



WOOLWORTHS HOLDINGS LIMITED
2020 Social and Ethics Committee Report
As extracted from the 2020 Integrated Annual Report

START

SOCIAL & ETHICS COMMITTEE REPORT



The Social and Ethics Committee (committee) is pleased to present its report on behalf of the WHL Group; however, this year, we do so against a backdrop of unexpected and unprecedented change. On reflection, it is clear that the year under report was one of two very distinct halves. The first was framed against a relatively familiar social context. Then we were stunned by the magnitude and impact of the Australian bushfires at the height of their summer. And then the second half saw society upended in ways that no one could have anticipated following the World Health Organisation's declaration of COVID-19 as a pandemic.

As a consequence of this, the committee's focus was affected, and while we made headway with our work plan initially, the second half of the year was dominated by ensuring a socially balanced response to the COVID-19 impacts on our stakeholders. More details on this are provided later in this report.

As a statutory committee, some of our work is compliance-driven; however, in our quest to be an agent for positive change, particularly in the current social context, we will ensure that our policies and practices continue to add quality to life, insofar as we can, and protect the ethical and values-based culture of our Group so that the distractions of the current social crisis do not diminish the strong values on which our brand has been built.

The year has been an incredibly tough one, for all of our people, supply chains, stakeholders, and customers. The committee renews its commitment to all of our stakeholders to ensure that even through these tough times of unprecedented change and uncertainty, we will continue to do our best to fulfil our mandate as responsibly as we can. Events across the globe sparked by the Black Lives Matter campaign, and the inequality made starker by the COVID-19 pandemic, are matters that we have as top of mind concerns.

Both executives and the Board have, in response to the impact of COVID-19 on our staff, elected to forsake up to 30% of their respective salaries and fees for three months, as a contribution to our Employees for Employees Trust (E4E) which has been set up to help non-management employees in the Group who face hardships brought about as a result of the pandemic. Charity begins at home, and while the Group has made commendable efforts to contribute to the communities in which we operate, we are especially committed to ensuring the ongoing commitment of the Trust to help our employees through these tough times, as reported further on in this report.

MANDATE AND DUTIES

The committee is an established Board committee with a statutory mandate to monitor the Group's ethical culture and social footprint as envisaged by the Companies Act. In addition, our remit requires us to monitor the Group's operations to ensure alignment with global best practice in relation to respecting human rights in our workplaces and our supply chains; embracing diversity in all forms; promoting ethical standards; and implementing measures to combat corruption and protect whistle-blowers.

Our mandate incorporates our South African operations, as well as our David Jones and Country Road Group operations in Australasia. We endeavour to impact positively on our workforce, customers, and broader society to the extent that we can.

Our statutory duties entail:

- Monitoring the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
 - Social and economic development
 - Good corporate citizenship
 - The environment, health and public safety, including the impact of the Group's activities and its products or services
 - Consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws
 - Labour and employment
 - Ensuring that the Group's ethics are managed effectively
- Reporting, through the Chairman of the committee, to the shareholders at the Company's Annual General Meeting on any part of the business of the meeting that concerns the committee's functions.

COMPOSITION AND MEETINGS

The committee comprises both executive and non-executive directors and, during the year under review, held two meetings, with the third meeting being cancelled as all resources were focused on managing the COVID-19 impacts. Details of the committee composition and attendance at meetings are included in the Governance Report on [page 134](#), while the committee's terms of reference are available on our website, www.woolworthsholdings.co.za.

CORPORATE CULTURE

Our corporate culture promotes diversity, inclusivity, personal development, and mutual respect, which we believe are critical to attracting and retaining the talent needed to deliver on our purpose. We want people to enjoy coming to work and to thrive in an environment that is free from discrimination, harassment, and victimisation. We believe that by maintaining such an environment, we will attract, retain, develop, and fully engage talent that will result in greater innovation and creativity and enhanced business performance.

