



**WOOLWORTHS HOLDINGS LIMITED**

*2021 Remuneration Report*

*As extracted from the 2021 Integrated Annual Report*

**START**

# OUR REMUNERATION REPORT

*On behalf of the Board, I am pleased to present the Group's Remuneration Policy and the Implementation Report.*



**THE PASSION, DEDICATION AND COMMITMENT OF OUR PEOPLE HAS DELIVERED STRONG FINANCIAL PERFORMANCE.**

The Covid-19 pandemic and its impact on the lives and livelihoods of many of the Group's stakeholders has been at the forefront of the Remuneration and Talent Management Committee's discussions during the year. Over the past year, our businesses have shown their resilience during these testing times. Much of the resilience is due to the passion, hard work, diligence, and commitment of all our people. Our frontline staff in stores have often placed their lives at risk to ensure the stores are safe and operational for our customers. Our supply chain staff have worked tirelessly to ensure product is available in stores and delivered to customers. All our people and leaders, in the face of relentless pressure, have shown amazing resilience in these unprecedented times.

An underlying ethos of our remuneration practices is to motivate and reward our people for performance. This has been evident over the past three years, when our financial and strategic performance has been below acceptable levels resulting in minimal benefits for both the short- and long-term incentive participants. Pleasingly, our financial performance for 2021 is much improved, with aPBT up 111% on 2020 performance, and significant progress has been made in delivering to our strategic objectives. We have seen good growth in our digital and online offering with strong double- and treble-digit growth, our gearing has reduced by 91% to R1.1bn, our cost base continues to be reviewed and challenged to right-size it for future operations, and our Australian operations have a renewed vigour and drive with the appointment of two new CEOs.

This performance has guided the committee in the application of the Remuneration Policy for the executive directors and our people.

## SHAREHOLDER ENGAGEMENT

I would like to acknowledge the open and frank engagement we had with shareholders on the 2020 Implementation Report and 2021 Remuneration Policy prior to the 2020 AGM. Shareholders indicated strong opposition to aspects of the policy and remuneration payments in 2020, which led to a disappointing approval of only 18% for the Implementation Report. We understand their concerns and believe that they largely related to the exit package of the outgoing CEO (circumstances which are not anticipated to be repeated), the request for further disclosure of performance measures attributable to the sign-on RSP award made to Roy Bagattini, and details of the inclusion of a strategic component in the Corporate STI bonus scheme.

Shareholders requested further disclosure of the 40% strategic objectives element of the Corporate STI scheme. The strategic objective component was introduced to acknowledge the urgency in delivering key elements of our strategy for the Group to be more competitive for the future. While it would be inappropriate to share specific details of our strategic objectives, we have taken the approach to explain the achievements of the strategic objectives for the executive directors using a more commentary-based approach. More details on the strategic objectives per director can be found on page 96.

The committee delayed the finalising of the performance conditions for the 2020 allocations for the long-term incentive schemes given the uncertainty created by Covid-19 on setting appropriate budgets for the 2021 financial year. The measures and weighting were published on SENS on 17 November 2020 and can also be found on page 84.

Additional specific items raised by shareholders during engagements prior the 2020 AGM and the outcomes of the Remuneration and Talent Management Committee's subsequent deliberations are elaborated on page 84.

Following the publication of this Remuneration Report, Hubert Brody, myself, and Chantel Reddiar will, once again, personally engage with our key shareholders. We look forward to the engagements and receiving their view on our 2021 Implementation Report and Remuneration Policy for the 2022 financial year.

***I WOULD LIKE TO ACKNOWLEDGE THE OPEN AND FRANK ENGAGEMENT WE HAD WITH SHAREHOLDERS ON THE 2020 IMPLEMENTATION REPORT AND 2021 REMUNERATION POLICY PRIOR TO THE 2020 AGM.***

## 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 24 November 2021

### IMPLEMENTATION REPORT

Detailed information on how we have implemented the Remuneration Policy, based on the Group's performance in 2021. Will be voted on at the AGM on 24 November 2021



## IMPLEMENTING OUR REMUNERATION POLICY IN THE 2021 FINANCIAL YEAR

It has been a challenging year to apply a Remuneration Policy, developed pre-Covid, with the differing interests of our stakeholders – employees, shareholders, community – and use circumspect discretion when considering the executive directors' total remuneration. Balancing guaranteed pay and short- and long-term variable remuneration against a real need for our experienced leaders to deliver our strategic objectives and drive the transformation of the Group, has meant for robust deliberations.

The committee acknowledges that applying remuneration policies in uncertain, unpredictable times and for a 'new normal' may not fully satisfy the needs of all our stakeholders. Many stakeholders view the Covid-19 impacts as analogous to wartime impacts, given the loss of human life, loss of livelihoods, growing unemployment, increased poverty and social inequality, and challenges to public health systems. Awards of any variable remuneration components must, therefore, be fair and ethical when considering the social and economic devastation brought about by the pandemic in the last eighteen months.

### GUARANTEED PAY

A zero percent increase was applied to the guaranteed pay for the executive directors and all management levels in the Group. This principle was also applied to the non-executive directors whose fees remained constant with those earned for the 2020 financial year. Frontline store staff received a 4% increase in WSA and a 1.6% increase in Australia, while supply chain staff received an increase in line with the relevant bargaining arrangements.

### SHORT-TERM VARIABLE REMUNERATION

The construct of the Corporate STI scheme was amended for the 2021 financial year to include both financial and non-financial strategic measures. The strategic objective component was introduced to acknowledge the urgency in delivering key elements of our strategy for the Group to be more competitive for the future. Successful achievement of the strategic objectives should result in a Group more able to deal with the structural shift of retail, an online and more digitally focused trading environment, given changed consumer behaviour and shopping patterns arising from a more flexible and hybrid working environment. More details on the strategic objectives for the executive directors can be found on page 96.

Setting financial budgets and targets for the financial component of the Corporate STI scheme has also been challenging. The committee recognised that actual performance could result in significant under- or over-achievement against the targets. Based on the 2021 financial performance, there has been a sizeable over-achievement of the threshold, on-target, and stretch targets.

The committee thus exercised its discretion in the application of the Corporate STI to balance payments to employees with delivering returns to shareholders. The STI bonus pool was reduced by 50% for the 2020 financial year and this reduced level was maintained for the 2021 financial year. In addition, based on committee members' collective experience of remuneration policy application, they applied their professional judgement in further reducing STI payments to generally accepted norms and concluded on a capping at 7.74% of Group aPBT. The capping of the STI payments does not derogate from the sincere acknowledgement to all our people for their tremendous effort in achieving the financial results. More details are provided on page 95.

## LONG-TERM VARIABLE REMUNERATION

### ALLOCATIONS FOR THE 2021 FINANCIAL YEAR

In uncertain circumstances, where target setting is very difficult as experienced last year, it is appropriate to select a relative measure as opposed to an absolute target. It was agreed, in addition to aHEPS growth of the Group, to introduce a relative aHEPS growth measure against an appropriate peer group as a target to ensure that the Group continues to perform in the Retail sector and address shareholder expectations. The selected peer group consists of JSE-listed retailers. The retailers were selected based on three of them having an offshore exposure similar to WHL's exposure of 20%, and so can be comparable. After consideration, ASX-listed retailers were not included in the peer group as we believe that shareholders would not ordinarily invest in WHL to obtain access to Australia, when they would be able to access equity directly in Australia. In addition, it would be difficult to normalise the base of Australian retailers for comparability purposes. HEPS is not traditionally measured in Australia and would require further insights into their businesses. The peer group thus comprises: Foschini Group, Massmart, Mr Price Group, Pick n Pay, Shoprite, Spar, and Truworths. PwC, as independent consultants to the committee, will validate this performance measure at the time of testing in the future.

With the high level of debt on the balance sheet and the need to reduce the levels of gearing, it was agreed to retain the cash flow measure for the 2021 financial year PSP allocations by the means of an absolute debt reduction target. This was intended to encourage a determined effort to achieve more acceptable gearing levels and maintain a focus on cash management for future performance. This objective was achieved.

### VESTING OF ALLOCATIONS MADE IN 2018 AND TESTED IN THE 2021 FINANCIAL YEAR

Vesting for our long-term share schemes is subject to the achievement of financial metrics. Metrics are measured over three years to reward delivery over a longer period. Consequently, the pandemic has negatively affected the potential achievement of the aHEPS, ROCE, and cash flow performance conditions.

Following on from a decision taken for the 2020 financial year, the committee once again agreed that it would be inappropriate to amend the share scheme targets for employees while shareholders have experienced lower financial performance.

During the year, significant work has been done to reduce the debt levels of the Group, resulting in the achievement of the net debt:EBITDA measure, which has a 20% weighting. The other two measures – aHEPS and ROCE – were not achieved, and therefore only a partial vesting of the 2018 LTI allocations took place. It is also anticipated that there may be limited vesting in 2022, after which the negative impact of the pandemic on financial performance will have worked its way through the metrics, should the pandemic be brought under control.

No long-term share schemes were amended; targets remained constant as they were when set in 2018.

## DEVELOPING OUR REMUNERATION POLICY FOR THE 2022 FINANCIAL YEAR

### GUARANTEED PAY

Recognising that executive directors and management levels did not receive a guaranteed pay increase in 2021, the committee has approved a 4.5% increase for South Africa and 2.0% for Australia for the 2022 financial year. In South Africa, we have maintained the principle that store staff are given an increase higher than management levels.

Non-executive directors' fees are proposed to increase by 4.25% for South Africa and CPI-related increases for Australian and UK based directors.

### SHORT-TERM VARIABLE REMUNERATION

As highlighted in our annual results presentation, from July onwards, more than half of the Australian population has been subject to varying forms of hard lockdown to stem the spread of the Covid-19 Delta variant. This will have a significant impact on DJ and CRG's ability to trade from their bricks and mortar stores, and will also put pressure on consumer expenditure.

The committee deliberated this at a special committee meeting on 29 September 2021 and applied its discretion to significantly reduce the initial 2022 financial year budgeted bonus pools of CRG and DJS. The 100% budgeted bonus pool for Woolworths SA has been maintained whilst the profit sharing subsequent to the achievement of budget for Woolworths SA has been reduced to 20% employees and 80% shareholders. An additional gatekeeper for the payment of the 40% achievement of the strategic contribution component has been introduced, being a minimum achievement of 80% of the entity's budget. The committee will continue to monitor actual performance in the context of the uncertain trading environment and consider the application of discretion where necessary.

### LONG-TERM VARIABLE REMUNERATION

The committee deliberated on the performance measures, weightings, and targets for the PSP allocations to be awarded in the 2022 financial year. While there is still much uncertainty and volatility in the retail market and the economies of South Africa and Australia, it was agreed that it would be appropriate to retain three of the four measures used for the 2021 allocations.

The retention of cash flow as an additional metric was considered. The sale of the David Jones Elizabeth Street store and the actions taken to reduce the level of debt have largely brought the Group's gearing under control. While we acknowledge the importance of targeting solvency and positive cash flow, it was concluded that driving profitability and ROCE measures inherently drives improved solvency and lower levels of debt. As a result, we have excluded cash flow as a LTI measure for the 2021 allocation.

The performance measures for retained allocations in 2022 will therefore be aHEPS growth (30% weighting), relative aHEPS growth against a peer group (30% weighting), and ROCE (40% weighting) measures. More details on the performance conditions can be found on page 97.

***WHILE THERE IS STILL MUCH UNCERTAINTY AND VOLATILITY IN THE RETAIL MARKET AND THE ECONOMIES OF SOUTH AFRICA AND AUSTRALIA, IT WAS AGREED THAT IT WOULD BE APPROPRIATE TO RETAIN THREE OF THE FOUR MEASURES USED FOR THE 2021 ALLOCATIONS.***





**DELIVERY OF STRATEGIC OBJECTIVES**

As mentioned earlier, a critical component of restoring the Group to be future-fit ready for the more digital and omni-retail environment is the deliberate and successful execution of its strategic objectives.

As part of Roy Bagattini’s sign-on RSP award, the Nominations Committee included the development and delivery of strategic objectives as part of the performance conditions attached to the vesting of the shares. The award has a five-year performance period with three tranches of vesting. More details on the performance conditions can be found on page 84.

This principle was also adopted for a retention allocation of RSP shares awarded to Sam Ngumeni, the Group’s Chief Operating Officer, in September 2020. The award has a three-year performance period, with vesting conditional on the delivery of achievement of specific digital, online, data analytics, and cost efficiencies and his continued employment with the Group. The performance conditions for this award are outlined on page 97.

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, PwC provided advice on local and global remuneration trends, including variable pay, as well as with specific benchmarking data on non-executive directors’ fees. Executive director remuneration advice was provided by DG Capital, and for the Australian operations, Mercer.

**CONCLUSION**

In conclusion, 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.

The Remuneration Policy (pages 87 to 92) and the Implementation Report (pages 93 to 100) will be tabled as non-binding advisory shareholder resolutions at the AGM on 24 November 2021. 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](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.

