matters and the potential changes to the Remuneration Policy implementation and related disclosures.

The committee considered the following:

- the merits of using nominal GDP as a base case hurdle rate of the 3-year CAGR used for the LTI HEPS performance condition
- additional prospective disclosures for Corporate STI targets (to the extent permitted by the JSE Listing Requirements)
- the implementation of a minimum shareholding requirement (MSR) for executive directors
- the disclosure of the Group's Gini coefficient
- the disclosure of the benchmark peer group used for executive and non-executive directors' remuneration



### IMPACT OF SHAREHOLDER FEEDBACK

The specific points raised by some shareholders during our engagements prior to the 2019 AGM, and the outcomes of the Remuneration Committee's subsequent deliberations are as follows:

SHAREHOLDER FEEDBACK	COMMITTEE RESPONSE AND ACTION TAKEN
<b>REMUNERATION POLICY</b>	
Using nominal GDP as base case hurdle rate for the three-year CAGR for the LTI HEPS performance condition	It was agreed that a revision of the LTI performance conditions would be considered, but requires more careful deliberation due to the current forecasting uncertainties, in the midst of COVID-19.
Implementation of minimum shareholding requirements (MSR) for executive directors	The principle of MSR is accepted; however, in the current environment of no vesting and COVID-19, it is not appropriate to set a specific target. Further, the executive have traditionally retained significant holdings of shares without a prescribed MSR. The committee will continue to monitor and review this on an ongoing basis.
<b>IMPLEMENTATION REPORT</b>	
Consider additional disclosures for Corporate STI targets	Based on the JSE guidelines as to what constitutes a profit forecast, we will continue to disclose retrospective STI targets.
Disclosure of Gini coefficient	The committee elected not to report on the Gini coefficient of the Group on the basis that the strategic actions and steps to address fair and responsible remuneration for the majority of the staff was a more effective and meaningful initiative in addressing the income disparities. In WSA the progress to achieving a 'just wage' has been considered to be a more effective and meaningful measure and disclosure of the components of a living wage for staff. This is being monitored carefully. <a href="#">See page 176.</a>
Executive directors' remuneration benchmark	Disclosure of the benchmark companies used for executive directors' remuneration has been provided. <a href="#">See page 181.</a>
Remuneration peer group for non-executive directors'	Disclosure has been provided for the benchmark companies used for non-executive directors fees. <a href="#">See page 186.</a>

### IMPACT OF COVID-19 ON DESIGN OF THE REMUNERATION FRAMEWORK FOR 2021

The Remuneration Committee deliberated on the impact of COVID-19 on the economic environment, recognising that the recovery from this pandemic may take significantly longer than any recent economic shocks experienced, such as the 2008 global financial crisis.

It was recognised that a fresh approach to the terms and manner in which the Group deals with executive pay, and compensation and benefits in general, was required. The compensation approach would need to be relevant and competitive, as the Group works through the challenges of COVID-19 and navigates the businesses beyond this phase.

The key objectives are to:

- make LTI awards that assist in improving the lock-in retention values of employees subsequent to the impact of COVID-19
- set appropriate STI and LTI targets for times of uncertainty and highly volatility
- ensure that the design of our STI and LTI plans are relevant to continue to attract and retain key talent, which becomes an even more significant focus during challenging periods

Given the above, the committee agreed the following:

- the design of the Corporate STI scheme would be modified to include: subject to the existing company level gatekeeper, a 60% allocation towards financial performance and a 40% allocation on the achievement of strategic drivers. Payments linked to financial performance conditions will be made six-monthly to qualifying staff, except for the WHL Exco and Excos of WSA, DJ and CRG who will only receive payment based on full year results. The bonus pool is reduced by 50%
- the 'in flight' LTI PSP allocations made in 2017 and 2018 have a high probability of not vesting and therefore will lapse. The performance conditions and targets for the 2019 PSP allocations will be unchanged, notwithstanding that they may not vest
- the performance conditions for the 2020 PSP allocations will be amended to reflect more appropriate attainable targets given the high level of unpredictability in the medium-term

### DIRECTORS' GUARANTEED PAY AND FEES FOR 2021

In view of the impact of COVID-19 on Company performance that the executive directors' guaranteed pay would remain constant, and they would not receive an increase effective 1 October 2020.

The committee and the Board also elected not to request an increase in the non-executive directors' fees from shareholders.

### INDEPENDENT EXTERNAL ADVICE

The committee makes use of independent external advice on remuneration trends and market benchmarks. External benchmarking data is utilised on a biennial basis. In 2019, PwC provided advice on local and global remuneration trends as well as specific benchmarking data on executive remuneration and non-executive directors' fees. Independent external remuneration advice was provided by PwC, DG Capital, and for the Australian operations, Mercer.

### CONCLUSION

The committee remains confident that the Group's remuneration philosophy and policies are aligned to its strategy, aligned with market best practice, and are subject to a robust review 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.

The Remuneration Policy and the Implementation Report will be tabled as non-binding advisory shareholder resolutions at the AGM on 25 November 2020. 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 to [Governance@woolworths.co.za](mailto: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.

*Following the publication of the Remuneration Policy and Implementation Report, Hubert Brody and myself will, once again, personally engage with our key shareholders. We look forward to the engagements and receiving their views on our remuneration framework.*

—  
ZARINA BASSA  
Chairman of the Remuneration Committee

## SECTION 2: REMUNERATION POLICY

*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 to different levels of employees and/or different geographic areas are included where appropriate.*

### REMUNERATION PHILOSOPHY

The Group's remuneration philosophy is to ensure that employees are 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 long-term sustainability of the Group.

The remuneration policies are designed to achieve alignment between the Group's business strategy, Group values and the behaviour of employees. The policies recognise and reward individual responsibility,

performance, and behaviour in the achievement of the business areas' 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, which have been adopted by the Group.

### FAIR AND RESPONSIBLE REMUNERATION

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

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

- consideration given to minimum wage legislative requirements and living wage
- equal pay for work of equal value, specifically addressing any income disparities based on gender and race
- 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 scheme
- all permanent employees participate in equal measure in product discounts
- specific corporate initiatives are applied to enhance work experience and improve the EVP for employees

The Group has developed a 'fair pay barometer' 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.

**R25.9M** additional compensation received by WSA operations staff during the lockdown levels in South Africa 

[USEFUL LINK FOR MORE DETAIL](#)

### A 'JUST WAGE'

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

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™.

In 2017, the Remuneration Committee developed a fair pay barometer as the Group's representation of fair and responsible remuneration rather than using the Gini coefficient as the sole measure to manage this. Transparent disclosure of guaranteed pay increases and short-term incentives paid by level of staff, gender, and race for each of the main geographic areas provides the committee and shareholders with information showing fair and responsible remuneration.

As explained earlier, the committee has agreed not to make use of the Gini coefficient, and would continue to focus on strategic initiatives to drive and address fair and responsible pay. On this basis and within the context of the socio-economic challenges of South Africa, and given the country's high coefficient, the Group's main focus has been on remuneration policies and strategies in Woolworths South Africa. 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.

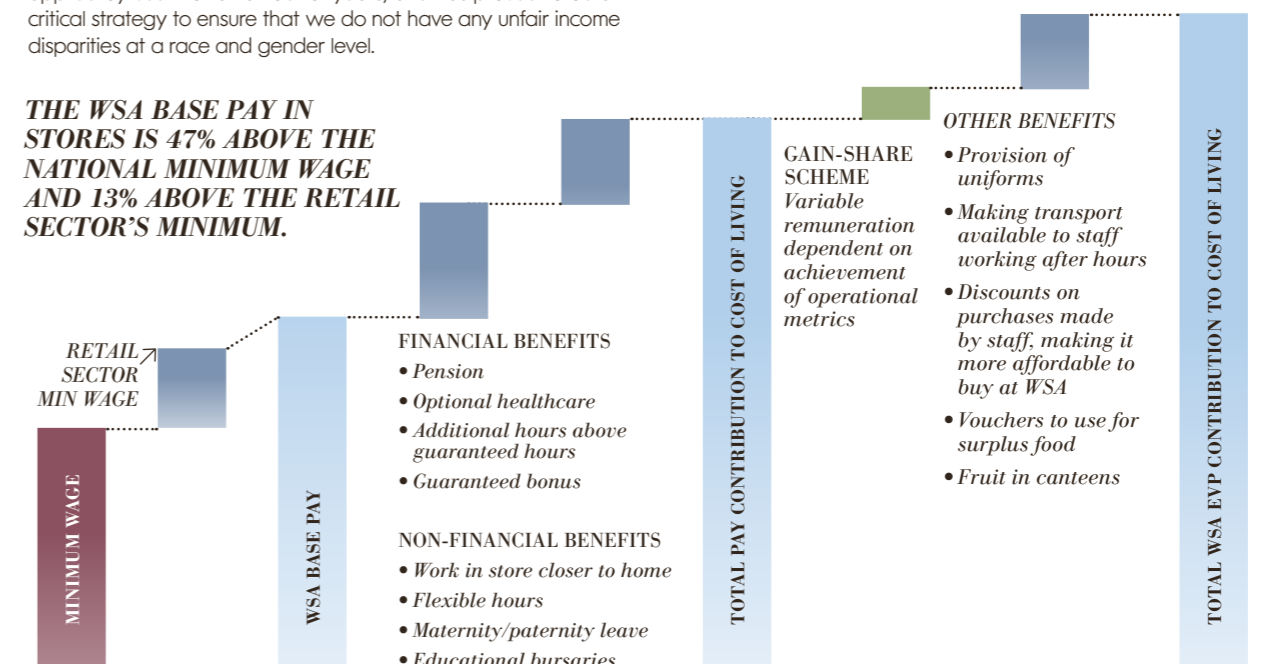
One of the key principles that direct the Group's policy on fair and responsible remuneration is: 'consideration given to minimum wage legislative requirements and living wage'.