The committee supports management's view that entrenching a human rights and values-based culture across the Group is critical for business performance and organisational sustainability. This philosophy has been incorporated into our codes of conduct, policies and procedures across the Group and in all our business operations, including our Supplier Codes of Conduct that require our business partners to align with our human rights culture and values.

COVID-19 and recent geopolitical events have highlighted social, race, and gender-based inequality once more, and we are, therefore, determined to ensure that respect for human rights, diversity, and inclusion are more deeply entrenched in our corporate culture. To this end, and as a signatory to the UN Global Compact, we recommit to observing the ten principles advocated by the Universal Declaration of Human Rights and the International Labour Organisation and undertake to:

- Support the protection of internationally proclaimed human rights (principle 1)
- Ensure we are not complicit in human rights abuses (principle 2)
- Uphold freedom of association and the effective recognition of the right to collective bargaining (principle 3)
- Contribute to the elimination of all forms of forced and compulsory labour and to ensure that we and our suppliers are not party to slavery and human trafficking and that employees work of their own free will (principle 4)
- Contribute to the abolition of child labour and commit to ensuring that the minimum entry ages for employment are adhered to, and to support efforts to stop child trafficking, child prostitution, and the deprivation of children's rights (principle 5)
- Ensure we do not practise discrimination in respect of employment and occupation (principle 6)
- Support a precautionary approach to environmental challenges (principle 7)
- Undertake initiatives to promote greater environmental responsibility (principle 8)
- Encourage the development and diffusion of environmentally friendly technologies (principle 9)
- Work against corruption in all its forms, including extortion and bribery (principle 10)

WE BELIEVE THAT ENTRENCHING A HUMAN RIGHTS AND VALUES-BASED CULTURE ACROSS THE GROUP IS CRITICAL FOR BUSINESS PERFORMANCE AND ORGANISATIONAL SUSTAINABILITY.

DIVERSITY AND INCLUSION

Diversity and inclusion remain key drivers of our transformation journey and are, we believe, integral to building a workforce that reflects our commitment to equal employment opportunities regardless of race, gender, age, disability, physical features, political belief or activity, pregnancy, religion, or sexual preference, and reflects the demographics of the countries in which we operate.

The Board's diversity sets the tone for broader workforce diversity. The Board comprises a broad diversity of geographical backgrounds, age, gender, race, interests, qualifications, skills, and experience appropriate for the nature and scale of our business. The Board composition is, furthermore, fully aligned with the Board's aspirational goals set in 2017 to achieve 40% female and black director representation each, on the Board by 2020. The goal was reached in February 2020, and the Board has committed to increasing female and black director representation to 50% each by 2023.

The composition of WHL Exco is similarly diverse, comprising diverse backgrounds, gender, skills, and experience.

In furtherance of our commitments to transformation, diversity, and inclusion, we encourage each region to develop transformation strategies that are aligned with the context and environment in which it operates. As a Group, we continue to support these region-specific strategies, with racial and gender parity remaining a key focus across the Group.

SOUTH AFRICA

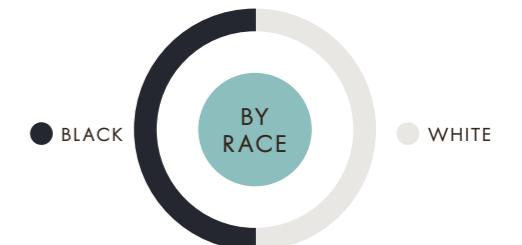
In South Africa, we are actively engaged in improving the quality of life for our employees, customers and other stakeholders. We do so by choice – to do the right thing – and not because we are obliged to in terms of legislation, such as the BBBEE Act and Codes of Practice, and the Employment Equity Act. Woolworths South Africa continues its work to address the concept of a Living Wage and to ensure that its employees are able to earn a salary that allows them a fair standard of living.

Our strategic approach to people with disabilities is aligned with our people and transformation strategies and the national skills development strategy. The implementation of this strategy is being carried out in partnership with the Wholesale and Retail SETA. We currently have 516 people with disabilities (2019: 569) working for WSA.