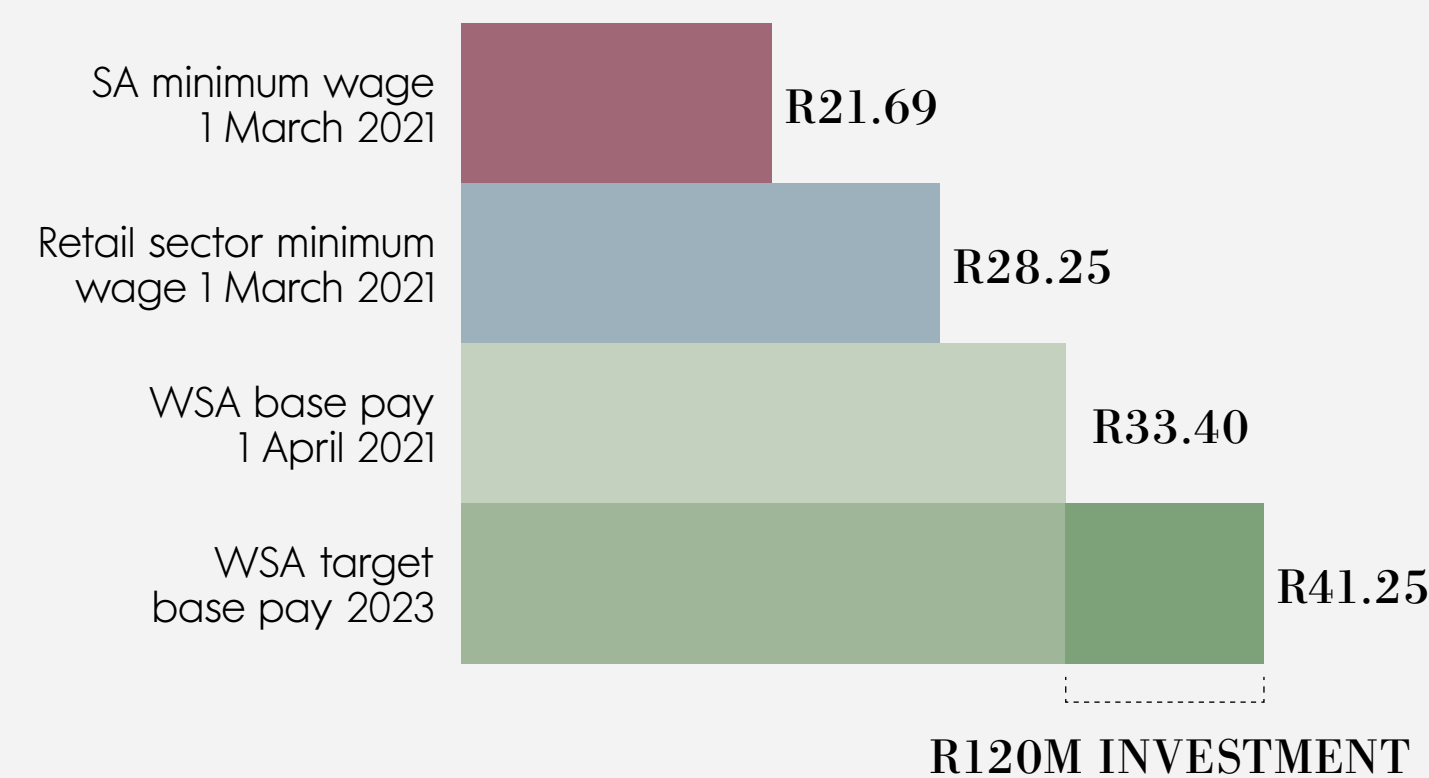
ZARINA BASSA

Chairman of the Remuneration and Talent Management Committee

**IMPROVING THE LIVES OF WSA STORE STAFF**

The pandemic has only served to highlight socio-economic disparities, particularly in South Africa. A key principle for our fair and responsible remuneration practices is to actively move away from minimum wage legislative requirements to providing a living wage.

We started with the concept of a ‘just wage’ in 2019, a wage which would recognise the critical need to close the remuneration gap in the context of the socio-economic environment in South Africa. Last year, the WSA base pay was 47% higher than the SA minimum wage rate and 13% above that of the Retail sector. To further accelerate the improvement in the lives of WSA store-based employees, we will 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. This investment will bring a meaningful benefit to the more than 20 000 store staff and go a long way towards our ‘just wage’ aspirations.





## SUPPLEMENTARY INFORMATION TO REMUNERATION CHAIRMAN'S LETTER

### SHAREHOLDER ENGAGEMENT AND FEEDBACK PRIOR TO AGM ON 27 NOVEMBER 2020

SHAREHOLDER FEEDBACK	COMMITTEE RESPONSE AND ACTION
<b>IMPLEMENTATION REPORT FOR 2020</b>	
The quantum and nature of the exit package for the outgoing CEO, Ian Moir	The committee acknowledged this, explained the circumstances, noting that it was an occurrence that was unlikely to be repeated in future
Additional disclosure of the once-off allocation awarded to the incoming CEO, Roy Bagattini	Confirmed the intent to disclose retrospectively See details below
<b>REMUNERATION POLICY FOR 2021</b>	
Merits of using weighted CPI versus nominal GDP as base case hurdle rate for LTI HEPS performance condition	The committee continues to deliberate this request. However, considering the unpredictability and volatility of GDP forecasts as a result of the Covid-19 pandemic, it was agreed to retain weighted CPI as a base for 2021 allocations. 2022 allocations will use SA CPI as a base
The need to explain the LTI performance measures, weightings, and targets in the 2020 Remuneration Policy for the 2021 financial year	Confirmed the intent to disclose retrospectively We have provided detailed feedback on the LTI measures for the 2021 allocations alongside and in the Implementation Report, page 97
Understanding that the strategic objectives component in the corporate short-term performance scheme is new, explain how this is determined for the executive directors	Confirmed the intent to disclose retrospectively We have introduced a commentary and assessment of the performance for each executive director against the strategic component of their Corporate STI performance in the Implementation Report, page 96

### SIGN-ON RSP ALLOCATION FOR INCOMING CEO IN 2020

As part of Roy Bagattini's employment agreement, he was awarded a sign-on allocation of RSP shares, the vesting of which is subject to the achievement of specific non-financial measures. It was agreed that the measures would be consistent across the five-year performance period, would be strategic and transformative in nature, and would have a two-step measurement process. The initial measurement is the establishment of the strategic objective with future measurement dependent on maintaining the delivery trajectory to drive continued value creation for the Group in each measure.

The agreed measures are summarised as follows:

- Successfully execute and maintain the capital plan for the Australian operations together with the separation of banking covenants and thereafter maintain the Group's capital position at a secure level, while seeking an optimal return on capital
- Protect and maintain WSA Food's market leading position
- Development and approval of realistic strategic plans for DJ, CRG, and the WSA FBH businesses to drive consistent value
- Establish online and omni strategies for the Group, considering the different lifecycles in each company, driving a step change and take-up of online
- Implement and maintain a new divisional operating model, while enhancing talent management and leadership capacity and processes

### PERFORMANCE CONDITIONS FOR THE 2021 FINANCIAL YEAR LTI ALLOCATIONS

MEASURE	WEIGHTING	THRESHOLD (30% VESTING)	ON TARGET (100% VESTING)
aHEPS	25%	aHEPS growth > weighted CPI +1% (SA + Aus)	aHEPS growth > weighted CPI +3% (SA + Aus)
aHEPS relative to peer group	25%	3-year average growth => median	3-year average growth => upper quartile
ROCE	25%	ROCE > WACC +0.5%	ROCE > WACC +3%
Cash Flow	25%	Bank net gearing <= R4.324bn	Bank net gearing <= R3.0bn

### EXECUTIVE DIRECTORS' REMUNERATION

FINANCIAL YEAR	GUARANTEED PAY % INC	CORPORATE STI VESTING*	LONG-TERM SHARE SCHEME VESTING
2021	0%	0.69%	20%
2020	4.54%	0%	0%
2019	5.75%	0%	0%
2018	4.83%	0%	0%

\* Expressed as a % of Group aPBT

The table alongside shows the level of remuneration paid to the executive directors over a four-year period. We have consistently ensured that staff and management levels' guaranteed pay increases have exceeded those of the executive directors in order to close the 'remuneration gap'. In addition, store staff have regularly earned short-term incentives by way of the Gain-share scheme, while management and executive directors have earned limited bonuses for the preceding three years. Discretionary bonuses of R28 million were paid in 2020 to selected employees in recognition of their extraordinary effort during the height of the pandemic, ensuring that our WSA Food business and related support areas ran seamlessly during the most severe of lockdown levels.

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

REMUNERATION	GUARANTEED PAY (GP)	VARIABLE PAY (VP)
SHORT-TERM INCENTIVES (STI)	LONG-TERM INCENTIVES (LTI)	DIRECTORS' FEES

# AT A GLANCE

## SHAREHOLDER ENGAGEMENT AND REMUNERATION POLICY

### SHAREHOLDER VOTING AT AGM HELD ON 27 NOVEMBER 2020

**74.76%**

Remuneration Policy

2019: 95.23%

**17.76%**

Implementation Report

2019: 69.25%

**95.54%**

Non-executive Directors' Remuneration

2019: 94.66%

### FEEDBACK FROM SHAREHOLDER ENGAGEMENTS

- Strong opposition to the exit package for outgoing CEO
- Reconsider the merits of using weighted CPI versus nominal GDP as base case hurdle rate for LTI HEPS growth performance condition
- Provide additional detail for LTI performance measures, weightings, and targets in respect of allocations made in the 2021 financial year
- Additional disclosure required regarding the strategic performance component in the Corporate Short-Term Incentive scheme for the executive directors
- Provide additional detail for 2020 performance conditions linked to the once-off joining RSP allocation to the new Group CEO

### SHARES AVAILABLE FOR LTI SCHEME

**85.0M**

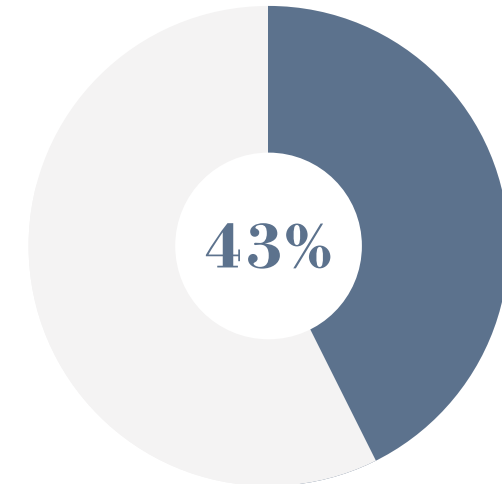
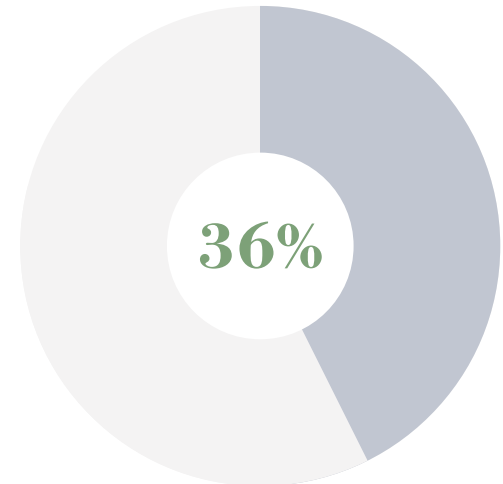
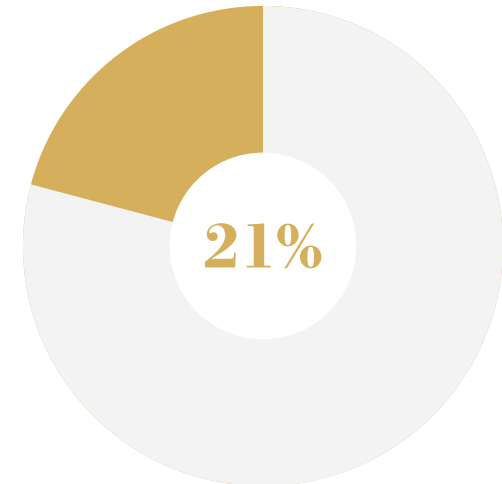
APPROVED

**67.2M**

UTILISED

### REMUNERATION POLICY FOR THE 2022 FINANCIAL YEAR

Key components of the Group's Remuneration Policy 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	Three years for PSP shares Up to five years for RSP shares
Performance measures	Individual performance measures (IPM)	Group aPBT Delivery of strategic objectives Company/business unit aEBIT Individual performance - IPM (as a modifier)	aHEPS growth, relative aHEPS and ROCE
Other		Malus and clawback provisions	Malus and clawback provisions
Method of delivery	Cash	Cash	WHL shares
Potential aggregated remuneration mix for executive directors	 <p>43%</p>	 <p>36%</p>	 <p>21%</p>

USEFUL LINK  
FOR MORE DETAIL



# AT A GLANCE IMPLEMENTATION REPORT FOR THE 2021 FINANCIAL YEAR

## GROUP PERFORMANCE MEASURES

**+111%**  
aPBT growth

**399.8cps**  
aHEPS

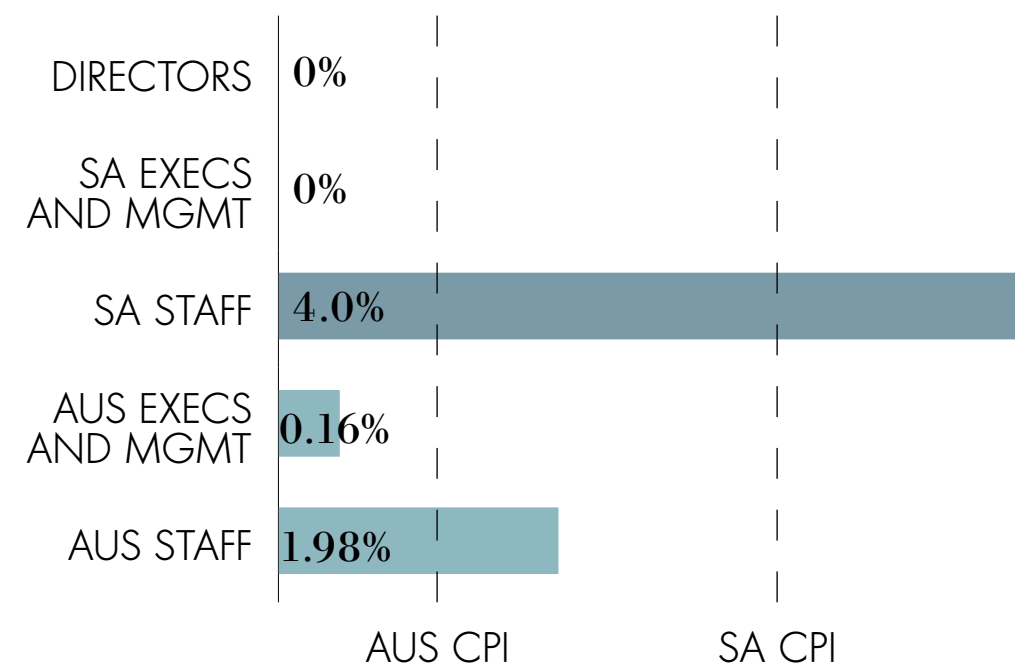
**11.7%**  
ROCE  
(three-year average)