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 towards remunerating 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.

The components of WSA contribution to a 'just wage' calculation are shown below. The WSA base pay in stores is 47% above the national minimum wage and 13% above the Retail sector's minimum.



**LEGISLATED MINIMUM WAGE at March 2020 is R20.76 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	<p>Annual performance bonus paid on the achievement of one-year financial targets</p> <p>Employees in the Group participate in a STI scheme appropriate to the level and role that they perform in the Group</p> <p>Gain-share and commission-based incentive schemes are in place for store and distribution centre employees</p>	<p>Share schemes designed to incentivise Group CEO, executive directors, execs and senior- to middle-management levels across the Group, on delivery of long-term strategic goals aligned with shareholder expectations:</p> <ul style="list-style-type: none"> <li>• Performance Share Plan (PSP)</li> <li>• Restricted Share Plan (RSP)</li> </ul>

## MALUS AND CLAWBACK PROVISIONS

Malus and clawback provisions were introduced on 1 July 2019, for awards allocated to executive directors and Exco members of operating entities, effective as follows:

- Corporate STI – 2020 performance onwards
- RSP scheme – awards post 1 July 2019
- Other LTI schemes – awards post 27 November 2019 (shareholder approval was required for amendments to specific share scheme rules)

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

These provisions will enable the committee to recover variable remuneration awards made to a participant, based on the occurrence of a trigger event caused by that participant leading to loss or damage incurred by the Group.

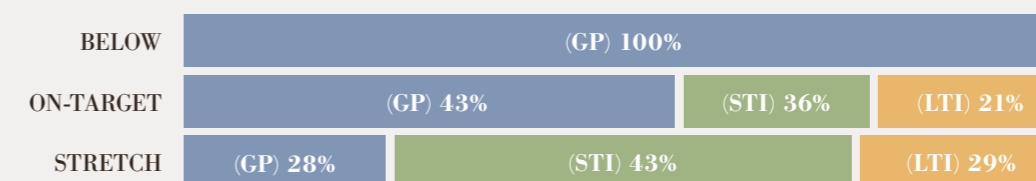
## REMUNERATION MIX

To achieve a performance 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, no vesting of annual LTI allocations and no STI payments  
**On-target level** assumes GP, on-target STI performance and 50% vesting of LTI annual allocations  
**Stretch level** assumes GP, stretch STI and 100% vesting of LTI annual allocations

### AGGREGATE EXECUTIVE DIRECTORS (INCLUDING GROUP CEO)



## SERVICE CONTRACTS AND NOTICE PERIODS

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

The new Group CEO (Roy Bagattini) has been 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.

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

## 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 Committee determines the size of the STI pools and may exercise reasonability and discretion to award ex gratia payments where extraordinary value has been created by executives 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. Should there be a material deviation from the Remuneration Policy, this will be disclosed in our reporting.



## LINKING STRATEGY WITH VARIABLE REMUNERATION

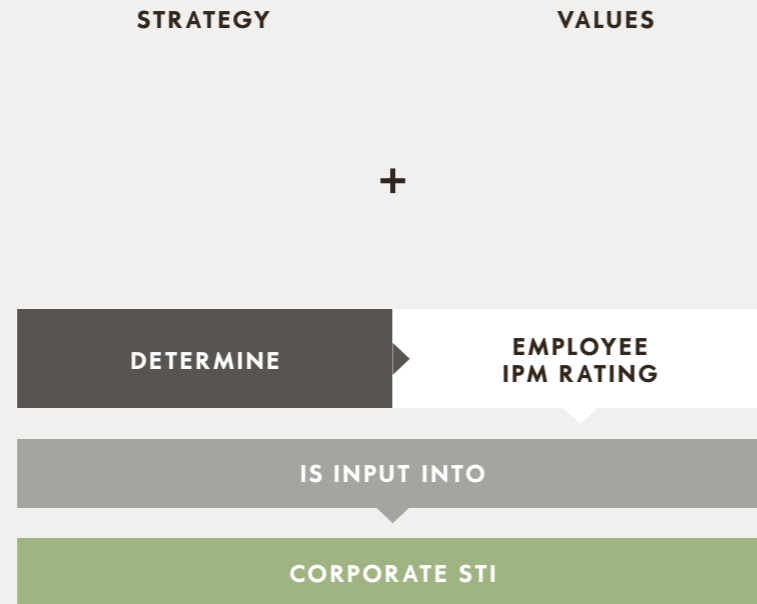
### ALIGNMENT TO STRATEGY

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

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

In order to focus on the achievement of the Group's or operating entity's strategy, an individual's performance measurement (IPM) includes a combination of objectives aligned with the achievement of the operating entity's strategic focus areas 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:



## LINKING PERFORMANCE AGAINST STRATEGY TO GROUP CEO AND EXECUTIVE DIRECTORS' VARIABLE REMUNERATION

Measurements of the strategy are incorporated into the executive directors' IPMs (in addition to individual specific goals) and provide an assessment of their individual performance.

The measurable key performance indicators are detailed on [pages 87 to 90](#) with an extract shown below.

KEY: ● ACHIEVED ● PARTIALLY ACHIEVED ● MISSED ● 2020 ● 2019 // 2018

### ALIGNMENT TO MEDIUM-TERM PLAN (MTP)

The three-year medium-term plan (MTP) is the mechanism used by the Group to quantify the financial impact of the Group's strategy.

Key measures from the MTP are also incorporated in the short- and long-term incentive schemes to drive ownership of the MTP by the executives and executive directors.

MEDIUM-TERM PLAN (3 YEARS)	INCLUDED IN	FINANCIAL PERFORMANCE		
		BALANCED SCORECARD	SHORT-TERM INCENTIVES (1 YEAR)	LONG-TERM INCENTIVES (3 - 5 YEARS)
SALES		✓		
αEBIT		✓	✓	
OPERATING PROFIT MARGIN %		✓		
αHEPS				✓
ROCE				✓
EBITDA				✓
NET DEBT				✓

USEFUL LINK FOR MORE DETAIL

Rollover for more detailed content

## EXECUTIVE DIRECTORS

### REMUNERATION POLICY APPLICABLE TO THE 2021 FINANCIAL YEAR

The table below sets out the components of the remuneration framework to be applied by the Remuneration Committee in the 2021 financial year for the Group Chief Executive Officer (Group CEO), executive directors and key senior executives (execs).

GUARANTEED PAY		SHORT-TERM INCENTIVES																						
BASE SALARY	RETIREMENT/ SUPERANNUATION, HEALTHCARE, AND OTHER BENEFITS	SHORT-TERM PERFORMANCE BONUS																						
<b>PURPOSE AND LINK TO STRATEGY</b> Market-related level of remuneration with consideration to specific requirements of the role	<b>PURPOSE AND LINK TO STRATEGY</b> Benefits and allowances of a compulsory and non-compulsory nature appropriate to the market and contributing to well-being of employees, in line with EVP	<b>PURPOSE AND LINK TO STRATEGY</b> Motivate executives and senior management to achieve short-term strategic, financial and non-financial objectives in the one-year business plan																						
<b>MECHANICS</b> Reviewed annually against retail peer companies in South Africa, Australia and other countries in which the Group trades  Market conditions, company performance, internal comparability, individual performance and responsibility are taken into consideration  Includes performance against financial and non-financial objectives and individual behaviour against Group values  No obligation to increase base salary	<b>MECHANICS</b> <b>Benefits include:</b> • 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	<b>MECHANICS</b> Bonus split: 60% financial and 40% strategic driver (individual)  The target is determined annually in advance  Financial STI measure calculated as follows: • <b>Group CEO:</b> 100% based on Group performance • <b>Group COO and Group FD:</b> 100% based on Group performance • <b>WSA, DJ, CRG CEOs:</b> 50% based on Group performance and 50% based on company performance • <b>Execs:</b> 20% based on Group performance with remaining 80% based on line of sight to company and/or specific business area performance  Strategic driver measure specific to each employee  Earnings potential is applied on a sliding scale between threshold, on-target and stretch performance																						
<b>OPPORTUNITY &amp; MAXIMUM LIMIT</b> Base salary reviewed in context of company and Group performance, in-country CPI and affordability	<b>OPPORTUNITY &amp; MAXIMUM LIMIT</b> Some benefits and the quantum of the benefits will vary based on the Group's subsidiaries and the market in which they trade	<b>OPPORTUNITY &amp; MAXIMUM LIMIT</b> On-target and stretch performance percentage of GP:  <table border="1"> <tr> <td><b>GROUP CEO</b></td> <td>100%</td> <td>150%</td> </tr> <tr> <td><b>GROUP COO AND GROUP FD</b></td> <td>80%</td> <td>150%</td> </tr> <tr> <td><b>WSA CEO</b></td> <td>80%</td> <td>150%</td> </tr> <tr> <td><b>DJ AND CRG CEOS</b></td> <td>80%</td> <td>125%</td> </tr> <tr> <td><b>EXECS</b></td> <td></td> <td></td> </tr> <tr> <td>WSA 30% TO 50%</td> <td></td> <td>75% TO 150%</td> </tr> <tr> <td>AUS 20% TO 30%</td> <td></td> <td>60% TO 115%</td> </tr> </table>		<b>GROUP CEO</b>	100%	150%	<b>GROUP COO AND GROUP FD</b>	80%	150%	<b>WSA CEO</b>	80%	150%	<b>DJ AND CRG CEOS</b>	80%	125%	<b>EXECS</b>			WSA 30% TO 50%		75% TO 150%	AUS 20% TO 30%		60% TO 115%
<b>GROUP CEO</b>	100%	150%																						
<b>GROUP COO AND GROUP FD</b>	80%	150%																						
<b>WSA CEO</b>	80%	150%																						
<b>DJ AND CRG CEOS</b>	80%	125%																						
<b>EXECS</b>																								
WSA 30% TO 50%		75% TO 150%																						
AUS 20% TO 30%		60% TO 115%																						
<b>PERFORMANCE CONDITIONS</b> Adjustments influenced by individual performance measures aligned with strategic focus areas and behaviours to Group values	<b>PERFORMANCE CONDITIONS</b> n/a	<b>PERFORMANCE CONDITIONS</b> Gatekeeper of 93% applied at company level - 60% Financial target (aPBT or aEBIT) - 40% Strategic drivers																						
		<b>PAYMENT CYCLE</b> <b>Corporate STI scheme:</b> • H1: maximum of 30% of financial measure • H2: balance of financial measure plus strategic driver measure • WHL Exco and operating entities excos' payments based on full year only <b>Store and supply chain STI schemes:</b> • Cash payments may be made monthly, quarterly or biannually dependent on the scheme																						
		<b>MALUS AND CLAWBACK</b> Malus and two-year clawback provisions apply to executive directors and excos of operating entities																						
		<b>OTHERS</b> All employees in the Group* participate in an STI scheme at different levels of % of GP at on-target and stretch levels. A percentage of Group performance is included in the Corporate STI calculation regardless of the participants' employer company  Store and supply chain employees participate in gain-share or commission schemes appropriate to their employer company  The Remuneration 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																						
		<b>NO. OF PARTICIPANTS CORPORATE STI</b> <b>3 932</b>	<b>NO. OF PARTICIPANTS OTHER STI</b> <b>37 899</b>																					