BOARD OF DIRECTORS



DIVERSITY OF GENDER
7 MEN AND 5 WOMEN

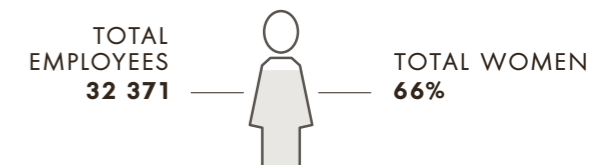


EXCO MEMBERS

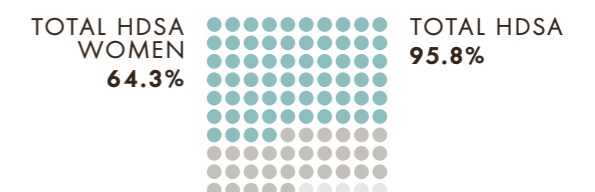


DIVERSITY OF GENDER
5 MEN AND 3 WOMEN

WSA EMPLOYEES



TOTAL HDSA IN MIDDLE TO TOP MANAGEMENT POSITIONS - 63.2%



AUSTRALASIA

Our Australasian businesses are actively building and cultivating an inclusive culture founded on dignity and respect and where differences are celebrated. Inclusivity crosses multiple dimensions of diversity including, but not limited to Aboriginal and Torres Strait Islander identification; gender; accessibility/disability; LGBTQ+; religious and cultural affiliations; and generational. In addition to their commitment to equal opportunity in the workplace, David Jones and Country Road Group adhere to the Workplace Gender Equality Act of Australia and have continued to submit annual reports to confirm female representation in the workplace.

THE PROPORTION OF WOMEN TO MEN IN THE TWO COMPANIES FOR FY2020



In 2018, David Jones launched its Reconciliation Action Plan comprising a two-year strategic and operational management framework approach to bridging actual and perceived gaps between Aboriginal and Torres Strait Islander peoples and non-indigenous employees, customers, and communities. More recently, Country Road Group has committed to developing a Reconciliation Action Plan as part of an increased focus on diversity and inclusion. Our vision for reconciliation is a society with equal access to education and employment opportunities for Aboriginal and Torres Strait Islander and non-indigenous peoples. Touchpoints in the business to further this vision range from driving more cultural awareness across the business to identifying ways in which to increase spend with Aboriginal and Torres Strait Islander businesses. Some of the Reconciliation Action Plan milestones that David Jones achieved over the past 12 months include:

- Internal and customer-facing activations during National Reconciliation Week which were well received from an awareness perspective
- Membership with Supply Nation, an entity that works with Aboriginal and Torres Strait Islander businesses and corporate procurement teams to help shape the emerging and evolving indigenous business sector

- approximately A\$134 479 (A\$175 520 in FY2019) spent with Aboriginal and Torres Strait Islander businesses
- donations to the value of A\$135 000 made to the Australian Literacy and Numeracy Foundation (ALNF) which helps people in Australia's most marginalised communities gain literacy skills
- donations of A\$30 000 on 12 scholarships for the Go Foundation, which creates opportunities for indigenous youth through education

The Australasian group has, in addition, committed to exploring future opportunities with a view to developing a Regional Diversity and Inclusion Policy by FY2021.

OUR AUSTRALASIAN GROUP HAS COMMITTED TO DEVELOPING A RECONCILIATION ACTION PLAN AS PART OF AN INCREASED FOCUS ON DIVERSITY AND INCLUSION



TALENT MANAGEMENT AND DEVELOPMENT

We understand that attracting, developing, and retaining talented employees is critical to delivering our strategy and is vital to our success. To this end, our integrated and streamlined talent management and succession planning engagements and processes are designed to provide a broad view of our talent landscape and enable us to proactively identify and respond to talent risk. In addition, our continued focus on leadership development to build leaders now and into the future is part of creating an environment that attracts, develops and retains the best talent.

In South Africa, skills development is a key component of our talent management strategy and is fundamental to enabling transformation, as well as upskilling and advancing designated groups. To maximise the impact of our strategy, and to ensure the quality of our future talent pipeline, we adopt a dual approach, focusing on developing skills internally and enabling external education, capacity building and skills development to improve the employability of graduates from various institutions.