**0.87x**  
Net debt:EBITDA

NON-EXECUTIVE DIRECTORS' PROPOSED FEE INCREASE FOR CALENDAR YEARS

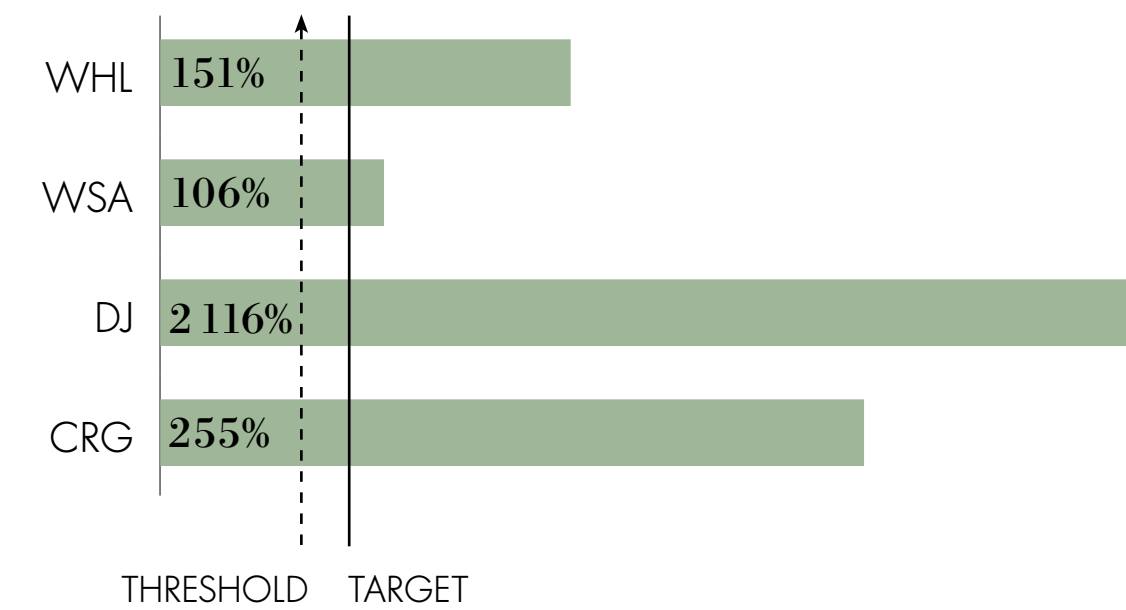
**4.25%**  
2021: 0%

### GUARANTEED PAY INCREASE EFFECTIVE OCT 2020



OUTCOME: Executive directors GP increase 0%

### CORPORATE SHORT-TERM INCENTIVE SCHEME (2021 FINANCIAL YEAR PERFORMANCE)

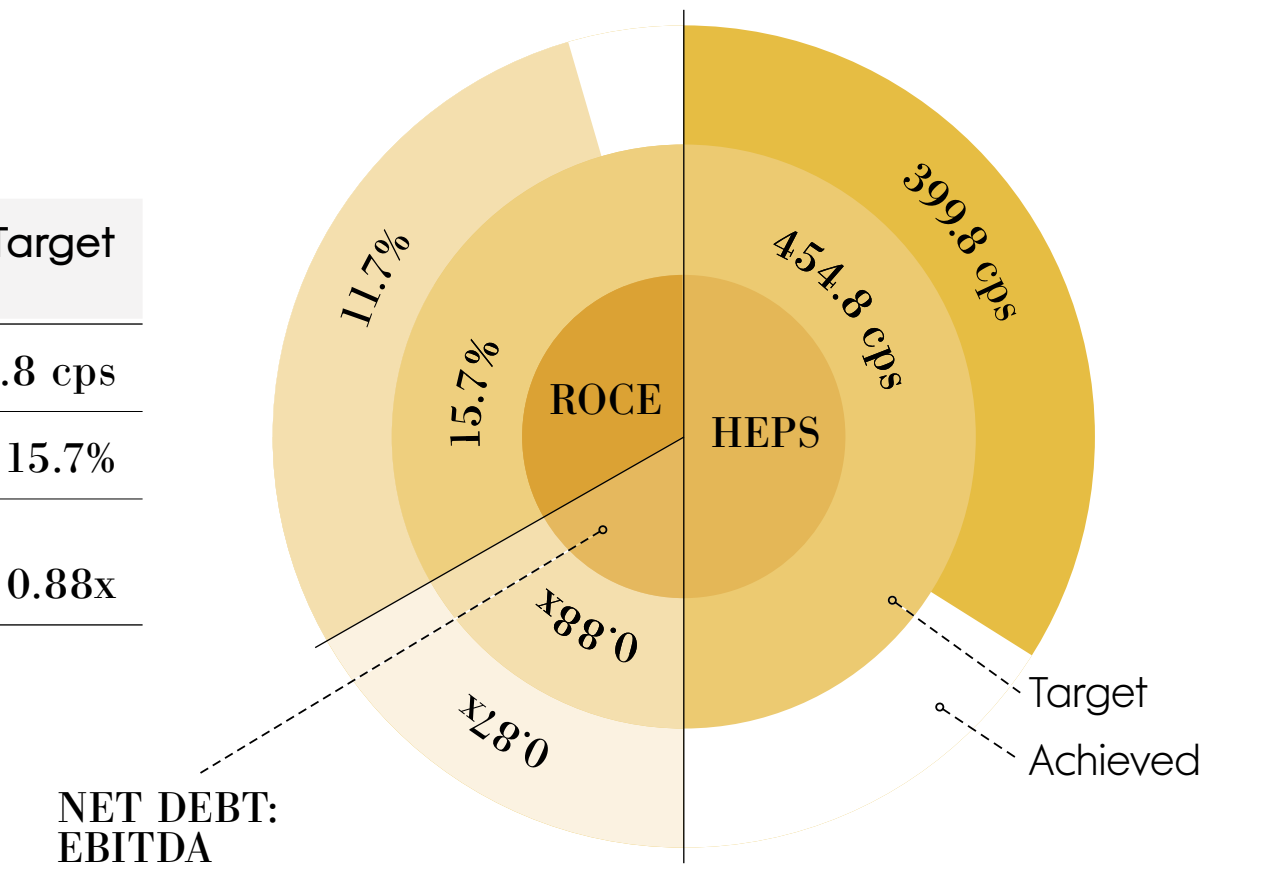


OUTCOME: Corporate STI targets achieved, payments awarded, downward discretion exercised

### LONG-TERM INCENTIVE SCHEME (ALLOCATIONS MADE IN 2018)

Performance condition	Weighting	Achieved	Target
HEPS	50%	399.8 cps	454.8 cps
ROCE	30%	11.7%	15.7%
NET DEBT: EBITDA	20%	0.87x	0.88x

OUTCOME: 20% vesting



### LONG-TERM INCENTIVE ALLOCATIONS MADE IN 2021

GROUP CEO  
**663 356\***  
RSP SHARES

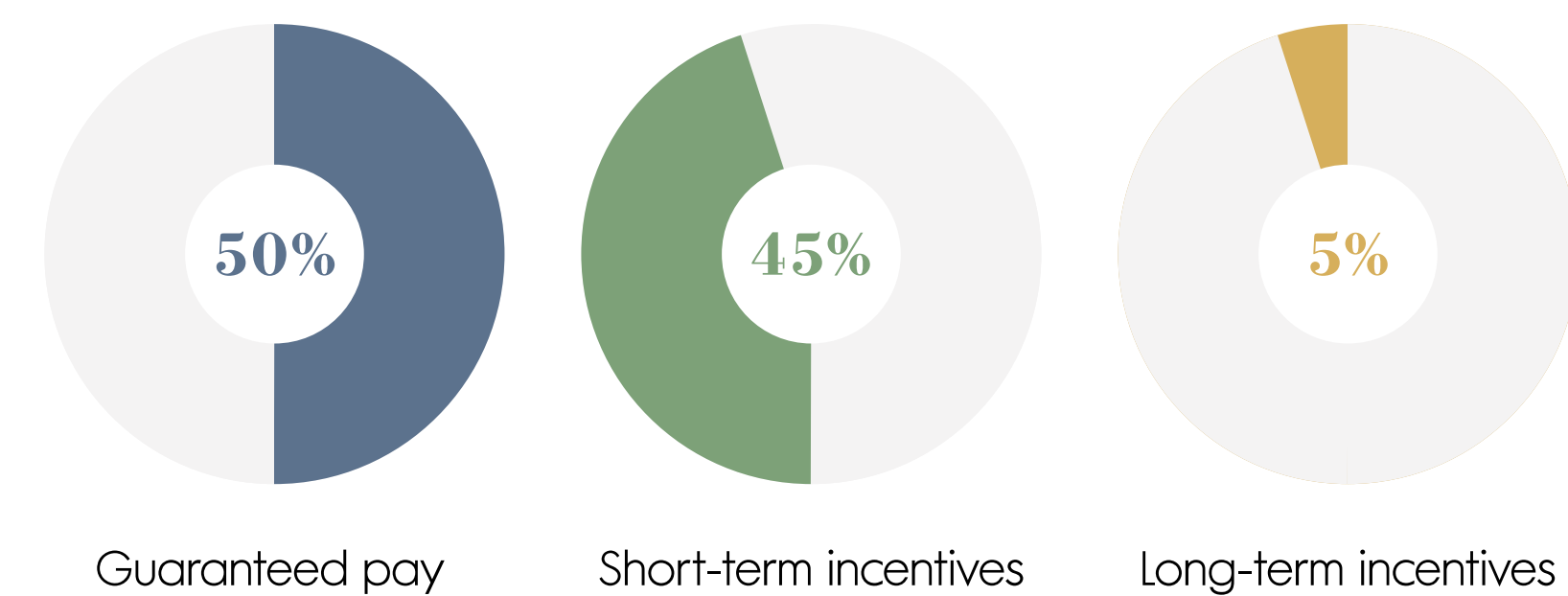
EXECUTIVE DIRECTORS  
**676 952\***  
PSP SHARES

OTHER EMPLOYEES  
**6.8M\*\***  
PSP SHARES

EXECUTIVE DIRECTOR RETENTION\*  
**671 424\*\*\***  
RSP SHARES

\* (3-year vesting, performance conditions: aHEPS growth, relative aHEPS, ROCE, debt reduction target)  
\*\* (3-year vesting, performance conditions: aHEPS growth, relative aHEPS, ROCE, debt reduction target, and IPM for lower levels of employees)  
\*\*\* (3-year vesting, performance conditions: achievement of Group's online, digital and data analytics targets, and improvement in Group's cost competitiveness)

### AGGREGATED EXECUTIVE DIRECTORS' ACTUAL REMUNERATION MIX



USEFUL LINK FOR MORE DETAIL

### SINGLE-FIGURE REMUNERATION

Single-figure remuneration is disclosed for executive directors' remuneration for 2021. 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.

	Total guaranteed pay R'000	SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES		SINGLE-FIGURE REMUNERATION
		Performance bonus R'000	Fair value of shares R'000	Dividends received R'000	Total Remuneration R'000
2021 TOTAL*	42 004	34 925**	18 755***	-	95 686
2020 TOTAL*	37 027	-	4 836	3 494	45 357

\* A component of Roy Bagattini's remuneration is paid from Australia. See page 98 for more detail. For comparison purposes, Ian Moir's remuneration in 2020 has been excluded from this table.

\*\* Vesting of Corporate STI scheme for the first time in three years

\*\*\* 20% partial vesting of 2018 PSP allocations, and partial vesting of 2018 RSP allocations



# REMUNERATION POLICY FOR THE 2022 FINANCIAL YEAR

(TO BE VOTED ON AT AGM ON 24 NOVEMBER 2021)

*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.

The remuneration policies are designed to achieve alignment between the Group’s business strategy and the behaviours of all employees against 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.

**USEFUL LINK** :  
FOR MORE DETAIL

## WOOLWORTHS SOUTH AFRICA ‘JUST WAGE’

*A ‘just wage’ – an equitable, ethically based wage – demonstrating the construct of a living wage in one 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.

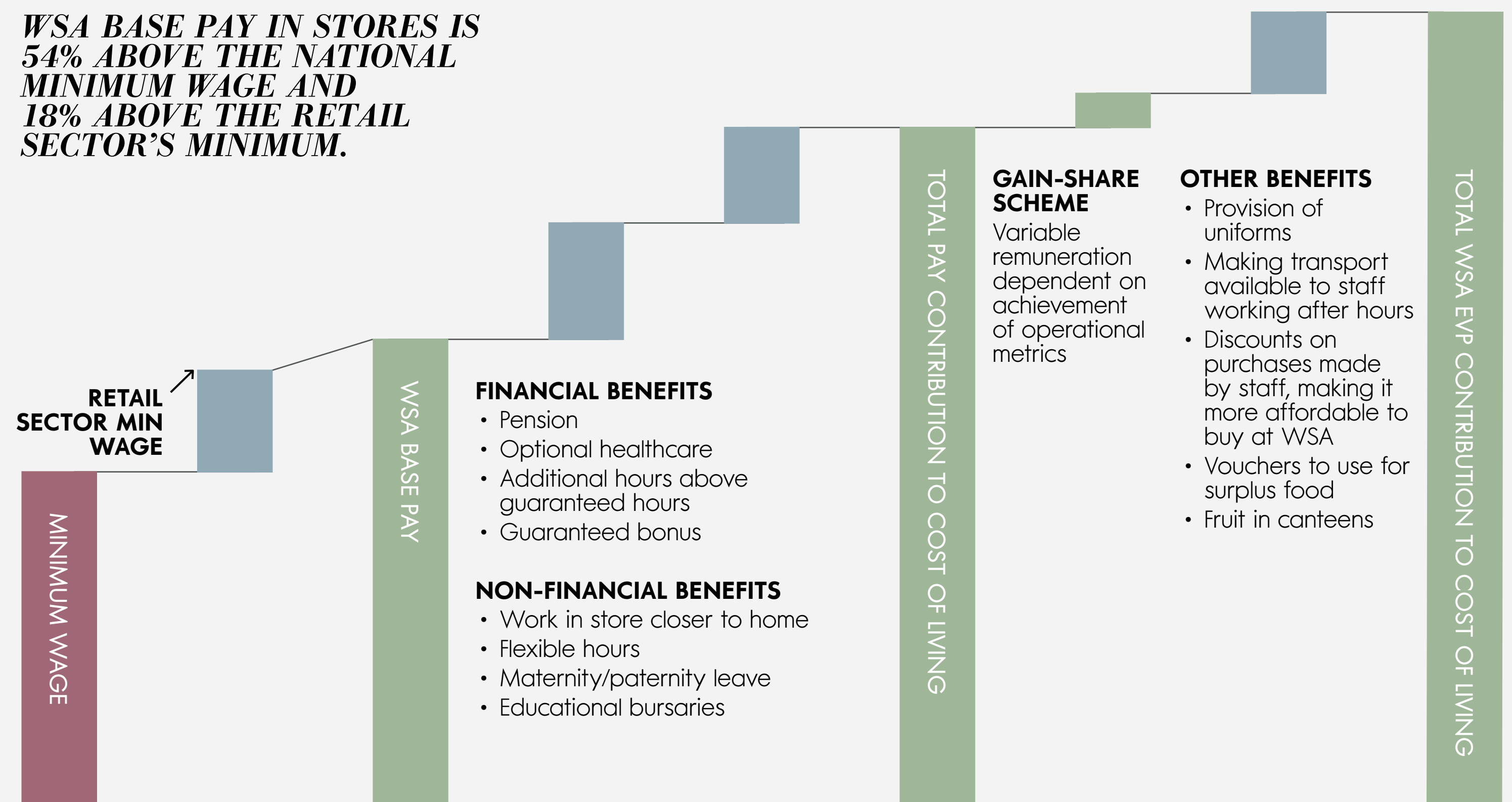
On the premise that the minimum wage is the legislated level of remuneration for an employee’s qualification and following the principle

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.