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

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.

LONG-TERM INCENTIVES	
PERFORMANCE SHARE PLAN	RESTRICTED SHARE PLAN
<b>PURPOSE AND LINK TO STRATEGY</b> Motivate employees to achieve three-year strategy aligning shareholder and executive interests	<b>PURPOSE AND LINK TO STRATEGY</b> Attract and retain employees who are key to the delivery of the Group's long-term strategy  Enables the recruitment of key executives to address value forfeited on resignation from a previous employer
<b>MECHANICS</b> Participants are entitled to the delivery of conditional awards in shares after three years from date of grant provided that certain performance conditions are met  Vesting occurs subject to the achievement of performance conditions over the three-year performance period  Vesting occurs on a linear scale in accordance with an agreed threshold and stretch target  Participants receive a payment settled in equity on vesting equal to the value of dividends paid on the vested shares during the vesting period	<b>MECHANICS</b> 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 Remuneration Committee  Vesting and ownership to participants occurs on condition that the participant is still in the employ of the Group on the expiry of the agreed vesting period and applicable performance conditions are achieved  Staggered vesting occurs from year three to year five. The Remuneration Committee has the discretion to amend vesting periods where appropriate  Participants are entitled to receive dividends during the vesting period  RSP allocations are not awarded to Australia-based employees
<b>OPPORTUNITY AND MAXIMUM LIMIT</b> Grants are made annually at the discretion of the Remuneration Committee based on GP at grant date. Allocations capped at: <b>GROUP CEO</b> 150% <b>GROUP COO AND GROUP FD</b> 100% <b>EXECS (WSA)</b> 46% TO 79%	<b>OPPORTUNITY AND MAXIMUM LIMIT</b> Awards subject to Remuneration Committee discretion  The Remuneration Committee has the discretion to determine the minimum and maximum award of GP at grant date  Allocations are limited to the Group CEO, executive directors, Group Exco members and selected core and scarce employees
<b>PERFORMANCE CONDITIONS</b> <b>Executive directors, Group execs, Operating entities' excos:</b> Annual allocation with 100% based on financial performance conditions and weightings as below <b>Senior management:</b> Annual allocation with 50% based on financial performance conditions and 50% based on IPM	<b>PERFORMANCE CONDITIONS</b> <b>For all participants:</b> 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 specific performance conditions
<b>FINANCIAL PERFORMANCE CONDITIONS AND WEIGHTINGS</b> The committee is comfortable that the financial performance measures of HEPs growth, ROCE and cash flow management are the appropriate measures for the 2021 financial year. However, at the August 2020 Board meeting it was agreed that further deliberations were required to ensure the measures and weightings are relevant given the uncertain future economic conditions. The Board is committed to finalise the measures, weightings and targets prior to the AGM on 25 November 2020  No retesting of performance conditions. Awards lapse if performance conditions are not achieved	<b>ALLOCATION TO GROUP CEO</b> As part of the incoming Group CEO's employment agreement, negotiated at the time to secure his employment and relocation from the USA, he is entitled to an allocation of RSP in September 2020  The performance conditions for this allocation will be aligned with the 2020 PSP allocations, as explained in the opposite column
<b>OTHER CATEGORIES/PARTICIPANTS</b> Vesting linked to the achievement of IPM rating	
<b>MALUS AND CLAWBACK</b> Malus and two-year clawback provisions apply to executive director and excos of operating entities	<b>MALUS AND CLAWBACK</b> Malus and two-year clawback provisions apply to executive directors and excos of operating entities
<b>OTHERS</b> Rules governing cessation of employment, change in control and delisting as per scheme rules aligned with King IV™ recommendations	<b>OTHERS</b> Shares are purchased on the open market and held by third-party in escrow until unrestricted ownership passes to participants  Rules governing cessation of employment, change in control and delisting as per scheme rules aligned with King IV™ recommendations
<b>NO. OF PARTICIPANTS</b> <b>757</b>	<b>NO. OF PARTICIPANTS</b> <b>105</b>



## WOOLWORTHS HOLDINGS SHARE TRUST

The Woolworths Holdings Share Trust is managed by two independent non-executive directors acting as trustees. The Trust administers the utilisation of shares for the long-term incentive share schemes. The Trust Deed and share scheme rules are compliant with the Johannesburg Stock Exchange Limited (JSE) Listings Requirements. Shares and grants may not be awarded or exercised during a closed period.

### JSE APPROVED SCHEDULE 14 SHARE SCHEMES

The maximum number of shares available for utilisation for JSE Schedule 14 schemes is 85 000 000 representing 8.1% of the issued share capital as at 28 June 2020.

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 12 700 000 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. The RSP scheme is not a Schedule 14 scheme. There are no restrictions on the number of RSP shares awarded to an employee in a financial year or the number held by an employee.

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

From 2009 to 30 June 2018, RSP awards were deducted from the maximum number of shares available for share schemes. With effect from 1 July 2018, by virtue of neither being a requirement of Listing Requirements or legal practice, RSP shares were reflected separately and not deducted from the maximum number of shares available for utilisation.

Subsequent to that decision, the committee further agreed that all RSP shares awarded from inception to 30 June 2018 would also not be deducted from the shares available for utilisation on the basis that these were acquired on the open market. RSP shares awarded during that period amount to 9 670 534. In line with the principle of fair and transparent disclosure, the number of RSP shares awarded during the financial year will be disclosed in the Implementation Report. [See page 195.](#)

**ALL RSP SHARES AWARDED TO PARTICIPANTS  
ARE PURCHASED ON THE OPEN MARKET  
AT THE PREVAILING MARKET PRICE WHEN  
THE AWARDS ARE MADE.**



## NON-EXECUTIVE DIRECTORS

### REMUNERATION POLICY APPLICABLE TO THE 2021 FINANCIAL YEAR

The table below sets out the remuneration policies applied by the Group for the 2020 financial year for non-executive directors.

These policies are also applicable for the 2021 financial year and form the underlying basis for the directors' fees tabled for shareholder approval at the AGM to be held on 25 November 2020.

EMOLUMENTS	
FEES	BENEFITS
<p><b>CHAIRMAN, LEAD INDEPENDENT DIRECTOR AND DIRECTORS</b> A market-related fee to attract and retain experienced and diverse non-executive directors</p>	<p><b>MECHANICS</b> 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><b>COMMITTEE MEMBERSHIP</b> The fees reflect the additional responsibilities taken through the membership of Board committees. Committee chairmen receive a higher amount</p>	
<p><b>MECHANICS</b> 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 that country. Fees reflect the time commitment, demands, international travel requirements, and responsibilities of the role.</p> <p>Non-executive directors who perform a similar role for any of the major operating subsidiaries of WHL are remunerated for those functions:</p> <ul style="list-style-type: none"> <li>Zarina Bassa is a Non-executive Director of WSA, a member of its Audit Panel and Chairman of Risk and Compliance and Remuneration Committees</li> <li>Christopher Colfer is a Non-executive Director of DJ and CRG and Chairman of its Risk and Compliance and Remuneration Committees</li> <li>Clive Thomson is the Chairman of the WSA Audit Panel and the Audit Committees of DJ and CRG</li> </ul> <p>Audited Non-executive directors' fees for the 2020 financial year are shown on <a href="#">pages 201 and 202</a>.</p>	
<p><b>OTHER</b> 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 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 for non-executive directors were independently benchmarked by PwC during 2019.