Our total training spend in South Africa during FY2020 amounted to R119.9 million (2019: R121.6 million).

Our internal Talent Pipeline programmes, which are delivered in partnership with institutions of higher learning, are offered across all levels of work to prepare our top talent for future career progression and enable them to operate at the next level of work. As part of our transformation agenda, we continued to offer development to unemployed graduates and students who required exposure in their chosen field as part of the graduation requirements (interns), with a focus on developing core/scarce skills, and to increase their employability. These students and graduates are offered workplace experience and internships/co-ops within our business units with a view to increasing their employability and developing a recruitment pool, while the co-op programme is successfully used as a feeder to our graduate development programme.

We are in the process of reviewing our current external talent pipeline programmes to respond to the changing skills requirements brought about by the COVID-19 pandemic.

Through the Woolworths' Inside Retail programme, we collaborate in developing Technical, Vocational Education & Training (TVET) college lecturers' capacity by providing them with industry-based workplace exposure. The programme, which was previously only available in the Western Cape, was extended nationally during the year. This year, we hosted a collaboration session with the Wholesale & Retail SETA CEO, leaders from TVET colleges nationally, MySchool as well as key representatives from the business to co-create a programme with a national footprint. Due to the COVID-19 pandemic, we agreed to put the programme on hold and review the implementation post lockdown.

We continued to offer funding for tertiary education to our top talent across all levels and, in addition, funded 66 employee dependant bursaries in 2020. Through our graduate programme, 53 graduates (52 in 2019) commenced a 12-month work experience programme in February 2020, enabling them to earn an income and contribute to the economy while gaining experience. We were obliged to suspend the programme in March 2020 following the imposition of the COVID-19 lockdown restrictions; however, the graduates continued to gain work experience in the call centre where they have been deployed to assist with call volumes.



The Woolworths Graduate Development Programme won the South African Graduate Employer Association (SAGEA) Retail Employer of Choice Award for the 5th consecutive year.

Woolworths Fashion, Beauty and Home (FBH) has partnered with the Design Academy of Fashion (DAF) to provide talented, historically disadvantaged youth studying fashion design or buying, with an exceptional quality education and support to enable their optimal development and integration into our industry.

In addition to these initiatives, we continued our participation in the State President's Youth Employment Service (YES) initiative to increase employability of youth and build a better South Africa. Since June 2019, a total of 512 unemployed youth have participated in our Woolworths YES Programme. We were able to provide permanent job opportunities to approximately 57% of the youth participating in the initiative and invested over R12 million towards youth salaries. Our aim is to continue absorbing from the pool and to extend the YES model to help us proactively develop our future pipeline.

We reported last year that we had been accredited by the South African Institute of Chartered Accountants (SAICA) as a training office in terms of SAICA's TOPP training programme (Training outside of Public Practice). This enables our aspiring chartered accountant graduates to complete their three years of articles with us to qualify as Chartered Accountants. We are pleased to report that our first two TOPP candidates have both successfully completed their first board exams, and we have recruited two additional trainees this year. In addition, we piloted the NQF 3 Accounting Technician South Africa certificate programme in 2019, and to date nine employees have completed their training and successfully graduated from SAICA. This training will remain open to other employees in the business.

Talent development needs and requirements in Australia are substantially different from those in South Africa. Regular talent discussions that are owned and prioritised by the leaders of the organisation have been embedded and remain central to the people strategy.

We have delivered an in-house leadership programme through Project Star to help develop leadership capabilities in stores.

Industry-based workplace exposure is offered through a collaboration between Witchery and the RMIT University in Melbourne which offers a work placement programme for selected visual merchandising students. Country Road offers 12-month graduate positions for students to be mentored by Country Road's visual merchandising team.