**WSA BASE PAY IN STORES IS 54% ABOVE THE NATIONAL MINIMUM WAGE AND 18% ABOVE THE RETAIL SECTOR’S MINIMUM.**



LEGISLATED MINIMUM WAGE AT 1 MARCH 2021 IS R21.69 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 were introduced effective 1 July 2019, for awards allocated to executive directors and Exco members of operating entities, effective as follows:

- Corporate STI – 2020 performance onwards
- RSP and other LTI awards – awards post 1 July 2019

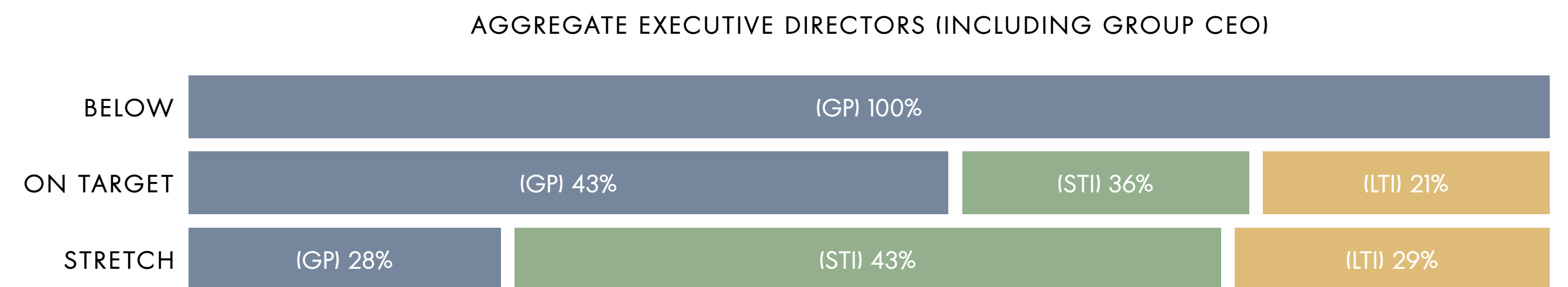
Malus provisions are applicable prior to vesting or payment, while the clawback provision is applicable for a two-year period after the payment of any Corporate STI or vesting of any LTI awards. A trigger event is defined as an event that leads to material reputational damage, material misstatement in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

The Group CEO 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. His remuneration is paid in South African rands and Australian dollars, given the time and focus on the South African and Australian businesses.

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 and Talent Management 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, 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. In one instance, the committee elected to forfeit a participant’s vesting.



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

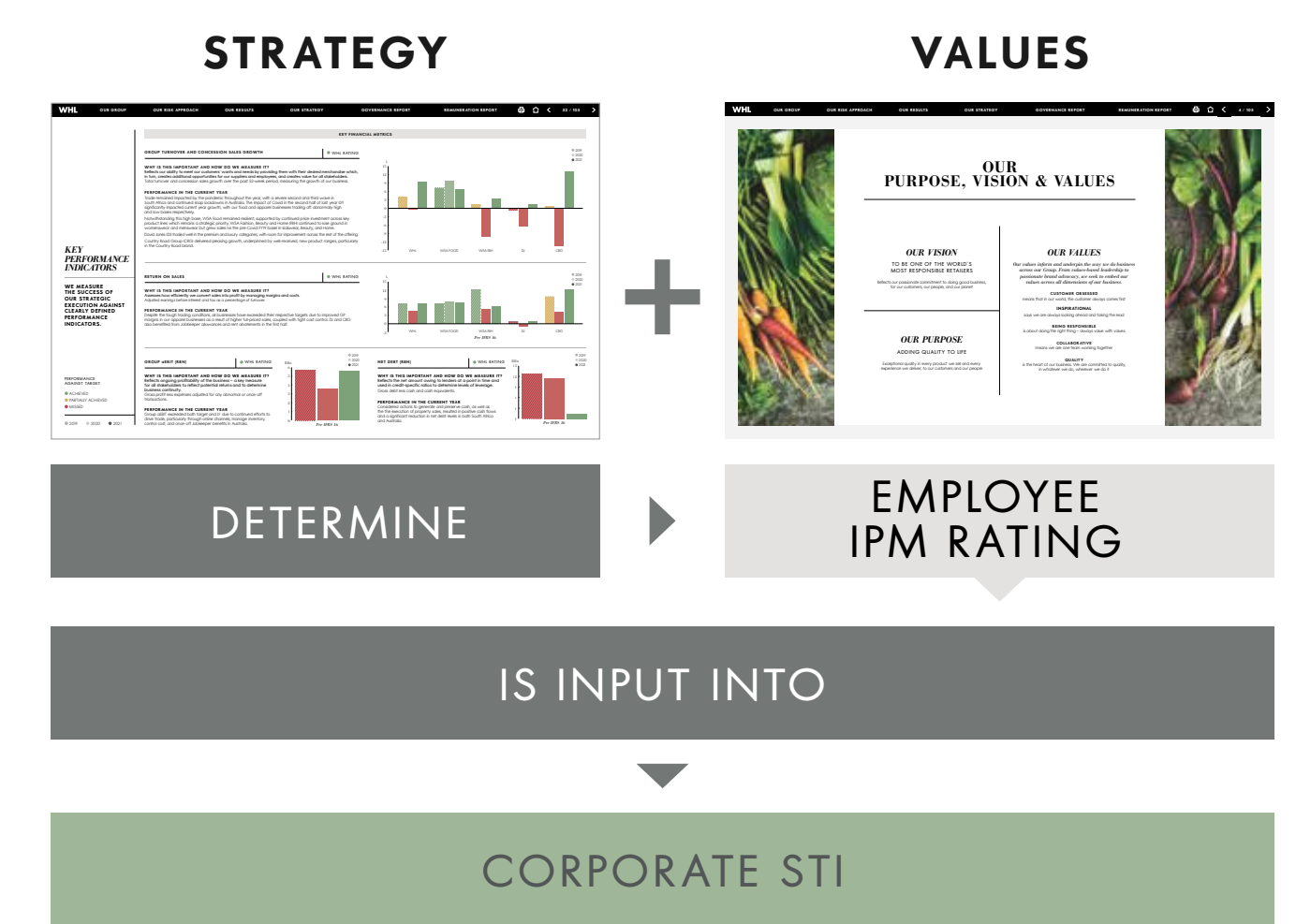
### ALIGNMENT TO STRATEGY

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 fleshed out 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.

For the 2020 and following financial year, 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 MEDIUM-TERM PLAN

The three-year medium-term plan (MTP) is the mechanism used by the Group to quantify the financial impact of the strategic focus areas.

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

MEDIUM-TERM PLAN (3 YEARS)	INCLUDED IN	PERFORMANCE CONDITIONS		
		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 :

OUR INSPIRATION						
TO BE A LEADING, PURPOSE-DRIVEN, TRULY CONNECTED RETAILER						
STRATEGIC FRAMEWORK						
STRATEGIC THEMES			ENABLERS			
PROTECT AND GROW OUR PROFITABLE CORE	EXPAND FOR MORE	LEAD IN CUSTOMER EXPERIENCE	OPERATIONAL EXCELLENCE	PEOPLE		

Go to page within document



REMUNERATION POLICY FOR 2022 FINANCIAL YEAR

REMUNERATION POLICY APPLICABLE TO THE 2022 FINANCIAL YEAR

The table alongside sets out the components of the remuneration framework to be applied by the committee in the 2022 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.

GUARANTEED PAY	
BASE SALARY	OTHER BENEFITS
<p><b>PURPOSE AND LINK TO STRATEGY</b> Market-related level of remuneration with consideration to specific requirements of the role</p>	<p><b>PURPOSE AND LINK TO STRATEGY</b> 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><b>MECHANICS</b> Reviewed annually against retail peer companies in South Africa, Australia and other countries in which the Group trades, respectively  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</p>	<p><b>MECHANICS</b> <b>Benefits include:</b></p> <ul style="list-style-type: none"> <li>retirement funding, superannuation</li> <li>healthcare</li> <li>motor vehicle allowance and vehicle leasing options</li> <li>product discount on purchases made in the Group’s stores</li> <li>other benefits as per specific country</li> </ul>
<p><b>OPPORTUNITY AND MAXIMUM LIMIT</b> Base salary reviewed in context of company and Group performance, in-country CPI, and affordability</p>	<p><b>OPPORTUNITY AND MAXIMUM LIMIT</b> Some benefits and the quantum of benefits will vary according to the Group’s subsidiaries and the market in which they trade</p>
<p><b>PERFORMANCE CONDITIONS</b> Adjustments influenced by individual performance metrics aligned with strategy and behaviours to Group values</p>	<p><b>PERFORMANCE CONDITIONS</b> 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**  
**29 590**

[USEFUL LINKS FOR MORE DETAIL](#)

SHORT-TERM INCENTIVES
SHORT-TERM INCENTIVE SCHEME
<p><b>PURPOSE</b> Motivate executives and senior management to achieve short-term strategic, and financial objectives in the one-year business plan</p>
<p><b>MECHANICS</b> <b>Bonus split:</b> 60% financial and 40% strategic objectives (individual) The target is determined annually in advance Financial STI calculated as follows:</p> <ul style="list-style-type: none"> <li><b>Group CEO:</b> 100% based on Group performance</li> <li><b>Group COO and Group FD:</b> 100% based on Group performance</li> <li><b>WSA, DJ, CRG CEOs:</b> 50% based on Group performance and 50% based on respective company performance</li> <li><b>Execs:</b> 20% based on Group performance with remaining 80% based on line of sight to company and/or specific business area performance</li> </ul> <p>Strategic objective measures are specific to each employee Earnings potential is applied on a sliding scale between threshold, on-target, and stretch performance</p>
<p><b>OPPORTUNITY AND MAXIMUM LIMIT</b> On-target and stretch performance of GP.</p>
<p><b>PERFORMANCE CONDITIONS</b></p> <ul style="list-style-type: none"> <li>60% Financial target (aPBT or aEBIT), gatekeeper of 93% applied at company level only</li> <li>40% Strategic objectives, gatekeeper of 80% of aPBT or aEBIT applied</li> </ul>
<p><b>PAYMENT CYCLE</b> Payments made annually in September</p>
<p><b>MALUS AND CLAWBACK</b></p> <ul style="list-style-type: none"> <li>Malus and two-year clawback provisions apply to executive directors and Excos of operating entities</li> </ul>
<p><b>OTHERS</b> 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</p>
<p><b>NO OF PARTICIPANTS</b> <b>3 925</b></p>

LONG-TERM INCENTIVES																			
PERFORMANCE SHARE PLAN	RESTRICTED SHARE PLAN (RSP)																		
<p><b>PURPOSE</b> Motivate employees to achieve three-year strategy aligning shareholder and executive interests</p>	<p><b>PURPOSE</b> Retain and motivate 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</p>																		
<p><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 that would have been paid on the vested shares during the vesting period</p>	<p><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 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 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</p>																		
<p><b>OPPORTUNITY AND MAXIMUM LIMIT</b> Grants are made annually at the discretion of the committee based on GP at grant date. Allocations capped at:</p>	<p><b>OPPORTUNITY AND MAXIMUM LIMIT</b> Awards subject to committee discretion to determine the minimum and maximum award of GP at the grant date Allocations are limited to the Group CEO, Executive Directors, Group Exco members and selected management</p>																		
<p><b>PERFORMANCE CONDITIONS</b> Executive directors, Group Execs, operating entity Excos:</p> <ul style="list-style-type: none"> <li>Annual allocation with 100% based on financial performance conditions and weightings as below</li> </ul> <p>Senior management:</p> <ul style="list-style-type: none"> <li>Annual allocation with 50% based on financial performance conditions and 50% based on individual performance (IPM)</li> </ul>	<p><b>PERFORMANCE CONDITIONS</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 agreed performance conditions  For executive directors, where RSPs are applicable, vesting is either based on performance conditions as highlighted below or specific agreed deliverables being achieved</p>																		
<table border="1"> <thead> <tr> <th>FINANCIAL PERFORMANCE CONDITIONS</th> <th>WEIGHTING</th> <th>MEASUREMENT</th> <th>VESTING</th> </tr> </thead> <tbody> <tr> <td>aHEPS growth</td> <td>30%</td> <td>3-year CAGR of HEPS &gt; SA CPI</td> <td> <ul style="list-style-type: none"> <li>threshold 30%: CPI</li> <li>target 100%: CPI +2% YOY</li> </ul> </td> </tr> <tr> <td>Relative aHEPS</td> <td>30%</td> <td>3-year average relative to peer group of SA Retailers (MSM, MRP, SHP, TFG, SPAR, PEP, TRU, PNP)</td> <td> <ul style="list-style-type: none"> <li>threshold 30%: =&gt; median</li> <li>stretch target 100%: =&gt; upper quartile</li> </ul> </td> </tr> <tr> <td>ROCE</td> <td>40%</td> <td>ROCE performance &gt; WACC from medium-term plan</td> <td> <ul style="list-style-type: none"> <li>threshold 30%: WACC +1%</li> <li>stretch target 100%: WACC +3%</li> </ul> </td> </tr> </tbody> </table>	FINANCIAL PERFORMANCE CONDITIONS	WEIGHTING	MEASUREMENT	VESTING	aHEPS growth	30%	3-year CAGR of HEPS > SA CPI	<ul style="list-style-type: none"> <li>threshold 30%: CPI</li> <li>target 100%: CPI +2% YOY</li> </ul>	Relative aHEPS	30%	3-year average relative to peer group of SA Retailers (MSM, MRP, SHP, TFG, SPAR, PEP, TRU, PNP)	<ul style="list-style-type: none"> <li>threshold 30%: =&gt; median</li> <li>stretch target 100%: =&gt; upper quartile</li> </ul>	ROCE	40%	ROCE performance > WACC from medium-term plan	<ul style="list-style-type: none"> <li>threshold 30%: WACC +1%</li> <li>stretch target 100%: WACC +3%</li> </ul>			
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<p><b>OTHERS</b> Rules governing cessation of employment, change in control, and delisting as per scheme rules aligned with King IV™ recommendations Classified a JSE Schedule 14 scheme</p>	<p><b>OTHERS</b> Dividends are repaid if the performance conditions are not met Shares are purchased on the open market and held by a 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</p>																		
<p><b>NO OF PARTICIPANTS</b> <b>779</b></p>	<p><b>NO OF PARTICIPANTS</b> <b>105</b></p>																		

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



## NON-EXECUTIVE DIRECTORS

### REMUNERATION POLICY APPLICABLE TO THE 2022 FINANCIAL YEAR

The table alongside sets out the remuneration policies applied by the Group for the 2021 financial year for non-executive directors.