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

Proposed fees for UK and Australia-based directors are based on relevant benchmarks. In view of the impact of COVID-19 on Company performance, the Board elected not to increase non-executive directors' fees. Consequently, the proposed fees, for shareholder approval, will remain constant with the current approved fees. The proposed fees (exclusive of South African VAT) from 1 January 2021 are shown in the table below:

	CURRENT APPROVED FEES (R'000)	PROPOSED FEES (R'000)	% INCREASE
Chairman	2 250.0	2 250.0	0.0%
Lead Independent Director	795.0	795.0	0.0%
South Africa-based director	420.6	420.6	0.0%
United Kingdom-based director (paid in £)	£77.5	£77.5	0.0%
Australia-based director (paid in A\$)	A\$134.0	A\$134.0	0.0%
Audit Committee chairman	362.4	362.4	0.0%
Audit Committee member	198.7	198.7	0.0%
Nominations Committee chairman	187.0	187.0	0.0%
Nominations Committee member	116.9	116.9	0.0%
Remuneration Committee chairman	245.5	245.5	0.0%
Remuneration Committee member	128.5	128.5	0.0%
Risk and Compliance Committee chairman	245.4	245.4	0.0%
Risk and Compliance Committee member	128.5	128.5	0.0%
Social and Ethics Committee chairman	198.7	198.7	0.0%
Social and Ethics Committee member	116.9	116.9	0.0%
Sustainability Committee chairman	198.7	198.7	0.0%
Sustainability Committee member	116.9	116.9	0.0%
Treasury Committee chairman	245.4	245.4	0.0%
Treasury Committee member	129.9	129.9	0.0%
Hourly rate for additional services	R5 609	R5 609	0.0%

### PEER GROUP USED FOR BENCHMARKING:

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

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



# SECTION 3: IMPLEMENTATION REPORT FOR THE YEAR ENDED 28 JUNE 2020

*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 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 2020 Remuneration Policy (as set out in the 2019 Integrated Annual Report).

Discretionary Corporate STI payments amounting to R28 million were approved by the committee for targeted retention of key and critical talent and ex-gratia bonuses for employees who had performed exceptionally during the COVID-19 pandemic. There were no circumstances which warranted the application of any malus or clawback provisions.

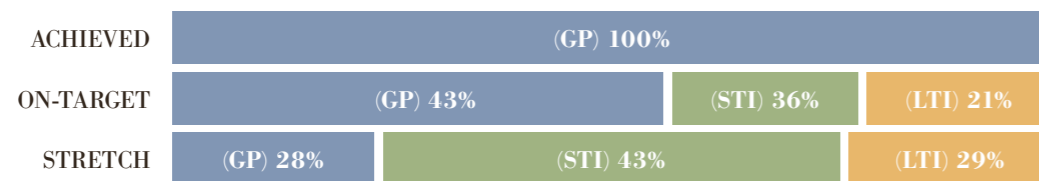


## REMUNERATION MIX

The chart below represents the actual aggregated remuneration mix for the Group CEO and executive directors achieved for the year ended 28 June 2020. It should be compared to the potential remuneration mix based on the Remuneration Policy shown on [page 178](#).

The achieved remuneration mix is significantly different from the potential mix by virtue of the poor financial performance of the Group resulting in both the Corporate STI scheme and the 2017 PSP and RSP allocations, which had performance conditions attached to them, not vesting.

AGGREGATE EXECUTIVE DIRECTORS (INCLUDING GROUP CEO)



[USEFUL LINK FOR MORE DETAIL](#)

## FAIR AND RESPONSIBLE REMUNERATION

The Remuneration 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 levels of employees, 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’.

### GUARANTEED PAY

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

	% INCREASE IN GUARANTEED PAY
Outgoing Group CEO	0%
Executive directors	6.0%
<b>Senior executives and management:</b>	
South Africa	5.64%
Australia	1.61%
<b>Staff</b>	
South Africa	7.06%
Australia	3.00%

Guaranteed pay increases were effective 1 October 2019 and referenced to inflation in each geographic area. The IPM rating is also an input to the determination of an employee's increase in guaranteed pay.