Total training spend in Australia for FY2020 was:

R8.4 million David Jones

R18.7 million Country Road Group



CARING IN ACTION: SUPPORTING OUR EMPLOYEES THROUGH COVID-19

In line with our purpose to be the difference that inspires and cares, our focus as a result of COVID-19 and the resultant lockdowns in South Africa and Australasia, has been on protecting our employees' health and safety and providing support to those in extreme hardship as a result of the crisis. This was made possible by the generosity of our Board, the Group CEO, and senior executive team members who forewent up to 30% of their fees and salaries over the first three months of the lockdown restrictions to enable the savings to be applied where these were urgently needed.

Working closely with our health and safety partners, we implemented measures to ensure our stores, distribution centres and other operations are safe places to work and have issued frontline employees with appropriate personal protective equipment. In addition, a range of initiatives from alternative working hours to more flexible practices, including work-from-home, leveraging a full suite of technology tools, have been implemented.

In South Africa, while our Fashion, Beauty and Home stores were temporarily closed, we continued to remunerate all our staff, and those forming part of the essential workforce have received an additional monthly appreciation allowance. In Australasia, all our Country Road Group stores were closed

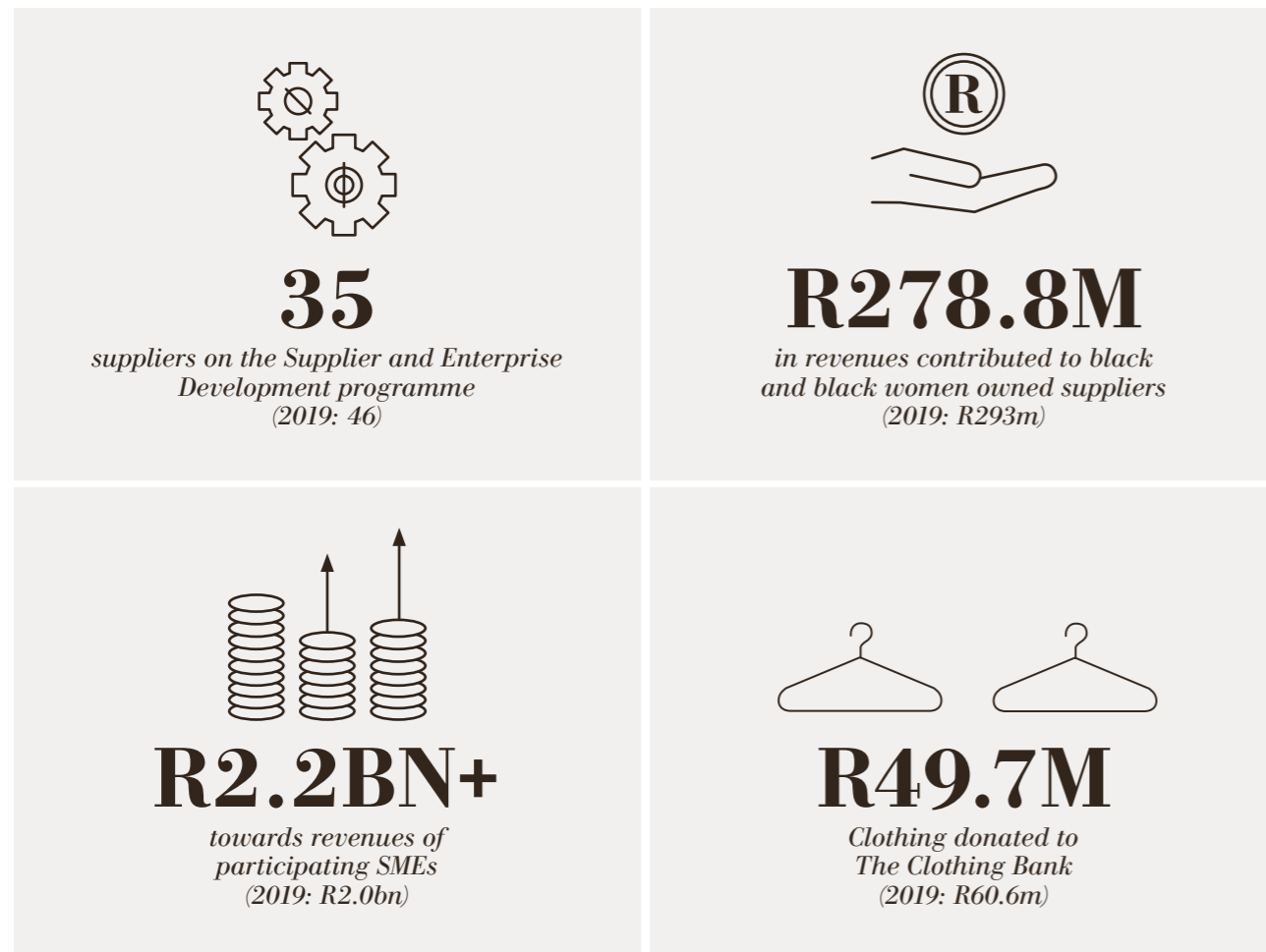
due to space constraints which prevented social distancing protocols, and similarly, the smaller format David Jones stores were closed for trade. During this period, our retail employees were stood down in line with Australian workplace laws; however, we took steps to assist them through the Federal Government's 'JobKeeper' wage subsidy programme to provide them with a measure of relief.