These policies are also applicable for the 2022 financial year and form the underlying basis for the directors' fees tabled for shareholder approval at the AGM to be held on 24 November 2021.

During 2020, based on a review of the Group's governance framework, a decision was taken to change the governance structures of the subsidiaries to be managed by management operating boards including Group executive directors as appropriate.

Consequently, from 1 Jan 2021 committees of WSA, DJ and CRG have been incorporated into WSA, DJ and CRG Board meetings that are attended by executive directors and Exco members only.

### 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. No other benefits are provided. 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 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 Fees reflect the time commitment, demands, and responsibilities of the role Audited non-executive directors' fees for the 2021 financial year are shown on page 101</p>	
<p><b>OTHER</b> All travel and accommodation expenses are settled by the Company Fees are reviewed annually against retail peer companies in South Africa, Australia, and the United Kingdom Proposed fees are based on independently benchmarked data 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 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 have been independently benchmarked by PwC during the year. 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

The proposed fees (exclusive of South African VAT) from 1 January 2022 are shown in the table below:

	Current approved fees (R'000)	Proposed fees (R'000)	% Increase
Chairman	2 250.0	2 345.6	4.25%
Lead Independent Director	795.0	828.8	4.25%
South Africa-based director	420.6	438.5	4.25%
United Kingdom-based director (paid in £)	77.5	79.4	2.40%
Australia-based director	134.0	136.0	1.50%
Audit Committee chairman	362.4	377.8	4.25%
Audit Committee member	198.7	207.1	4.25%
Nominations Committee chairman	187.0	195.0	4.25%
Nominations Committee member	116.9	121.8	4.25%
Remuneration and Talent Management Committee chairman	245.5	255.9	4.25%
Remuneration and Talent Management Committee member	128.5	134.0	4.25%
Risk and Compliance Committee chairman	245.4	255.8	4.25%
Risk and Compliance Committee member	128.5	134.0	4.25%
Social and Ethics Committee chairman	198.7	207.1	4.25%
Social and Ethics Committee member	116.9	121.8	4.25%
Sustainability Committee chairman	198.7	207.1	4.25%
Sustainability Committee member	116.9	121.8	4.25%
Treasury Committee chairman	245.4	255.8	4.25%
Treasury Committee member	129.9	135.4	4.25%
Hourly rate for additional services	5 609	5 847	4.25%

### 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 Morrison, Woolworths Group



## 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 Group's 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 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 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 27 June 2021.

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. 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.

In line with the principle of transparent disclosure, the number of RSP shares awarded during the financial year are disclosed below.

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	RSP SCHEME SHARES
Maximum available for utilisation	85 000 000	n/a
Available for utilisation/awarded at 28 June 2020	23 272 088	8 290 564
Allocations made to participants during the year	(8 029 040)	2 976 552
Exercised	-	(871 618)
Lapsed/forfeited	2 579 325	(1 356 675)
Available for utilisation/awarded at 27 June 2021	17 822 373	9 038 823





# IMPLEMENTATION REPORT FOR THE 2021 FINANCIAL YEAR ENDED 27 JUNE 2021

*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 2021 Remuneration Policy (as set out in the 2020 Integrated Annual Report) and supplemented with the JSE SENS announcement made on 17 November 2020.

Downward discretion was exercised by the committee for the Corporate STI scheme, as highlighted in the committee chairman’s report. 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.

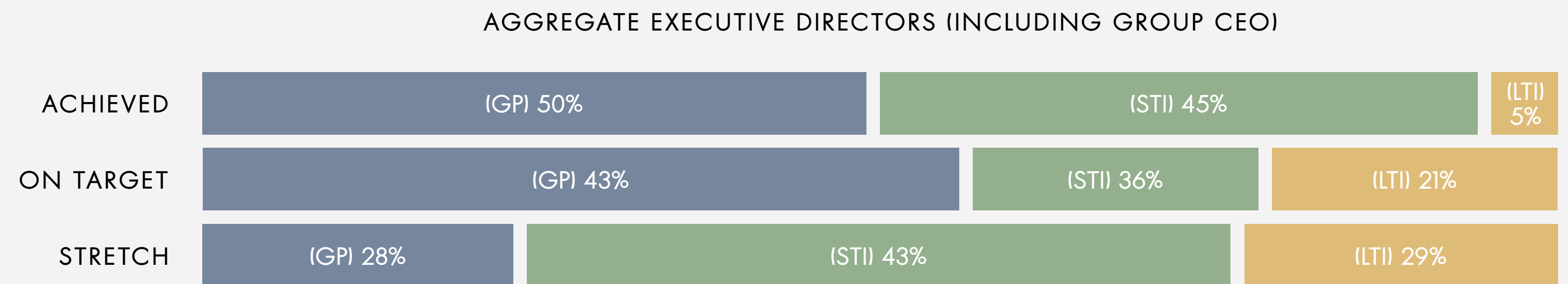
The Group continues to make significant progress in terms of managing ‘the ethics of pay’. The barometer shown on the following page explains the application for the 2021 financial year and a three-year average from 2018 – 2020.

## 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 27 June 2021. It should be compared to the potential remuneration mix based on the Remuneration Policy shown on page 88.

The achieved remuneration mix varies from the potential mix due to the 2018 PSP allocations, which had performance conditions attached to them, only vesting partially.



	% INCREASE
Group CEO and executive directors	0.00%
<b>SENIOR EXECUTIVES AND MANAGEMENT</b>	
South Africa	0.00%
Australia	0.16%
<b>STAFF</b>	
South Africa	4.00%
Australia	1.98%

### GUARANTEED PAY

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

Pay increases are effective on 1 October each year. Given the Group’s financial constraints imposed by the Covid-19 pandemic, it was agreed that the Group CEO, executive directors, senior executives and management would not receive any increase to their GP. Staff were excluded from this and received an average increase of 4.0% in South Africa and 1.98% in Australia based on inflation in each geographic area.

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 guaranteed pay of executive directors is shown on page 98.