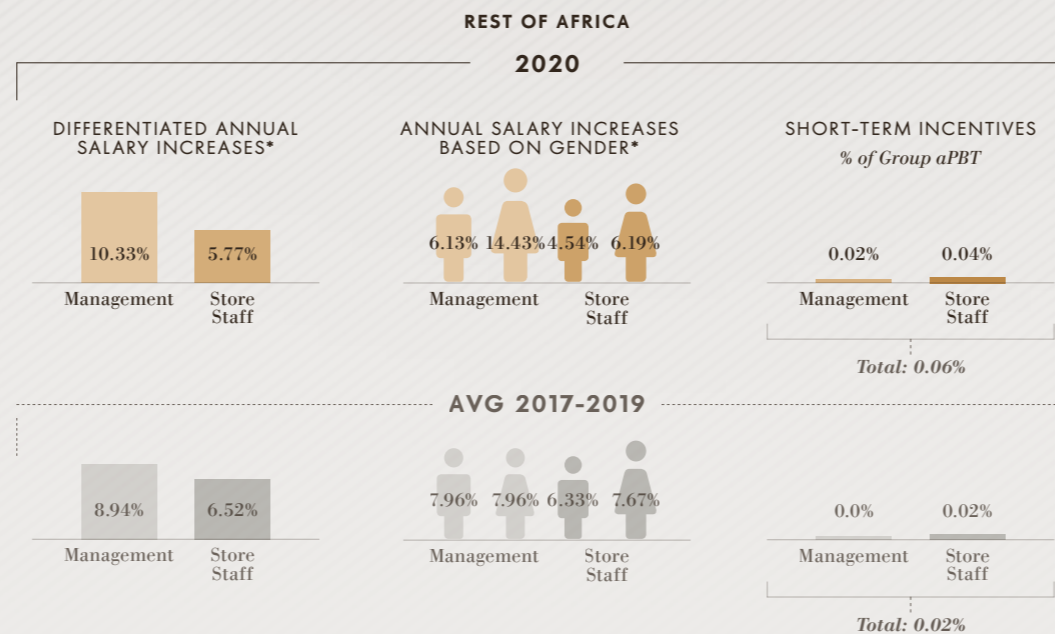
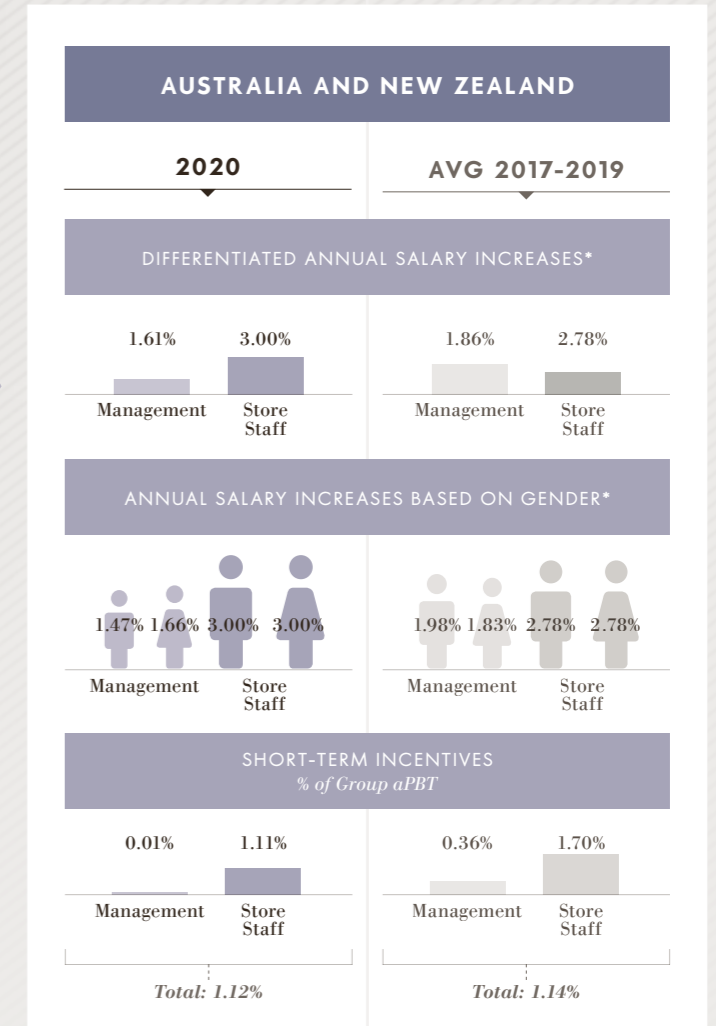
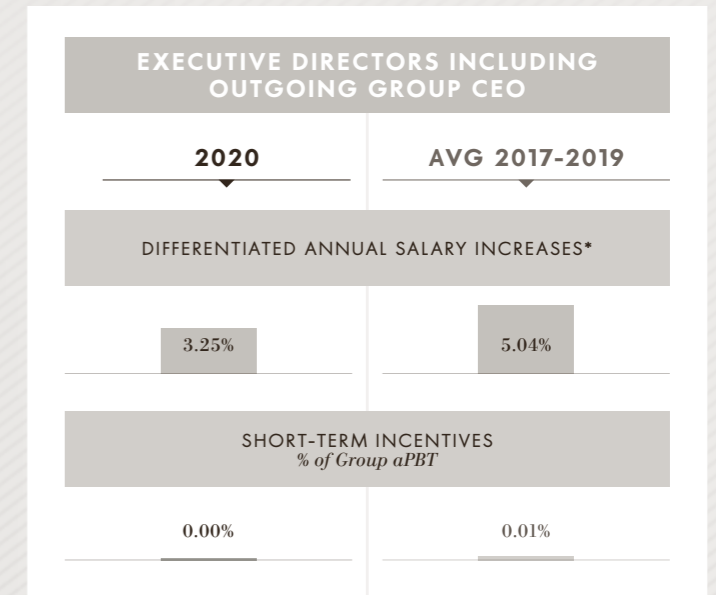
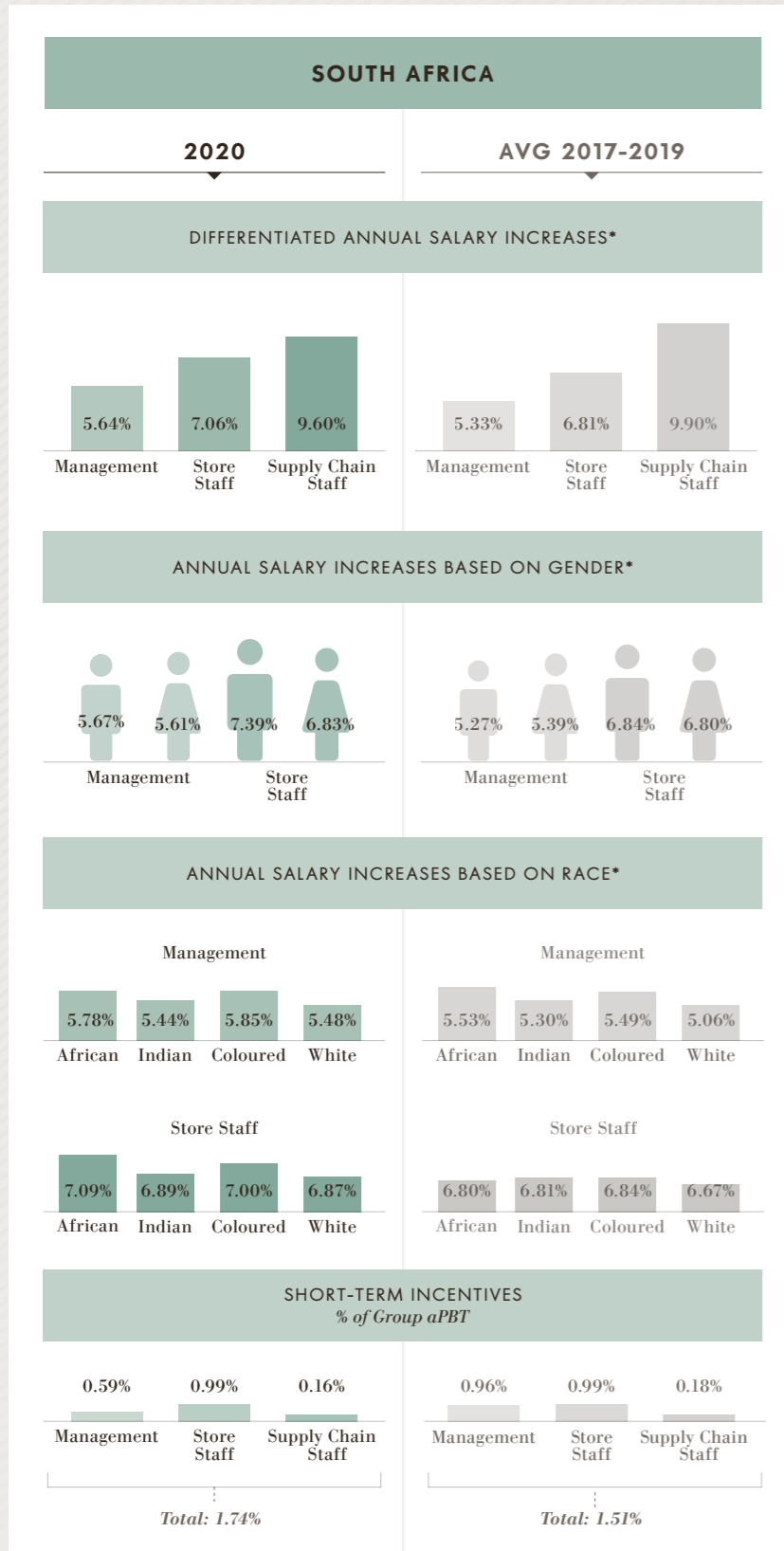
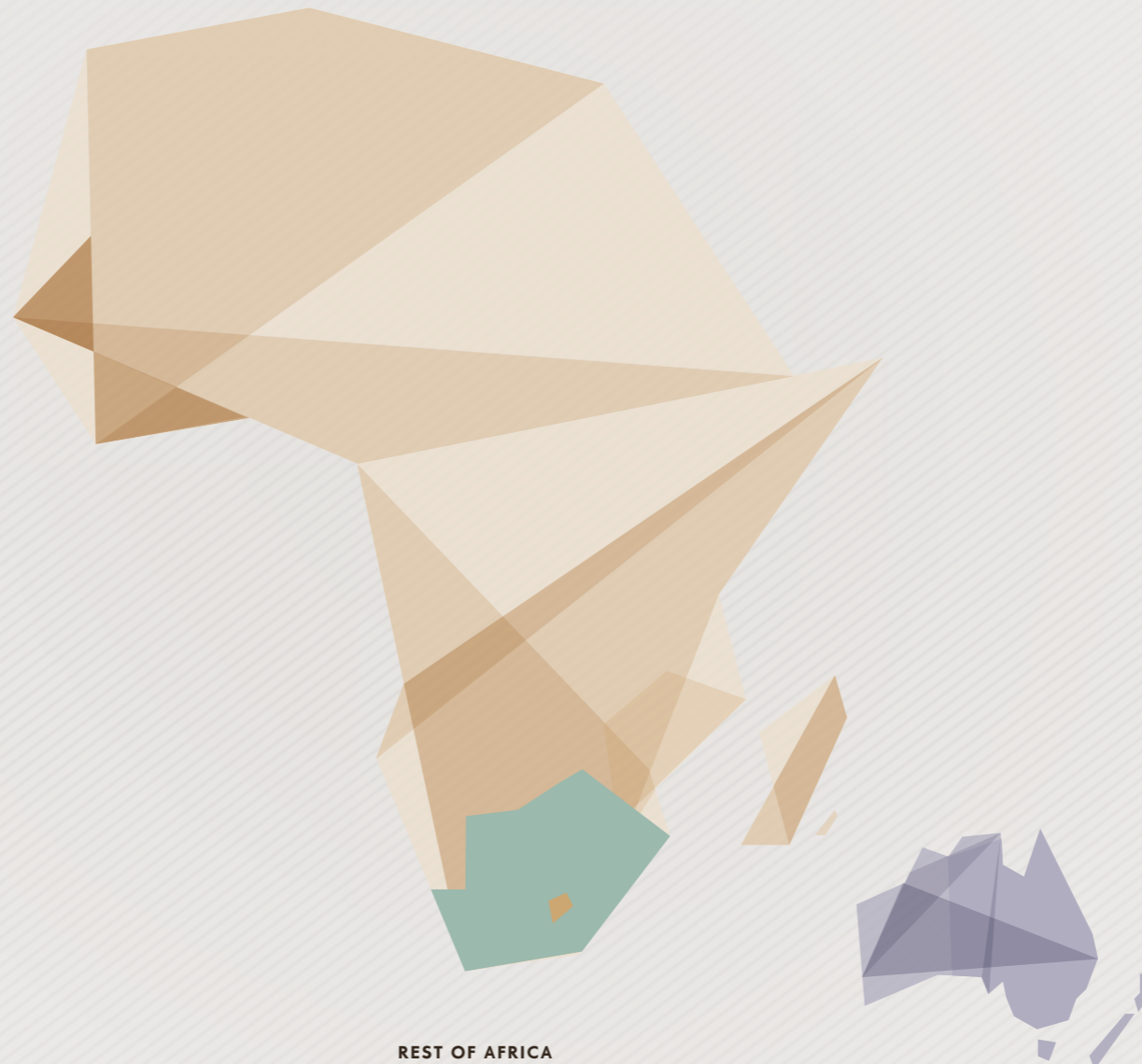
The Group continues to address and reduce the pay gap between management and staff by awarding staff higher percentage increases than management.

### SINGLE-FIGURE REMUNERATION

The effect of increases awarded to executive directors are shown on [page 196](#).