Recognising that the lockdown scenario could be challenging for some, that being in self-isolation could make individuals feel disconnected and alone, and that working remotely or being an essential services employee created challenges in terms of a work/life balance, an employee assistance HELPLINE was made available to support and help employees struggling in these unusual circumstances. This confidential helpline, operated by an independent service provider using professional counsellors, is available to all our employees.

Employees who are asked to stay at home and self-isolate for 14 days are contacted regularly by our COVID-19 Helpline, which is managed by independent health services professionals, to closely monitor for any symptoms. Should any of our team members develop any symptoms during this period, our COVID-19 Helpline will make all the necessary arrangements for testing.

SUPPLIER AND ENTERPRISE DEVELOPMENT

Woolworths South Africa has continued its purpose-led journey to contribute to the growth of sustainable, local, black businesses in the supply chain. To this end, our Supplier and Enterprise Development (SED) programme in South Africa has continued with the aim of removing barriers for emerging black- and black-women-owned businesses to enter our supplier base. At the heart of the programme is the unlocking of market opportunities for small and medium black- and black-women-owned enterprises and the further provision of capital and relevant capacity building to deliver to supplier expectations. The 35 (2019:46) beneficiaries participating in our SED programme accessed procurement opportunities to the value of R278.8 million (2019: R293 million) as a result of tailor-made support provided by Woolworths South Africa and its partners. During the financial year under review, we contributed the following:



SOCIAL DEVELOPMENT

At the heart of our social development strategy, lies our intent to be an active corporate citizen in the countries in which the Group operates and to improve the lives of the communities that help us deliver our business every day. Our approach to social development is based on meaningful collaboration with key partners as the complex challenges facing us require deep insights and a collective effort to make a difference. In addition, we leverage our operating footprint and our loyal customer base.

We focus on four pillars that are aligned to our overall business strategy and are relevant to the national development priorities in the markets in which we operate. These pillars are:

Education: Apart from being one of the national priorities of many countries, we can only grow and sustain long-term profit in an inclusive, equitable, growing economy that has a sufficiently skilled society and educated workforce.

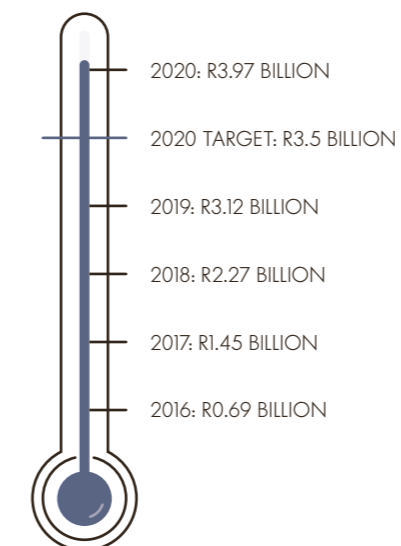
Food Security: In an environment in which an estimated 30% of food produced goes to waste, while at the same time millions of people are food insecure, we are aware as a food retailer of the role we need to play in working towards a food secure future for all.