**USEFUL LINK** :  
FOR MORE DETAIL



Woolworths, Summer 2021

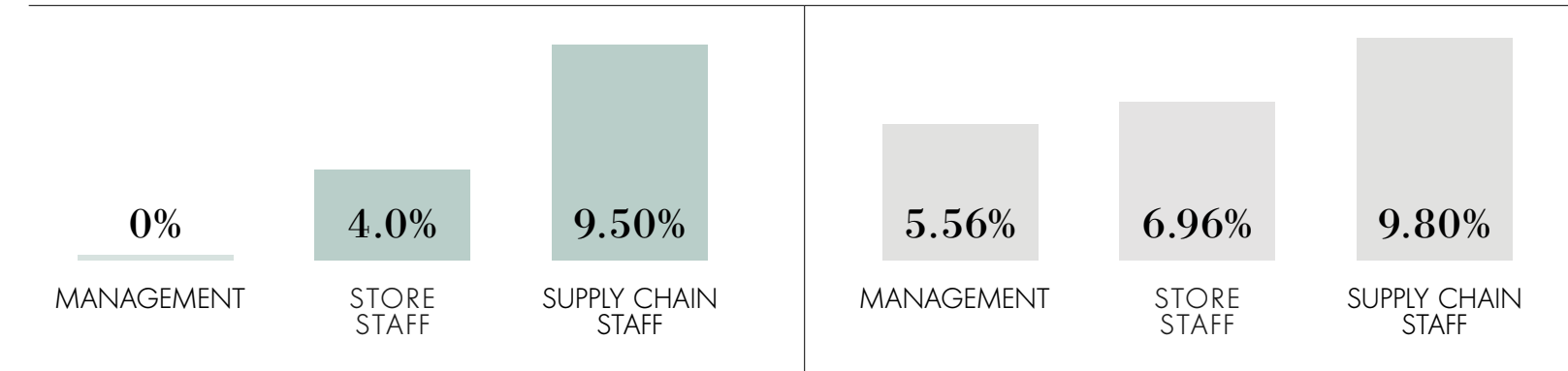


# FAIR AND RESPONSIBLE PAY BAROMETER

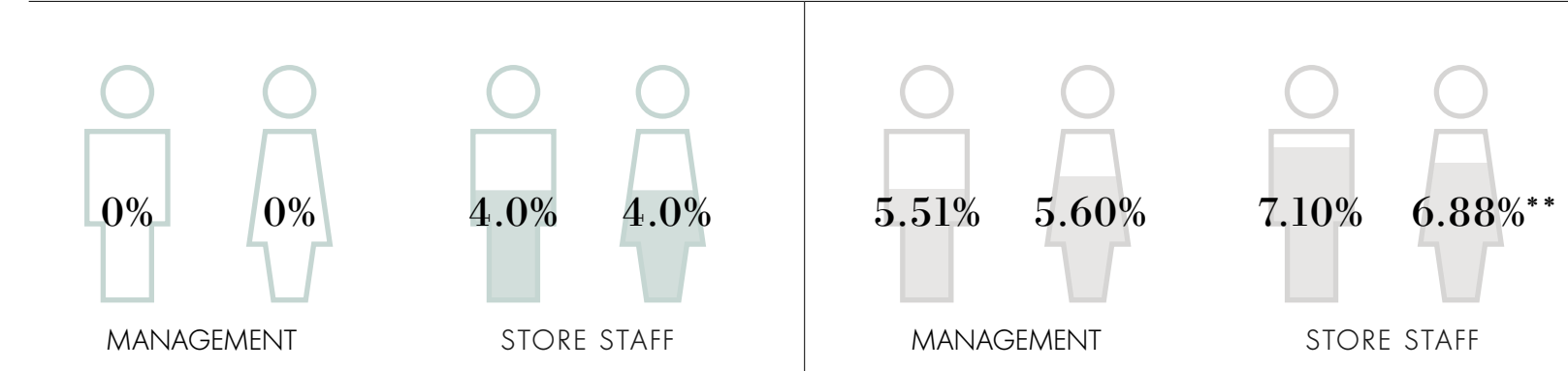
## SOUTH AFRICA

2021	AVG 2018-2020
------	---------------

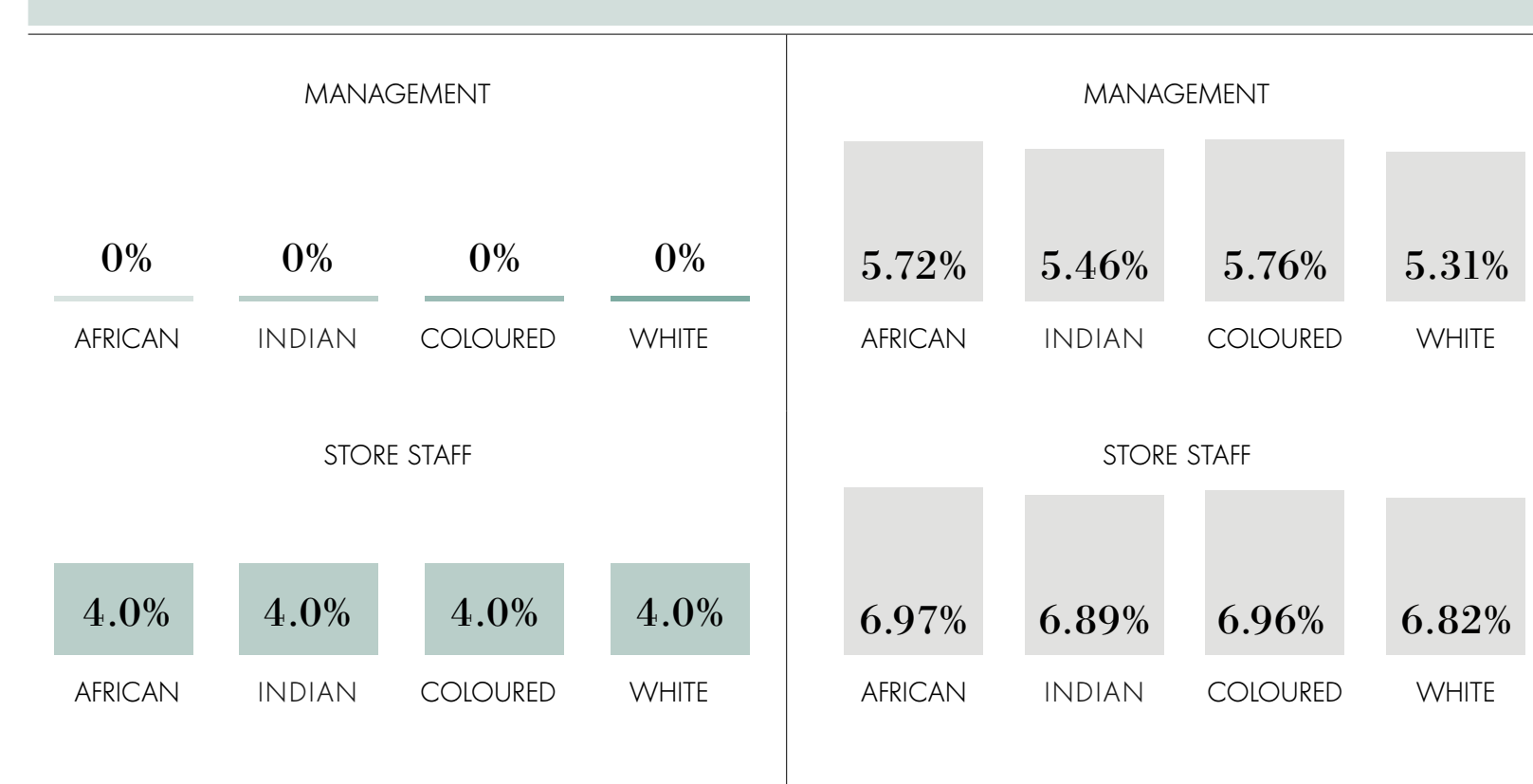
### DIFFERENTIATED ANNUAL SALARY INCREASES\*



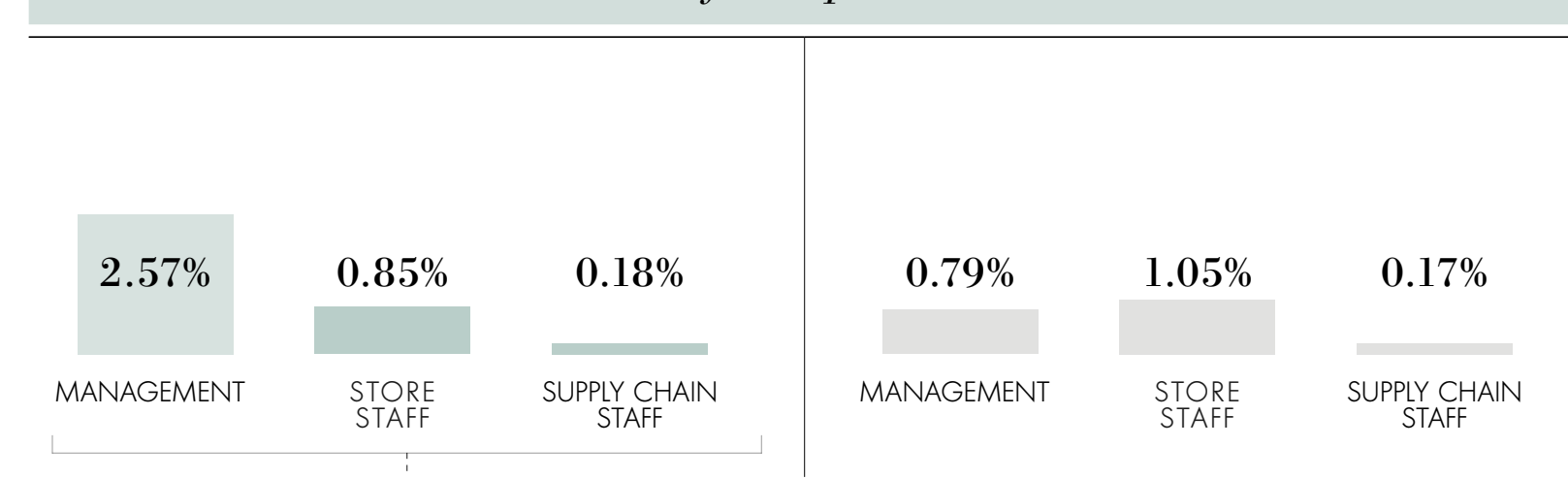
### ANNUAL SALARY INCREASES BASED ON GENDER\*



### ANNUAL SALARY INCREASES BASED ON RACE\*



### SHORT-TERM INCENTIVES % of Group aPBT



Total: 3.60%

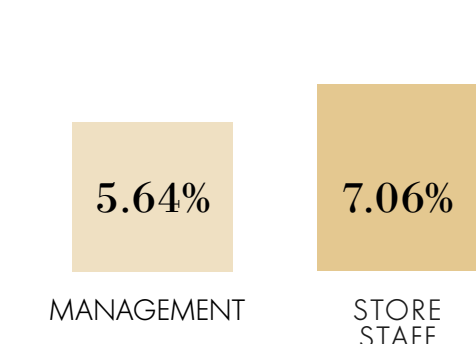
\* increase effective 1 October 2020  
\*\* percentages represent the higher proportion of female vs male employees



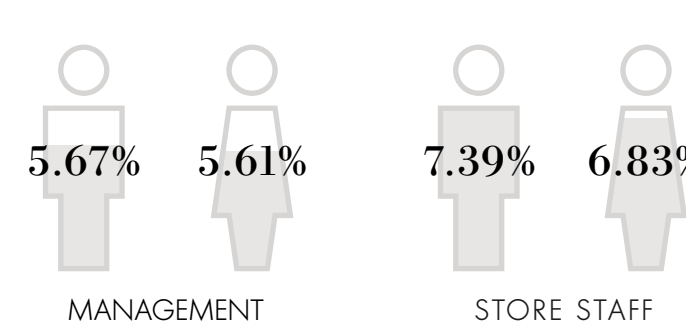
## REST OF AFRICA

2021

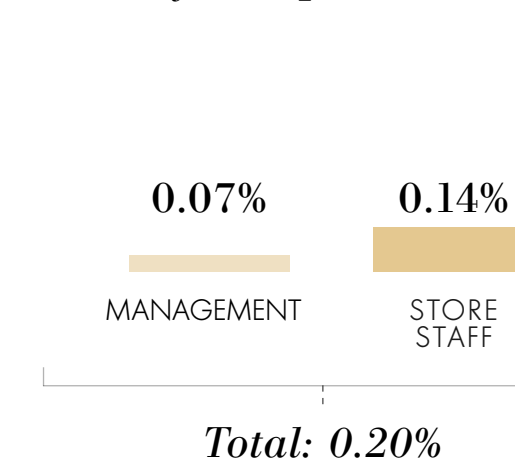
### DIFFERENTIATED ANNUAL SALARY INCREASES\*



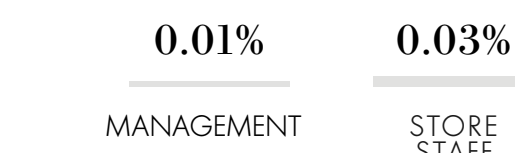
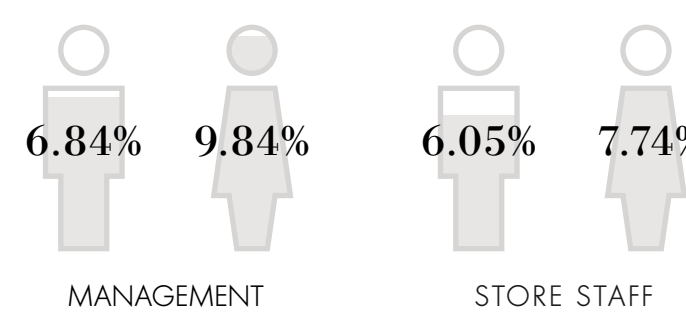
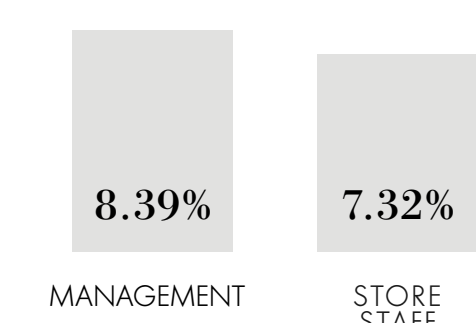
### ANNUAL SALARY INCREASES BASED ON GENDER\*



### SHORT-TERM INCENTIVES % of Group aPBT



AVG 2018-2020



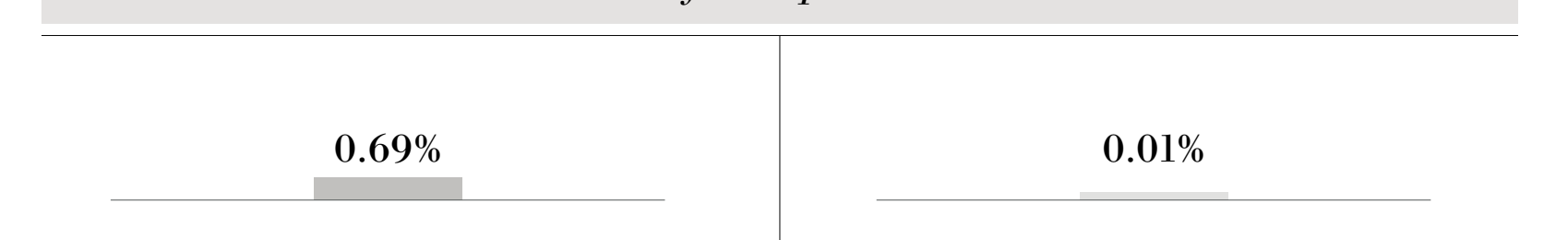
## EXECUTIVE DIRECTORS INCLUDING GROUP CEO

2021	AVG 2018-2020
------	---------------

### DIFFERENTIATED ANNUAL SALARY INCREASES\*



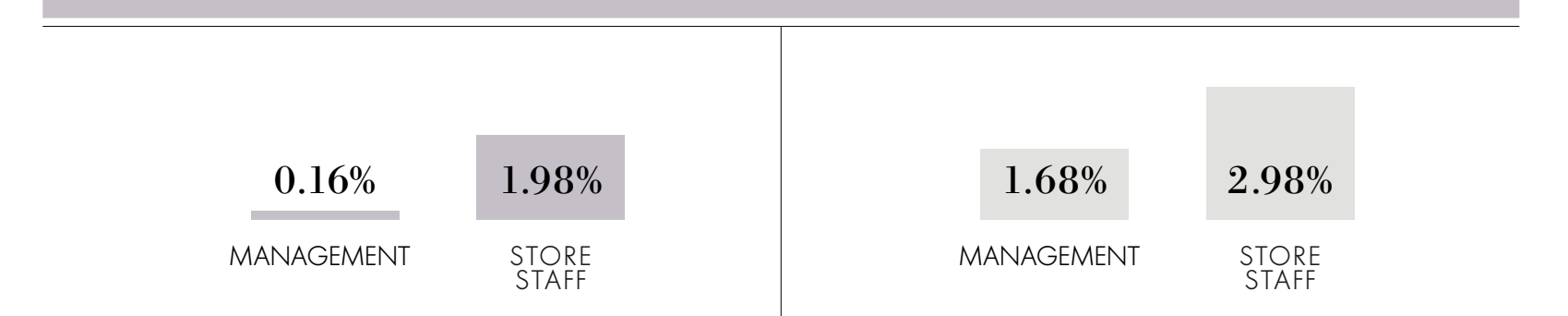
### SHORT-TERM INCENTIVES % of Group aPBT



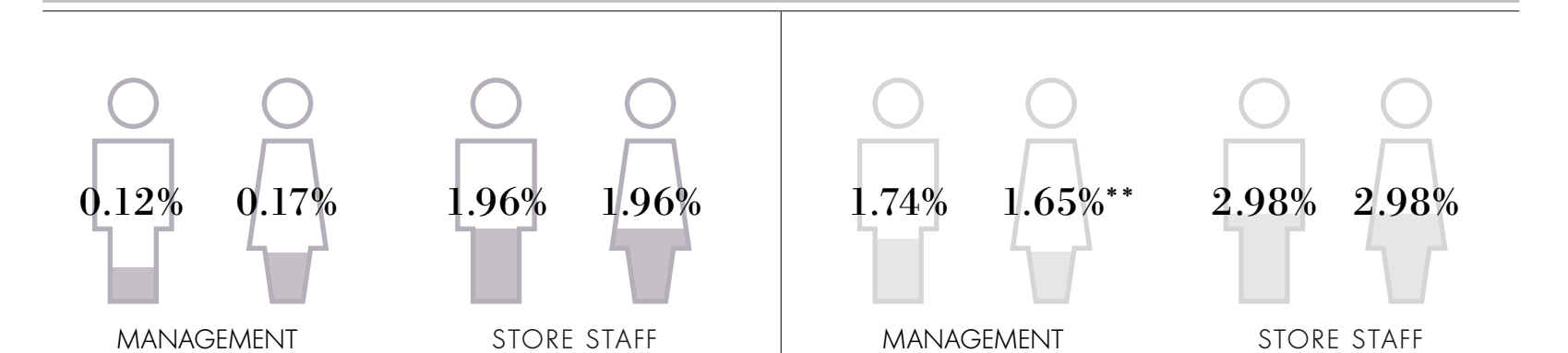
## AUSTRALIA AND NEW ZEALAND

2021	AVG 2018-2020
------	---------------

### DIFFERENTIATED ANNUAL SALARY INCREASES\*



### ANNUAL SALARY INCREASES BASED ON GENDER\*



### SHORT-TERM INCENTIVES % of Group aPBT



Total: 5.93%



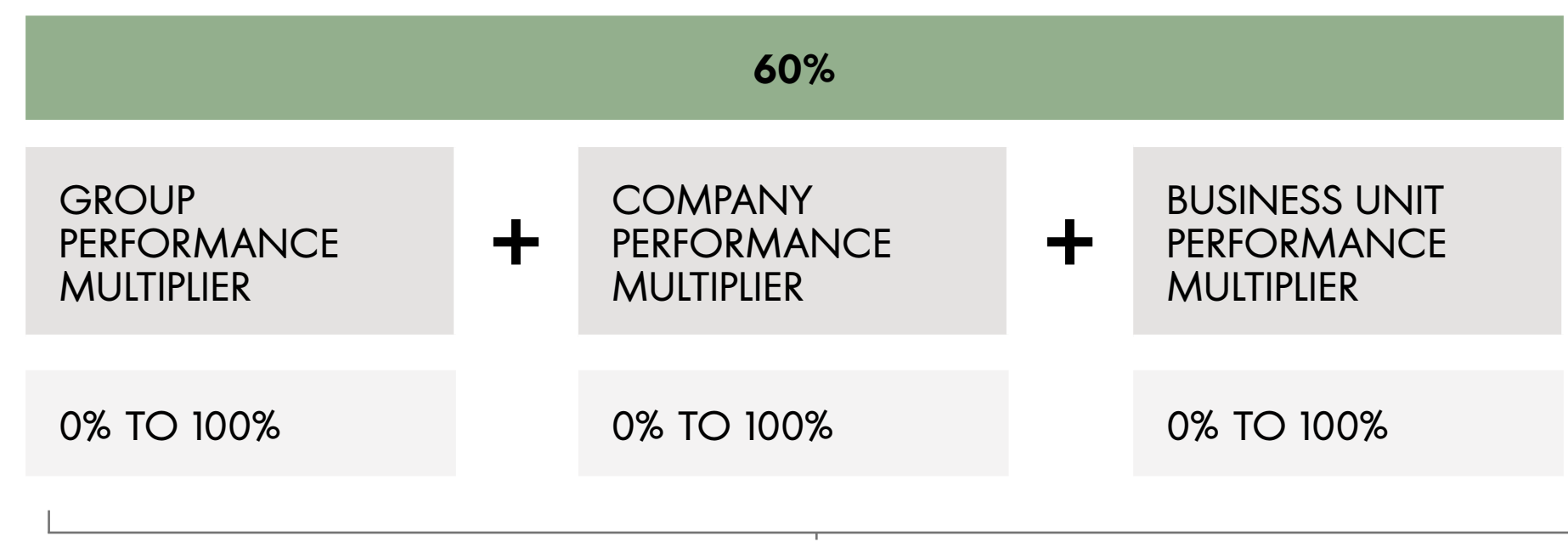
**SHORT-TERM INCENTIVES (STI)**

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

- Financial performance targets are agreed annually in advance
- Group aPBT does not act as a gatekeeper
- 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% is calculated by adding 20% of excess profit into the bonus pool.