# FAIR AND RESPONSIBLE PAY BAROMETER



\* increase effective 1 October 2019

## SHORT-TERM INCENTIVES

### THE FRAMEWORK AND MECHANICS OF THE CORPORATE STI SCHEME ARE APPLIED TO 9% OF EMPLOYEES IN THE GROUP

	GROUP PERFORMANCE MULTIPLIER (based on aPBT)	COMPANY PERFORMANCE MULTIPLIER (based on aEBIT)	BUSINESS UNIT PERFORMANCE MULTIPLIER (based on aEBIT)	IPM MULTIPLIER	RESULTANT STI % VESTING			
	0% TO 100%	+	0% TO 100%	+	0% TO 100%	×	80% TO 120%	
Roy Bagattini	Roy Bagattini did not participate as he received a conditional sign-on bonus on his appointment							
Ian Moir	100% x 0% x (7/12)	-	-	100%	0%			
Reeza Isaacs	100% x 0%	-	-	100%	0%			
Sam Ngumeni	100% x 0%	-	-	100%	0%			
Zyda Rylands	50% x 0%	50% x 0%	-	100%	0%			

Sum of these three weighted values = 100%

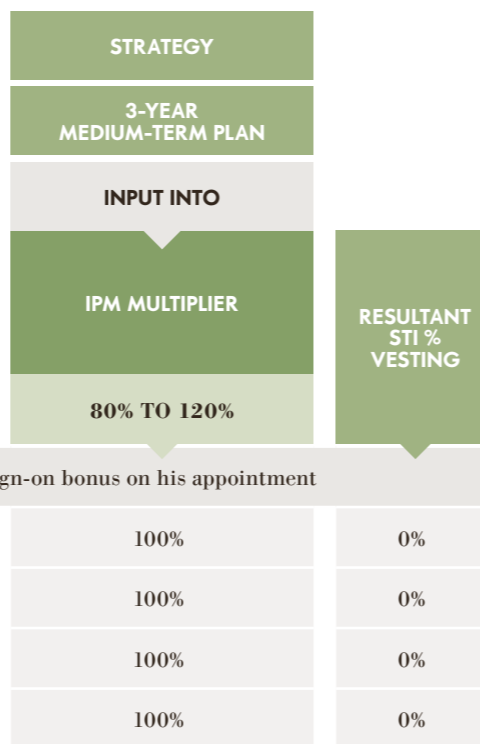
#### FINANCIAL PERFORMANCE MULTIPLIER

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

#### IPM MULTIPLIER

All roles based on each individual's IPM, which is a combination of strategic focus areas, three-year MTP and behaviour against the Group's values.

An individual's IPM rating is a multiplier of the financial performance measures used in the Corporate STI scheme. The rating determines the opportunity to increase the potential Corporate STI payment or may reduce it.



#### HIGH LEVEL CORPORATE STI DESIGN

- Financial performance targets are determined 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)
- The remuneration committee agreed that the bonus pool for the 2020 financial year would be reduced by: wsa 50%, dj 65% and crg 50% to align with budgeted growth expectations

#### PERFORMANCE FOR 2020 FINANCIAL YEAR AND STI VESTING

On an audited 52-week basis, the Group achieved aPBT of R2.5 billion, pre IFRS 16.

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 are shown below. With the exception of the WSA Food business unit, the threshold performance was not achieved at a Group and Company level.

Consequently, the Corporate STI scheme was not triggered for the year.

	LINEAR VESTING OF FINANCIAL PERFORMANCE ACHIEVEMENT								
% achievement of financial performance	<=93%	94%	95%	96%	97%	98%	99%	100%	>100%
Group/Company performance multiplier	0%	14.3%	28.6%	42.9%	57.1%	71.4%	85.7%	100%	*See below

\* The bonus pool after the achievement of budgeted profit accrues by adding 20% of the excess profit in the bonus pool for employees. This pool increases as the entities overachieve their budgets up to the point where individual bonuses are capped.

		FINANCIAL PERFORMANCE (PRE INCENTIVES)					
		Threshold (R'000)	On target (R'000)	Stretch target (R'000)	Achieved (R'000)	% Achievement	Group company performance multiplier
Group aPBT	PBT/EBIT as per audited accounts adjusted for impairments, net onerous leases and unrealised foreign exchange losses.	4 801	5 162	> 5 162	**2 511	48.6%	0%
WSA aEBIT		4 264	4 585	> 3 534	3 525	76.8%	0%
WSA FBH		1 657	1 782	> 1 782	683	38.3%	0%
WSA FOOD		2 331	2 507	> 2 507	2 741	109.3%	0%
DJ aEBIT		A\$65	A\$70	> A\$70	A\$(32)	(45.4%)	0%
CRG aEBIT		A\$93	A\$100	> A\$100	A\$40	40.3%	0%

\*\* R2 486 post incentives and pre IFRS 16

## LONG-TERM INCENTIVES

### ALLOCATIONS DURING 2020 FINANCIAL YEAR

The annual rolling PSP allocations, and their performance conditions, awarded to the executive directors, as approved by the Remuneration Committee, are shown opposite.

PSP AWARDS			
	BASIS	NUMBER	FACE VALUE R'000
Ian Moir (RSP award)	150% of GP	0	0
Reeza Isaacs	100% of GP	119 967	6 212
Sam Ngumeni	100% of GP	142 918	7 400
Zyda Rylands	100% of GP	171 012	8 855
<b>Total</b>		<b>433 897</b>	<b>22 467</b>

All PSP allocations to executive directors and execs were made in line with the percentage allocations described in the Remuneration Policy table on [page 182](#).

WEIGHTINGS AND PERFORMANCE CONDITIONS			
MEASURE	WEIGHTING	THRESHOLD (30% VESTING)	ON TARGET (100% VESTING)
HEPS	50%	HEPS growth > weighted (SA+Aus) CPI	HEPS growth > 5% + weighted CPI (SA + Aus)
ROCE	30%	Average ROCE > WACC +2%	Average ROCE > WACC +5%
Cash flow	20%	Net debt to EBITDA ratio below 1.10	Net debt to EBITDA ratio < 0.88

### SIGN-ON ALLOCATION TO GROUP CHIEF EXECUTIVE OFFICER

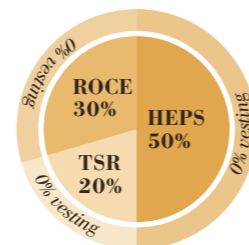
On his appointment to the role of Group Chief Executive Officer in February 2020, Roy Bagattini was awarded a sign-on allocation of Restricted shares shown below. These RSP shares have a five-year staggered vesting period with performance conditions conditional on his individual performance as agreed with the Board.

RSP AWARDS			PERFORMANCE CONDITIONS	VESTING PERIOD
	BASIS	NUMBER	FACE VALUE R'000	
Roy Bagattini	350% of GP	1 432 537	54 250	Conditional on the achievement of IPM measurement with strategic non-financial targets
				25% in year 3 25% in year 4 50% in year 5

### VESTING OF 2017 LTI ALLOCATIONS BASED ON THE PERFORMANCE TO JUNE 2020

The performance conditions of the PSP August 2017 allocations were tested to determine if vesting had been achieved. The performance conditions are:

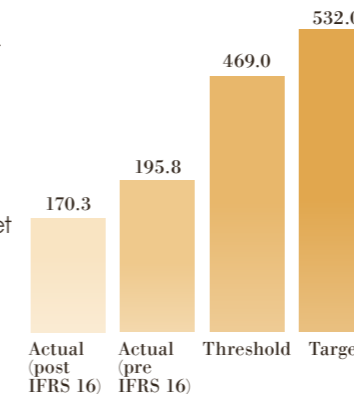
- 50% based on HEPS growth of CPI plus 5% per annum
- 30% based on 3-year average ROCE percentage achievement against targets from MTP
- 20% based on WHL TSR performance compared to the peer group performance



### HEPS PERFORMANCE

This graph shows the target HEPS required for the full vesting of this performance condition. Adjusted HEPS achieved was 195.8 cps (170.3 cps post IFRS 16), significantly below the target HEPS of 532.0 cps and the threshold HEPS of 469.0 cps.

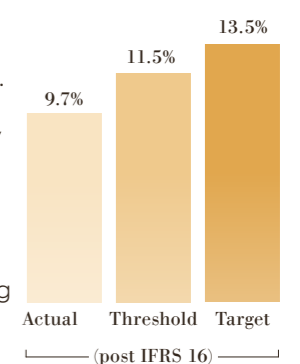
The HEPS performance condition has not been met, therefore vesting is 0%.



### AVERAGE ROCE PERFORMANCE

This graph shows the target ROCE required for full vesting for this performance condition. Actual average ROCE achieved was 9.7%, marginally below the threshold of 11.5% and on-target goal of 13.5%.

The average ROCE performance condition has not been met, therefore vesting is 0%, pre- and post IFRS 16.