Community Resilience: Key to the success of our business is a thriving and healthy community and workforce.

Employee Involvement: Employee involvement allows us all to live our corporate values. It enables employees to make a difference to their communities and their environment while enhancing our Employee Value Proposition.

In South Africa, social development activities are overseen by The Woolworths Trust in line with our corporate social investment policy. Established in 2003, The Trust is managed by a Board of Trustees and reports to the committee on its activities. Our social development activities in Australasia are influenced by the local social context and require different approaches to making meaningful contributions to the communities we impact. Our businesses, in partnership with their strategic partners, relationships and campaigns, focus on community resilience, physical and mental health, and wellness.

We reported last year that our aim was to have contributed R3.5 billion in monetary donations, sponsorship, and surplus food and clothing donations to our communities by 2020; we are pleased to report that we exceeded this target.



COMMUNITY RESILIENCE: KEY TO THE SUCCESS OF OUR BUSINESS IS A THRIVING AND HEALTHY COMMUNITY AND WORKFORCE.

USEFUL LINKS

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

The Group was rated as a level 6 BBBEE contributor in 2020 (level 7 in 2019), based on the measurement criteria contained in the BBBEE Codes of Practice. During the year, the committee reviewed management's proposals with regard to resetting Woolworths South Africa's long-term transformation targets with a view to advancing the BBBEE rating over the next five years. To this end, management has adopted a vision of 'Inspiring inclusive growth for all our people' as a broader approach to inclusive growth which the committee will monitor going forward.

PROMOTING ETHICAL STANDARDS AND COMBATTING CORRUPTION

The committee assists the Board in setting the tone for an ethical organisational culture, and it executes its responsibility for ethical governance and good corporate citizenship through our various governance and ethics policies. These cover areas such as anti-bribery and corruption, whistle-blowing, Codes of Business Principles, conflicts of interest, gifts, entertainment, insider trading, and price-sensitive information. Policies are reviewed annually and updated when necessary.

As indicated in the opening paragraphs of this report, we are a signatory to the UN Global Compact and view our commitments in this regard in a serious light. In addition, we continue to align with the UN Sustainable Development Goals (SDGs), as well as national development priorities of all the countries in which we operate. This requires us to ensure that all in our value chain are aligned with our policies and practices.

To this end, all our suppliers and service providers, whatever their location, are bound by our Codes of Business Principles, which are aligned with the International Labour Organisation's conventions in relation to ethical trade and the Ethical Trade Initiative base code. The Codes of Business Principles outline our requirements for labour and safety standards, environmental stewardship, animal welfare, and our zero-tolerance for bribery and corruption, and are supplemented by a number of supporting policies and position statements. Suppliers undergo regular compliance checks against the codes, conducted by independent

auditors, or are required to supply audit reports from independent auditors. In rare instances where our suppliers may have been found in wilful breach of our Supplier Code of Business Principles, we do not hesitate to terminate our relationship with that supplier.

We monitor our suppliers' performance through various programmes on which they are required to report. We are members of SEDEX, a web-based platform for sharing responsible sourcing data on supply chains and have made progress on converting our suppliers to SEDEX Members Ethical Trade Audit (SMETA), one of the most widely used ethical audit formats in the world. We also continue to audit those who have not yet made the switch against our own, independently verified ethical audit protocols.

ANTI-BRIBERY AND CORRUPTION POLICY

During the year, the committee reviewed the Group anti-bribery and corruption policy, which is based on the guidance provided by the Organisation for Economic Co-operation and Development's principles on anti-corruption and the UN Global Compact. The policy articulates and directs the Group's approach to anti-bribery, anti-corruption and sanctions in support of our responsible corporate citizenship.