**THE CONSTRUCT OF THE CORPORATE STI SCHEME IS SHOWN BELOW:**

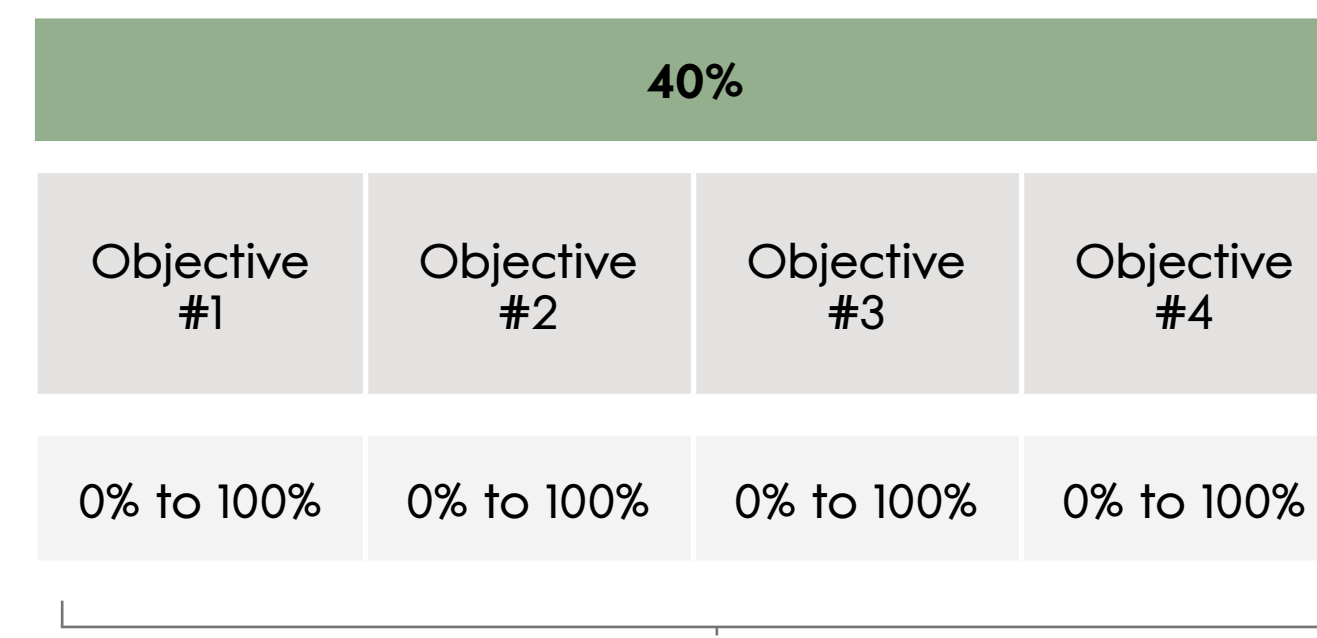
**FINANCIAL COMPONENT**



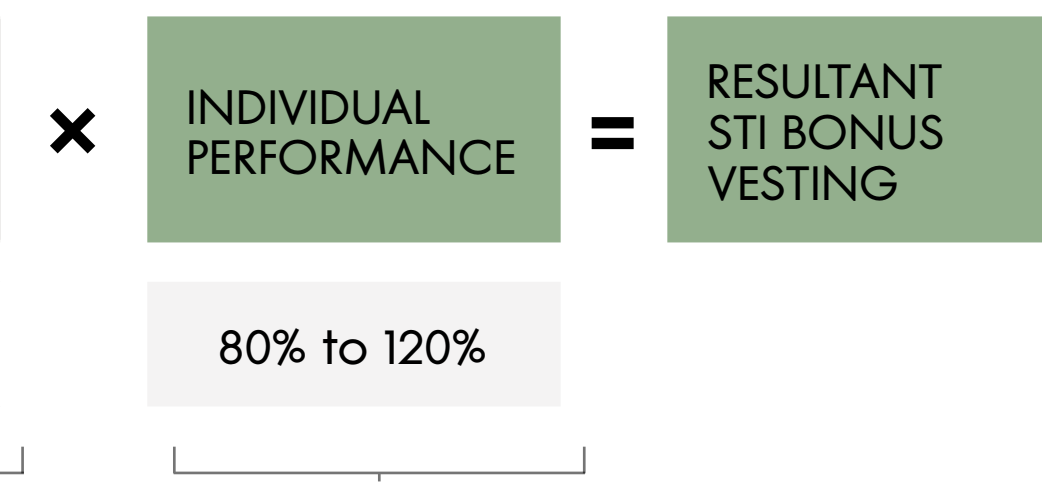
Group CEO, Group COO and Group FD: 100% based on Group performance, Group Exco and operating entity execs:

- 50% – 75% based on Group performance
- 50% – 25% based on company and specific business unit performance

**STRATEGIC OBJECTIVES COMPONENT**



Strategic objectives related to the transformation of the Group.



All roles based on each individual's IPM.

An individual's IPM rating is a multiplier of both financial and strategic objective components. The rating determines the opportunity to increase the potential Corporate STI payment or may reduce it.

**FINANCIAL PERFORMANCE FOR 2021 FINANCIAL YEAR AND STI VESTING**

On an audited 52-week basis, the Group achieved aPBT of R4.6 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, demonstrate that all of the companies and the Group achieved stretch target performance.

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

		FINANCIAL PERFORMANCE TARGETS				
		THRESHOLD (R'MILL)	ON TARGET (R'MILL)	STRETCH TARGET (R'MILL)	ACHIEVED (R'MILL)	% ACHIEVEMENT
GROUP aPBT	aPBT/aEBIT AS PER AUDITED ACCOUNTS pre-IFRS 16 and pre-STI payments	2 511	3 345	>3 345	5 051.6	151.04
WSA aEBIT		3 525	3 703	>3 703	3 934.0	106.24
DJ aEBIT		A\$(32)	A\$1	>A\$1	A\$30.9	2115.8%
CRG aEBIT		A\$40	A\$56	>A\$56	A\$143.4	255.73

**DISCRETION EXERCISED BY COMMITTEE FOR 2021 CORPORATE STI SCHEME**

In its deliberations to set the 2021 financial performance threshold, on-target, and stretch targets, the committee acknowledged the difficulty in determining the targets in uncertain and unpredictable times caused by the Covid-19 pandemic. It recognised that the actuals may result in significant under- or over- achievement against the targets. The bonus pool was reduced by 50% in the 2020 financial year and held at this level for the 2021 financial year.

During the year, the committee monitored the progress of the financial results against these targets. The achieved financial performance has resulted in a sizeable over-achievement of the threshold and stretch targets.

Therefore, while still committed to applying the rules of the STI scheme, the committee has exercised judicious discretion in reducing awards of STI payments and thereby moderated the STI pool to 7.74% of Group aPBT, which the committee believes is appropriate.

***DOWNWARD DISCRETION EXERCISED ON REDUCING QUANTUM OF BONUS POOL***



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	Z RYLANDS
GUARANTEED PAY	A\$1.0m	R5.3m	R6.6m	R7.8m	R9.4m
CORPORATE STI PAYMENT	AS\$ 0.9m	R5.0m	R5.1m	R7.2m	R7.2m

\* pre-IFRS 16 and pre-incentives

**ROY BAGATTINI - GROUP CHIEF EXECUTIVE OFFICER**

	FINANCIAL	STRATEGIC
WEIGHTING	60%	40%
PERFORMANCE	Upper quartile	Upper quartile

**FINANCIAL PERFORMANCE**

The Group achieved aPBT of R5.0bn\*, above the STI stretch target

**STRATEGIC PERFORMANCE**

- Execution of capital plan to successfully and timeously restructure the Group balance sheet
- Development of refreshed DJ, CRG, and FBH strategic and financial ambitions
- Shift the Group's orientation towards driving a digital transformation agenda

**SAM NGUMENI - GROUP CHIEF OPERATING OFFICER**

	FINANCIAL	STRATEGIC
WEIGHTING	60%	40%
PERFORMANCE	Upper quartile	Upper quartile

**FINANCIAL PERFORMANCE**

The Group achieved aPBT of R 5.0bn\*, above the STI stretch target

**STRATEGIC PERFORMANCE**

- Develop and deliver the Group's digital and data strategy
- Deliver specified value-accretive data insights initiatives
- Deliver refreshed supply chain strategies to support digital transformation and enable improved stock management

**REEZA ISAACS - GROUP FINANCE DIRECTOR**

	FINANCIAL	STRATEGIC
WEIGHTING	60%	40%
PERFORMANCE	Upper quartile	Upper quartile

**FINANCIAL PERFORMANCE**

The Group achieved aPBT of R5.0bn\*, above the STI stretch target

**STRATEGIC PERFORMANCE**

- Deliver the Australia covenant separation and new stand-alone financing facilities
- Deliver cost-out targets across the Group
- Deliver capex budget which supports shift to digital/online

**ZYDA RYLANDS - WSA CHIEF EXECUTIVE OFFICER**

	FINANCIAL	STRATEGIC
WEIGHTING	60%	40%
PERFORMANCE	Upper quartile	Upper quartile

**FINANCIAL PERFORMANCE**

The Group achieved aPBT of R5.0bn\*, and WSA achieved aEBIT of R3.9bn\*, both above the STI stretch targets

**STRATEGIC PERFORMANCE**

- Deliver the WSA online and omni strategy with the achievement of key online targets
- Delivery of the FBH turnaround strategic plan, and arrest deterioration in key metrics
- Execute the price investment strategy to improve value proposition and perception



LONG-TERM INCENTIVES

ALLOCATIONS DURING THE 2021 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, it was agreed that Roy Bagattini would receive his first annual allocation in the form of RSP shares, whereafter the annual allocations would either be RSP or PSP shares.

		RSP	PSP	
Basis		Number	Number	Face value R'000
Roy Bagattini	150% of GP	663 356		23 250
Reeza Isaacs	100% of GP		187 618	6 585
Sam Ngumeni	100% of GP		222 976	7 844
Zyda Rylands	100% of GP		266 808	9 386
<b>TOTAL</b>		<b>663 356</b>	<b>676 952</b>	<b>47 065</b>

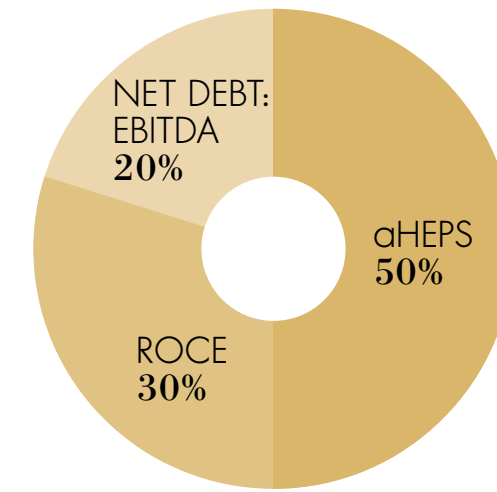
WEIGHTINGS AND PERFORMANCE CONDITIONS

Measure	Weighting	Threshold (30% vesting)	On target (100% vesting)
aHEPS	25%	aHEPS growth > weighted CPI +1% (SA + Aus)	aHEPS growth > weighted CPI +3% (SA + Aus)
aHEPS relative to peer group	25%	3-year average growth => median	3-year average growth => upper quartile
ROCE	25%	ROCE > WACC +0.5%	ROCE > WACC +3%
Cash Flow	25%	Bank net gearing = R4.324bn	Bank net gearing = R3.0bn

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 90.

VESTING OF 2018 LTI ALLOCATIONS BASED ON FINANCIAL PERFORMANCE FOR THE PERIOD ENDING JUNE 2021



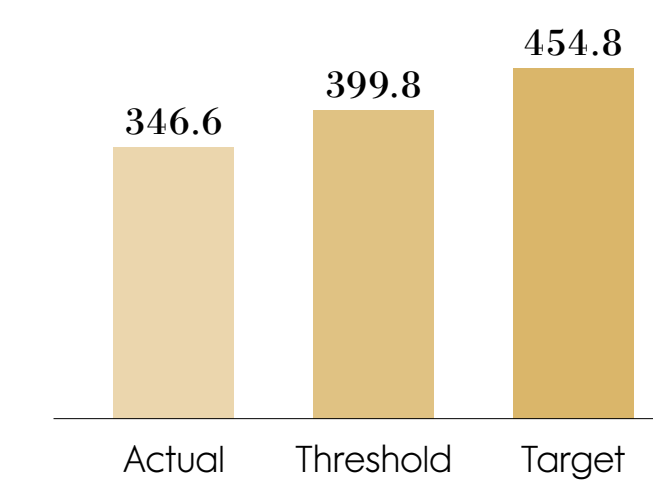
The performance conditions of the PSP August 2018 allocations were tested to determine if vesting had been achieved. The performance conditions are:

- 50% based on aHEPS growth of CPI plus x% per annum
- 30% based on 3-year average ROCE percentage achievement against targets from MTP
- 20% based on reaching net debt:EBITDA targets

HEPS PERFORMANCE

This graph shows the target aHEPS required for the full vesting of this performance condition. Adjusted HEPS achieved was 346.6 cps, below the threshold and target aHEPS of 399.8 cps and 454.8 cps respectively.