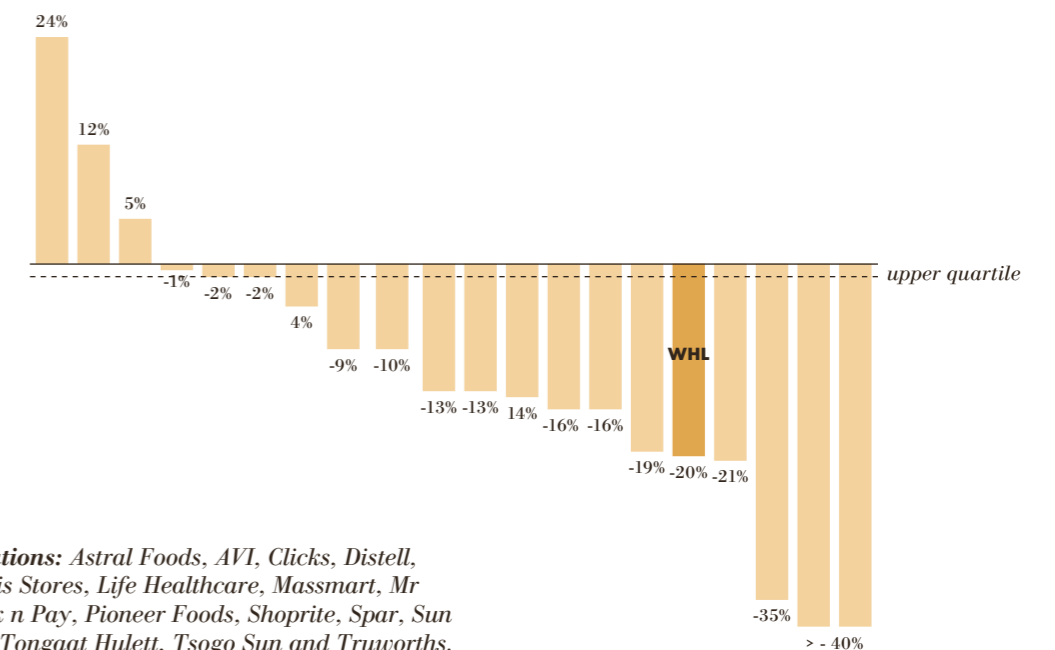


### TSR PERFORMANCE (EXTERNALLY INDEPENDENTLY CALCULATED)

This graph below compares the TSR performance of the company to the TSR index of the peer group at the median and upper quartiles.

Actual TSR performance for WHL declined by 20% below the upper quartile of -2% for the companies' performance in the peer group.

The TSR performance condition has not been met, therefore vesting is 0%.



**Peer group for 2017 allocations:** Astral Foods, AVI, Clicks, Distell, Foschini Group, Italtile, Lewis Stores, Life Healthcare, Massmart, Mr Price, Nampak, Oceana, Pick n Pay, Pioneer Foods, Shoprite, Spar, Sun International, Tiger Brands, Tongaat Hulett, Tsogo Sun and Truworths.

### SINGLE-FIGURE REMUNERATION DISCLOSURE

No amounts are included in single-figure remuneration as the performance conditions for the PSP allocations (executive directors) and RSP allocation (Acting DJ CEO) vesting in 2020 were not met.

[USEFUL LINKS FOR MORE DETAIL](#)



## LONG-TERM INCENTIVES (CONTINUED)

### UTILISATION OF SHARES HELD BY WOOLWORTHS HOLDINGS SHARE TRUST

In line with the JSE requirements, an analysis of the shares utilised for the purposes of LTI is shown in the table below.

	JSE Sch 14 share schemes	RSP scheme shares
Maximum available for utilisation	85 000 000	n/a
Available for utilisation/awarded at 1 July 2019*	24 994 937	7 211 563
Allocations made to participants during the year	4 892 449	1 699 987
Exercised	506 300	181 424
Forfeited	2 663 300	439 562
Available for utilisation/awarded at 28 June 2020	23 272 088	8 290 564

\*excludes RSP scheme shares



### SINGLE-FIGURE REMUNERATION FOR YEAR ENDED 28 JUNE 2020 (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 28 June 2020 and comparatives for 30 June 2019.

The intention of single-figure remuneration is to disclose the remuneration earned and/or accrued by directors based on the performance of the current year, the vesting of shares, and any income attributable to unvested long-term share schemes.

Notes	GUARANTEED PAY			SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES		SINGLE-FIGURE REMUNERATION
	Base salary (1) R'000	Benefits (2) R'000	Total guaranteed pay (3) R'000	Performance bonus (4) R'000	Fair value of shares (5) R'000	Dividends received (6) R'000	Total remuneration R'000
<b>2020</b>							
Roy Bagattini (7)	4 669	9 771	14 440	-	-	1 275	15 715
Ian Moir (8)	12 388	109	12 497	-	-	1 453	13 950
Reeza Isaacs	5 896	437	6 333	-	1 378	487	8 198
Sam Ngumeni	6 959	429	7 388	-	1 574	788	9 750
Zyda Rylands	8 381	485	8 866	-	1 884	944	11 694
	<b>38 293</b>	<b>11 231</b>	<b>49 524</b>	-	<b>4 836</b>	<b>4 947</b>	<b>59 307</b>
<b>2019</b>							
Ian Moir (8)	18 907	142	19 049	-	-	3 992	23 041
Reeza Isaacs	5 800	421	6 221	-	-	578	6 799
Sam Ngumeni	6 876	453	7 329	-	-	936	8 265
Zyda Rylands	8 274	465	8 739	2 107	-	1 120	11 967
	<b>39 857</b>	<b>1 481</b>	<b>41 338</b>	<b>2 107</b>	-	<b>6 626</b>	<b>50 072</b>

#### NOTES

- Base salary reflected post COVID-19 salary reduction for period April-June 2020.
- 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 RSP vesting based on individual performance measure for the period FY2018 – FY2020. Valued using the 30-day VWAP share price of WHL at 28 June 2020 of R32.29.
- Dividends received during the financial year on all unvested RSP shares held during the year.
- Roy Bagattini was appointed as Group CEO on 17 February 2020. Benefits include conditional sign-on bonus, relocation, rental accommodation, legal expenses, and incidental relocation expenses amounting to R9.5m.
- Ian Moir resigned as Group CEO on 16 February 2020; his remuneration earned up to that date is disclosed in the table above. From 17 February he earned an amount of A\$576 215 as acting CEO for David Jones. Upon his departure from the Group, he will receive a settlement of outstanding leave and 12 months notice pay of A\$1.9m. The Remuneration Committee evaluated the restraint of trade agreement for Ian, which had been negotiated in 2013 (prior to the acquisition of DJ) and was applicable to South Africa only. In order to protect the Group, an extended restraint of trade also covering Australasia was negotiated and, should Ian not breach his obligations, a restraint of trade payment of A\$2.9m is due to him in the 2023 financial year. As part of such arrangement, it was agreed that no further shares would be issued to Ian in terms of his employment agreement from 2019 onwards. Ian's agreement entitled him to shares to the value of 150% of his guaranteed package per annum.

## DIRECTORS' PARTICIPATION IN SHARE SCHEMES

Shares purchased and options granted to executive directors in terms of the Woolworths Holdings Share Trust which had not been exercised at 28 June 2020 are set out below.

SCHEME	Award date	Vesting date	Expiry date	As at 30 June 2019		Awarded		Forfeited		Sold or transferred			As at 28 June 2020			FAIR VALUE RANDB (2)
				NUMBER	PRICE RANDB	NUMBER	PRICE RANDB	NUMBER	PRICE RANDB	NUMBER	PRICE RANDB	REALISATION VALUE (1) RANDB	VESTED	UNVESTED	TOTAL	
<b>ROY BAGATTINI</b>																
RSP	20 Feb 2020	20 Feb 2013	20 Feb 2025			1 432 537	37.87							1 432 537	1 432 537	46 251 463
Total						1 432 537								1 432 537	1 432 537	46 251 463
<b>Total</b>						<b>1 432 537</b>								<b>1 432 537</b>	<b>1 432 537</b>	<b>46 251 463</b>
<b>IAN MOIR</b>																
SARS	23 Aug 2012	27 Aug 2015	26 Nov 2019	72 288	51.48					72 288	57.74	452 407				
	29 Aug 2013	29 Aug 2016	29 Aug 2020	103 755	56.06								103 755		103 755	
Total				176 043						72 288		452 407		103 755		103 755
RSP	25 Aug 2016	26 Aug 2019	26 Aug 2019	318 442	84.79			318 442								
	24 Aug 2017	24 Aug 2020	24 Aug 2020	475 118	59.99									475 118	475 118	-
	24 Aug 2017	24 Aug 2020	24 Aug 2020	475 117	59.99									475 117	475 117	-
	23 Aug 2018	23 Aug 2021	23 Aug 2021	525 265	54.26									525 265	525 265	8 479 458
Total				1 793 942				318 442						1 475 500	1 475 500	8 479 458
<b>Total</b>				<b>1 969 985</b>				<b>318 442</b>		<b>72 288</b>				<b>1 475 500</b>	<b>1 579 255</b>	<b>8 479 458</b>
<b>REEZA ISAACS</b>																
RSP	24 Aug 2017	24 Aug 2020	25 Aug 2020	42 678	59.99									42 678	42 678	-
	23 Aug 2018	23 Aug 2021	23 Aug 2023	217 036	54.26									217 036	217 036	7 007 311
Total				259 714										259 714	259 714	7 007 311
PSP	25 Aug 2016	26 Aug 2019	26 Aug 2019	55 498	87.86			55 498								
	24 Aug 2017	24 Aug 2020	24 Aug 2020	78 014	65.63									78 014	78 014	-
	23 Aug 2018	23 Aug 2021	23 Aug 2021	115 248	51.09									115 248	115 248	1 860 472
	29 Aug 2019	29 Aug 2022	29 Aug 2022			119 967	51.78							119 967	119 967	1 936 651
Total				248 760		119 967		55 498						313 229	313 229	3 797 123
<b>Total</b>				<b>508 474</b>		<b>119 967</b>		<b>55 498</b>						<b>572 943</b>	<b>572 943</b>	<b>10 804 434</b>

### NOTES

1. Realisation value based on taxable benefit at date of sale or transfer.
2. Fair value calculated based on 30-day VWAP at 30 June 2020 of R32.29 (2019: R47.44), 50% vesting probability for unvested PSP awards, and 100% vesting for RSP awards.



## DIRECTORS' PARTICIPATION IN SHARE SCHEMES (CONTINUED)

Shares purchased and options granted to executive directors in terms of the Woolworths Holdings Share Trust which had not been exercised at 28 June 2020 are set out below.

SCHEME	Award date	Vesting date	Expiry date	As at 30 June 2019		Awarded		Forfeited		Sold or transferred			As at 28 June 2020			FAIR VALUE RANDB (2)
				NUMBER	PRICE RANDB	NUMBER	PRICE RANDB	NUMBER	PRICE RANDB	NUMBER	PRICE RANDB	REALISATION VALUE (1) RANDB	VESTED	UNVESTED	TOTAL	
<b>SAM NGUMENI</b>																
RSP	24 Aug 2017	24 Aug 2020	24 Aug 2020	48 762	59.99								-	48 762	48 762	
	23 Aug 2018	23 Aug 2021	23 Aug 2023	371 971	54.26								-	371 971	371 971	12 009 604
Total				420 733									420 733	420 733	12 009 604	
PSP	25 Aug 2016	26 Aug 2019	26 Aug 2019	60 324	87.86			60 324					-	-	-	
	24 Aug 2017	24 Aug 2020	24 Aug 2020	89 137	65.63								89 137	89 137	-	
	23 Aug 2018	23 Aug 2021	23 Aug 2021	131 680	51.09								131 680	131 680	2 125 737	
	29 Aug 2019	29 Aug 2022	29 Aug 2022			142 918	51.78						142 918	142 918	2 307 154	
Total				281 141		142 918		60 324					363 735	363 735	4 432 891	
<b>Total</b>				<b>701 874</b>		<b>142 918</b>		<b>60 324</b>					<b>784 468</b>	<b>784 468</b>	<b>16 442 495</b>	
<b>ZYDA RYLANDS</b>																
SARS	23 Aug 2012	27 Aug 2015	26 Nov 2019	38 304	51.48					38 304	57.74	239 721	-	-	-	
	29 Aug 2013	29 Aug 2016	29 Aug 2020	40 790	56.06								40 790	40 790		
Total				79 094						38 304		239 721	40 790	40 790		
RSP	24 Aug 2017	24 Aug 2020	24 Aug 2020	58 348	59.99								58 348	58 348	-	
	23 Aug 2018	23 Aug 2021	23 Aug 2023	445 093	54.26								445 093	445 093	14 370 451	
Total				503 441									503 441	503 441	14 370 451	
PSP	25 Aug 2016	26 Aug 2019	26 Aug 2019	73 982	87.86			73 982					-	-	-	
	24 Aug 2017	24 Aug 2020	24 Aug 2020	106 659	65.63								106 659	106 659	-	
	23 Aug 2018	23 Aug 2021	23 Aug 2021	157 566	51.09								157 566	157 566	2 543 619	
	29 Aug 2019	29 Aug 2022	29 Aug 2022			171 012	51.78						171 012	171 012	2 760 681	
Total				338 207		171 012		73 982					435 237	435 237	5 304 300	
<b>Total</b>				<b>920 742</b>		<b>171 012</b>		<b>73 982</b>					<b>938 678</b>	<b>979 468</b>	<b>19 674 751</b>	

### NOTES

1. Realisation value based on taxable benefit at date of sale or transfer.
2. Fair value calculated based on 30-day VWAP at 30 June 2020 of R32.29 (2019: R47.44), 50% vesting probability for unvested PSP awards, and 100% vesting for RSP awards.

## NON-EXECUTIVE DIRECTORS' 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 28 June 2020 and comparatives for 30 June 2019 are set out below.

2020										
Notes	Directors' fees (1) R'000	Audit Committee member R'000	Nominations Committee member R'000	Remuneration Committee member R'000	Risk & 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 (3)	1 852	141	141	116	116	105	105	77	34	2 687
Simon Susman (4)	706	-	45	50	50	45	194	-	84	1 174
Zarina Bassa (5)	1 381	179	105	176	221	-	-	77	113	2 252
Tom Boardman (6)	271	-	73	96	50	45	45	-	17	597
Christopher Colfer (7)	2 940	150	70	77	117	-	-	-	171	3 525
Belinda Earl (8)	1 373	-	-	-	116	-	68	-	-	1 557
Andrew Higginson (9)	1 075	144	85	93	93	-	-	-	1	1 491
David Kneale	379	-	105	116	116	-	-	-	25	741
Nombulelo Moholi	400	-	-	122	122	189	111	-	54	998
Thembisa Skweyiya	379	179	-	-	116	-	68	-	23	765
Clive Thomson (10)	812	238	-	-	100	68	-	105	22	1 345
	<b>11 568</b>	<b>1 031</b>	<b>624</b>	<b>846</b>	<b>1 217</b>	<b>452</b>	<b>591</b>	<b>259</b>	<b>544</b>	<b>17 132</b>

2019										
Notes	Directors' fees (1) R'000	Audit Committee member R'000	Nominations Committee member R'000	Remuneration Committee member R'000	Risk & 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
Simon Susman (4)	1 728	-	111	122	122	111	189	-	310	2 693
Hubert Brody (3)	1 546	345	56	61	122	56	56	45	279	2 566
Patrick Allaway (11)	2 149	115	-	74	74	-	-	27	4	2 443
Zarina Bassa (5)	1 210	189	111	122	234	-	-	22	239	2 127
Tom Boardman (6)	663	-	178	234	122	111	111	-	153	1 572
Andrew Higginson (9)	1 403	189	56	122	122	-	-	-	9	1 901
Gail Kelly (11)	982	-	68	74	74	-	68	-	7	1 273
David Kneale (12)	124	-	34	38	38	-	-	-	4	238
Nombulelo Moholi	401	-	-	122	122	189	111	-	170	1 115
Sizakele Mzimela (13)	138	-	-	-	42	-	-	-	38	218
Thembisa Skweyiya (12)	124	59	-	-	38	-	-	-	32	253
	<b>10 468</b>	<b>897</b>	<b>614</b>	<b>969</b>	<b>1 110</b>	<b>467</b>	<b>535</b>	<b>94</b>	<b>1 245</b>	<b>16 399</b>

### NOTES

- Directors' fees are exclusive of Vat and are reflected post COVID-19 fee reduction for period April-June 2020.
- Benefits are discounts received on purchases made in WHL Group stores (2019: include Vat paid on directors' fees).
- Hubert Brody was appointed as Chairman on 27 November 2019. His director's fees earned include fees while he was the Chairman of Woolworths Audit Review Panel of R87 767 (2019: R332 547). He was paid R486 122 (2019: R865 404) for the additional hours he worked as Deputy Chairman during the year and the 2018 David Jones impairment.
- Simon Susman retired from the Board on 27 November 2019. He does not earn any fees for his role of Honorary President, and is entitled to fees in his role as Acting Chairman of the Sustainability Committee. He received post-retirement healthcare by virtue of him previously holding the role of Group CEO and retiring from that position.

Benefits of R84 077 (2019: R310 461) include the following:

- post-retirement healthcare benefit of R34 266 (2019: R39 858);
- discounts received on purchases made in WHL Group stores of R49 811 (2019: R55 971).

- Zarina Bassa was appointed as the Lead Independent Director on 27 November 2019. Zarina's director's fees earned include fees as a Non-executive Director for Woolworths South Africa of R818 621 (2019: R931 103).

- Tom Boardman retired from the Board on 27 November 2019.

- Christopher Colfer was appointed to the Board on 1 July 2019. He was appointed to the Audit, Nominations, Remuneration, and Risk and Compliance Committees. He was also appointed as a Non-executive Director of DJ and CRG and Chairman of the Risk and Compliance and Remuneration Committees. He earned fees of R1 520 417 from DJ and CRG.

- Belinda Earl was appointed to the Board on 1 July 2019. She was appointed to the Risk and Compliance and Sustainability Committees.

- Andrew Higginson resigned from the Board on 31 March 2020. His director's fees were paid in Sterling as a British resident.

- Clive Thomson was appointed to the Board on 19 August 2019. He was appointed to the Audit, Risk and Compliance, Social and Ethics Committees, Chairman of the Treasury Committee, Chairman of the WSA Audit Panel (fees of R239 903) and Chairman of the DJ and CRG Audit Committee (fees of R244 897).

- Patrick Allaway and Gail Kelly resigned from the Board on 8 February 2019.

- David Kneale and Thembisa Skweyiya were appointed to the Board on 11 March 2019.

- Sizakele Mzimela resigned from the Board on 5 November 2018.

# GLOSSARY



## ABBREVIATIONS USED IN THIS INTEGRATED ANNUAL REPORT

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

### A

**aPBT:** Adjusted profit before taxation

**aEBIT:** Adjusted earnings before interest and taxation

**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, Witchery, Mimco 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

### 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

**dti:** Department of Trade and Industry

### E

**EBIT:** Earnings before interest and taxation

**EBITDA:** Earnings before interest, taxation, 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

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

### J

**JAWS:** JAWS ratio; The percentage increase in sales ahead of increase in expenses

**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 3-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; 3-year financial strategic plan

### 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 1-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 Barclays Africa Group 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), Country Road Group Proprietary Limited (Country Road Group or CRG), and David Jones Proprietary Limited (David Jones or DJ). Woolworths Financial Services Proprietary Limited (WFS) is a joint venture with Barclays Africa Group, 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

To find out more about what  
we're doing, visit

We appreciate any feedback on our Integrated Annual Report.  
[Please contact InvestorRelations@woolworths.co.za](mailto:InvestorRelations@woolworths.co.za)

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