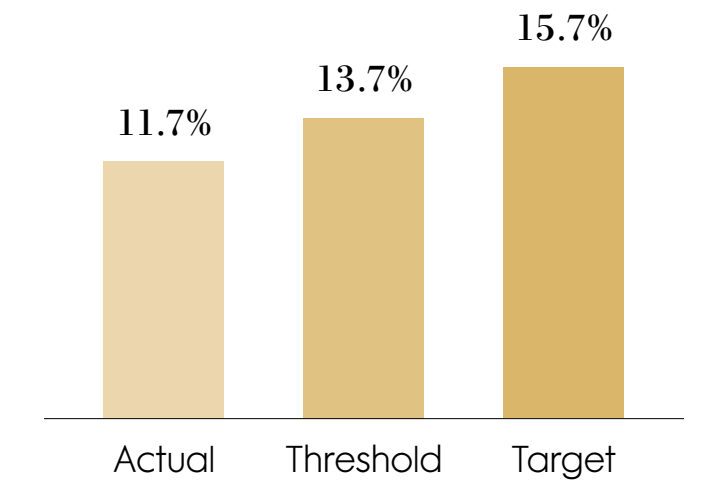
The aHEPS performance condition has not been met, therefore vesting is 0%.



AVERAGE ROCE PERFORMANCE

This graph shows the target ROCE required for full vesting for this performance condition. Actual average ROCE achieved was 11.7%, below the threshold of 13.7% and on-target goal of 15.7%.

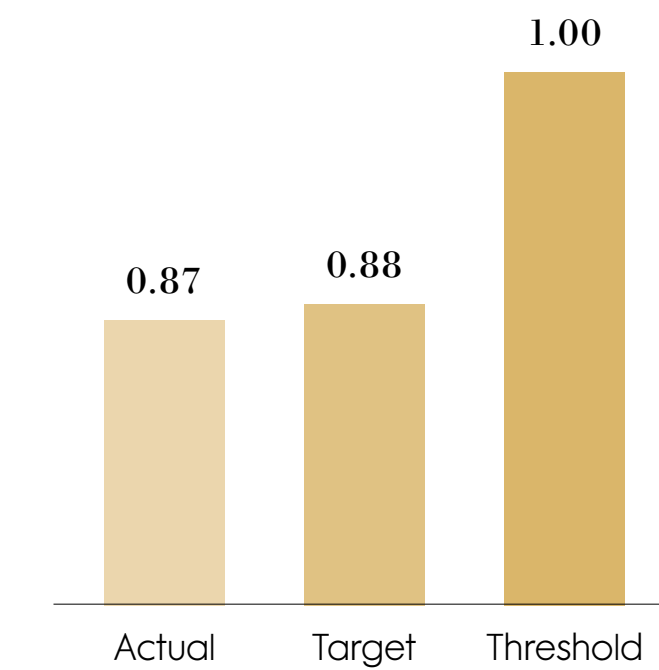
The ROCE performance condition has not been met, therefore vesting is 0%.



CASH FLOW PERFORMANCE

The cash flow performance condition is measured by the net debt:EBITDA ratio. This measure was selected to drive a reduction in the debt levels. The graph shows the target ratio required for full vesting for this performance condition. Actual net debt:EBITDA is 0.87, above both the threshold and target of 1.0 and 0.88 respectively.

The net debt:EBITDA performance condition has been met, therefore vesting is 20%.



ALLOCATION OF RSP SHARES AWARDED TO GROUP CHIEF OPERATING OFFICER

As discussed in the Remuneration and Talent Management Committee Chairman's Report, Sam Ngumeni, the Group's Chief Operating Officer, was allocated an incentive retention award of RSP shares in September 2020.

This award recognises his deep expertise in retail and functional fields in the Group and the need to retain him as a key enabler in the transformation of the Group and the execution of the turnaround strategy.

Vesting of the award is conditional on the achievement of specific deliverables relating to digital and online capabilities and capacity, Group cost efficiencies, and his continued employment with the Group.

			RSP AWARD	
			NUMBER	FACE VALUE R'000
Sam Ngumeni			671 424	23 533

PERFORMANCE CONDITIONS	VESTING PERIOD
Conditional on the achievement of IPM deliverables with specific measures relating to: <ul style="list-style-type: none"> <li>• Building the Group's online, digital, and data analytics capabilities</li> <li>• Significantly improving the cost competitiveness of the Group</li> </ul>	100% in year 3



### SINGLE-FIGURE REMUNERATION FOR THE YEAR ENDED 27 JUNE 2021 (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 27 June 2021 and comparatives for 28 June 2020.

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 (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 R000's	
<b>2021</b>								
Roy Bagattini	Aus\$	1 000	10	1 010	928	-	-	1 938
	Rand equivalent	11 500	115	11 615	10 300			21 915
Roy Bagattini	(7)	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
		<b>39 319</b>	<b>2 685</b>	<b>42 004</b>	<b>34 925</b>	<b>18 755</b>	<b>-</b>	<b>95 686</b>
<b>2020</b>								
Roy Bagattini	Aus\$	300	383	683	-	-		683
	Rand equivalent	3 143	3 968	7 111				7 111
Roy Bagattini	(7)	1 526	5 803	7 329			1 275	8 604
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>-</b>	<b>4 836</b>	<b>4 947</b>	<b>59 307</b>

NOTES

- 2020: Base salary reflected post Covid-19 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 LTIP and/or RSP vesting of performance conditions based on the three-year period FY2018 – FY2021. Valued using the 30-day VWAP share price of WHL at 27 June 2021 of R54.28 (June 2020: 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. His remuneration is paid in Rands and Australian dollars to reflect the time and focus spent in the different geographies. 2020: Benefits include conditional sign-on bonus, relocation, rental accommodation (2020 and 2021), legal expenses, and incidental relocation expenses amounting to R9.5m.
- Ian Moir resigned from the Group on 16 February 2020.





## 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 27 June 2021 are set out below.

Scheme	Award Date	Vesting Date	Expiry Date	As at 28 June 2020		Awarded		Forfeited		Sold or transferred			As at 27 June 2021			Fair value (2) Rands
				Number	Price Rands	Number	Price Rands	Number	Price Rands	Number	Price Rands	Realisation value (1) Rands	Vested	Unvested	Total	
<b>ROY BAGATTINI</b>																
RSP	20 Feb 2020	20 Feb 2023	20 Feb 2025	1 432 537	37.87									1 432 537	1 432 537	77 759 827
	17 Sep 2020	17 Sep 2023	17 Sep 2023			663 356	35.05							663 356	663 356	36 007 760
TOTAL				1 432 537		663 356								2 095 893	2 095 893	113 767 587
<b>TOTAL</b>				<b>1 432 537</b>		<b>663 356</b>								<b>2 095 893</b>	<b>2 095 893</b>	<b>113 767 587</b>
<b>REEZA ISAACS</b>																
RSP	24 Aug 2017	24 Aug 2020	25 Aug 2020	42 678	59.99					42 678	34.63	1 477 854		-	-	-
	23 Aug 2018	23 Aug 2021	23 Aug 2023	217 036	54.26									217 036	217 036	8 835 731
TOTAL				259 714						42 678		1 477 854		217 036	217 036	8 835 731
PSP	24 Aug 2017	24 Aug 2020	24 Aug 2020	78 014	65.63			78 014						-	-	-
	23 Aug 2018	23 Aug 2021	23 Aug 2021	115 248	51.09									115 248	115 248	-
	10 Sep 2019	10 Sep 2022	10 Sep 2022	119 967	51.78									119 967	119 967	3 255 976
	17 Sep 2020	17 Sep 2023	17 Sep 2023			187 168	35.18							187 168	187 168	5 097 852
TOTAL				313 229		187 168		78 014						422 383	422 383	8 335 828
<b>TOTAL</b>				<b>572 943</b>		<b>187 168</b>		<b>78 014</b>		<b>42 678</b>				<b>639 419</b>	<b>639 419</b>	17 171 559

## NOTES

1. Realisation value based on taxable benefit at date of sale or transfer.
2. Fair value calculated based on 30-day VWAP at 27 June 2021 of R54.28 (2020: R32.29), 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 as at 27 June 2021 are set out below.

Scheme	Award Date	Vesting Date	Expiry Date	As at 28 June 2020		Awarded		Forfeited		Sold or transferred			As at 27 June 2021			Fair value (2) Rands
				Number	Price Rands	Number	Price Rands	Number	Price Rands	Number	Price Rands	Realisation value (1) Rands	Vested	Unvested	Total	
<b>SAM NGUMENI</b>																
<b>RSP</b>	24 Aug 2017	24 Aug 2020	24 Aug 2020	48 762	59.99					48 762	34.68	1 691 066	-	-	-	-
	23 Aug 2018	23 Aug 2021	23 Aug 2023	371 971	54.26								371 971		371 971	15 143 274
	17 Sep 2020	17 Sep 2023	17 Sep 2023			671 424	35.05							671 424		671 424
<b>TOTAL</b>				<b>420 733</b>		<b>671 424</b>				<b>48 762</b>		<b>1 691 066</b>		<b>1 043 395</b>	<b>1 043 395</b>	<b>51 588 975</b>
<b>PSP</b>	24 Aug 2017	24 Aug 2020	24 Aug 2020	89 137	65.63			89 137					-	-	-	-
	23 Aug 2018	23 Aug 2021	23 Aug 2021	131 680	51.09								131 680		131 680	-
	10 Sep 2019	10 Sep 2022	10 Sep 2022	142 918	51.78								142 918		142 918	3 878 880
	17 Sep 2020	17 Sep 2023	17 Sep 2023			222 976	35.18							222 976		222 976
<b>TOTAL</b>				<b>363 735</b>		<b>222 976</b>		<b>89 137</b>					<b>497 574</b>	<b>497 574</b>	<b>9 930 583</b>	
<b>TOTAL</b>				<b>784 468</b>		<b>894 400</b>		<b>89 137</b>		<b>48 762</b>			<b>1 540 969</b>	<b>1 540 969</b>	<b>61 519 557</b>	
<b>ZYDA RYLANDS</b>																
<b>SARS</b>	29 Aug 2013	29 Aug 2016	29 Aug 2020	40 790	56.06			40 790					-	-	-	-
<b>TOTAL</b>				<b>40 790</b>				<b>40 790</b>					<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>RSP</b>	24 Aug 2017	24 Aug 2020	24 Aug 2020	58 348	59.99					58 348	34.63	2 020 591	-	-	-	-
	23 Aug 2018	23 Aug 2021	23 Aug 2023	445 093	54.26								445 093		445 093	18 120 137
<b>TOTAL</b>				<b>503 441</b>						<b>58 348</b>		<b>2 020 591</b>	<b>445 093</b>	<b>445 093</b>	<b>18 120 137</b>	
<b>PSP</b>	24 Aug 2017	24 Aug 2020	24 Aug 2020	106 659	65.63			106 659					-	-	-	-
	23 Aug 2018	23 Aug 2021	23 Aug 2021	157 566	51.09								157 566		157 566	-
	10 Sep 2019	10 Sep 2022	10 Sep 2022	171 012	51.78								171 012		171 012	4 641 368
	17 Sep 2020	17 Sep 2023	17 Sep 2023			266 808	35.18							266 808		266 808
<b>TOTAL</b>				<b>435 237</b>		<b>266 808</b>		<b>106 659</b>					<b>595 386</b>	<b>595 386</b>	<b>11 882 697</b>	
<b>TOTAL</b>				<b>979 468</b>		<b>266 808</b>		<b>147 449</b>		<b>58 348</b>			<b>-</b>	<b>1 040 479</b>	<b>1 040 479</b>	<b>30 002 834</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 27 June 2021 of R54.28 (2020: R32.29), 50% 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 27 June 2021 and comparatives for 28 June 2020 are set out below.

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	(3)	2 250	-	187	129	129	117	117	130	25	3 084
Zarina Bassa	(4)	1 282	199	117	245	245	-	-	130	36	2 254
Christopher Colfer	(5)	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	(10)	421	-	99	129	129	150	117	-	45	1 090
Thembisa Skweyiya	(11)	421	199	-	-	129	148	117	110	29	1 153
Clive Thomson	(6)	757	362	-	-	129	117	-	245	40	1 650
		<b>9 684</b>	<b>959</b>	<b>637</b>	<b>761</b>	<b>1 148</b>	<b>532</b>	<b>517</b>	<b>615</b>	<b>351</b>	<b>15 204</b>
2020											
Hubert Brody	(3)	1 852	141	141	116	116	105	105	77	34	2 687
Zarina Bassa	(4)	1 381	179	105	176	221	-	-	77	113	2 252
Tom Boardman	(7)	271	-	73	96	50	45	45	-	17	597
Christopher Colfer	(5)	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
Simon Susman	(7)	706	-	45	50	50	45	194	-	84	1 174
Clive Thomson	(6)	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>

## NOTES

- Directors' fees are exclusive of VAT, (2020: post Covid-19 fee reduction for period April-June 2020).
- Benefits are discounts received on purchases made in WHL Group stores.
- Hubert Brody was appointed as Chairman on 27 November 2019. His director's fees for 2020 include fees as the Chairman of Woolworths Audit Review Panel of R87 767 and R486 122 for additional hours he worked as Deputy Chairman during the year and the 2018 David Jones impairment.
- 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 R486 816 for a six-month period (2020: Full-year fees of R818 621).
- Christopher Colfer was appointed to the Board on 1 July 2019. His director's fees earned include fees as a Non-executive Director of DJ and CRG of R1 083 519 for a six-month period (2020: Full-year fees of R1 520 417).

- Clive Thomson was appointed to the Board on 19 August 2019. His director's fees earned include fees as a Chairman of WSA Audit Panel and DJ and CRG Audit and Risk Committee of R336 321 for a six-month period (2020: Full-year fees of R484 800).
- Simon Susman and Tom Boardman retired from the Board on 27 November 2019.
- Belinda Earl was appointed to the Board on 1 July 2019. She was appointed the Sustainability Committee Chairman effective 25 November 2020.
- Andrew Higginson resigned from the Board on 31 March 2020.
- Nombulelo Moholi was appointed to the Nominations Committee effective 26 August 2020.
- Thembisa Skweyiya was appointed to the Treasury and Social and Ethics Committees effective 26 August 2020 and then the Social and Ethics Committee Chairman effective 25 November 2020.



# 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

**dtic:** Department of Trade, Industry and Competition

### 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

**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

### 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 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 Good Business Journey Report.  
Please contact [InvestorRelations@woolworths.co.za](mailto:InvestorRelations@woolworths.co.za)*