We are committed to:

- Zero-tolerance against fraud, theft, corruption or any similar illegal behaviour
- Complying with all applicable anti-bribery and corruption laws, regulations, rules, self-regulatory organisation standards and codes of conduct in the countries in which we operate and conducting business transparently and in an honest and ethical manner
- Embedding the business-relevant anti-bribery and corruption compliance framework and processes in our daily activities
- The continuous enhancement of the anti-bribery and corruption risk-based monitoring programme in order to provide assurance to the Board
- Continuously monitoring the regulatory environment to implement appropriate responses to changes and developments

PROTECTION FOR WHISTLE-BLOWERS

During the year the whistle-blower policy, which has group-wide application, was revised to bring it into line with the recently amended provisions of the Australian Corporations Act. The policy aims to facilitate and maintain an environment in which any concerns relating to wrongdoing can be safely and confidently expressed, without fear of punishment or unfair treatment, and ultimately assist in preventing wrongdoing within the Group. Awareness and refresher training will be provided during the year on the scope and intent of the revised whistle-blower policy.

In addition, an independently monitored whistle-blowing hotline, Deloitte's Tip-Offs Anonymous, has been made available to employees across the Group as well as to key

customers and suppliers in the South African business. The hotline enables stakeholders to report suspected fraud or other activities considered to be ethical transgressions. All information reported is treated in the strictest confidence. No material reports were received through this facility during the year.

Tip-Offs training and awareness sessions are conducted periodically to promote utilisation of the facility, and ongoing refresher training sessions will be conducted across the Group to ensure that our employees and other affected parties understand the Group's stance in terms of zero corruption.

The various policies are available on our website, www.woolworthsholdings.co.za



HEALTH AND SAFETY

Our Group is committed to providing a safe and healthy environment for all our employees, customers, and contractors. We do so by implementing effective health and safety programmes at each of our locations and entrenching a culture of safety by empowering employees to participate in programmes designed to achieve a safe, healthy, and accident-free environment in which to work and trade.

The COVID-19 pandemic has robustly tested our health and safety protocols, and we have taken every possible precaution to ensure the health and safety of our staff and customers. We have also assisted suppliers in our value chain by sharing best practices and protocols in this area. By way of example, we immediately closed any store where there had been a COVID-19 positive case reported in order to deep clean the store, and ensure that it is safe to re-open. We have had approximately 175 store closures as a result of this, which contributed to a negative net impact of R3.6bn on gross profit from lost sales and lower margins, and an estimated R2.0bn reduction in profit.

In accordance with legislative requirements, health and safety representatives are appointed in each part of the business, and health and safety committees are in place. At our South African distribution centres, compliance and health and safety legislation are covered by a collective agreement with a trade union. Across the Group, we aim to deliver comprehensive occupational health and safety programmes that meet the needs of our employees in the context of their country of operation and local

THE COVID-19 PANDEMIC HAS ROBUSTLY TESTED OUR HEALTH AND SAFETY PROTOCOLS, AND WE HAVE TAKEN EVERY POSSIBLE PRECAUTION TO ENSURE THE HEALTH AND SAFETY OF OUR STAFF AND CUSTOMERS.

legislation. This work is supported by our teams of occupational health practitioners employed across our operations in Southern Africa and Australasia. Key safety initiatives include regular employee awareness training, quarterly health and safety inspections, and regular internal audit effectiveness reviews.

From a regulatory perspective, the Group's compliance department actively monitors and reports on compliance with health and safety legislation; the reports are reviewed by the Risk and Compliance Committee, which also monitors health and safety risks.

As a business frequented by the public, there are occasional incidents where employees or customers are injured. We ensure that our stores are as safe as possible and treat anyone injured in our stores or workplace with care and dignity.

CUSTOMER RELATIONSHIPS

As a values-led Group that aspires to be 'Customer Obsessed', our customers are a key priority. However, there is a growing understanding that the key to delivering an exceptional customer experience is to invest in our people experience and we, accordingly, are focused on both aspects to improve and enhance our relationships with customers.

Issues that are material to our customers are identified through daily interaction in our physical stores as well as on our digital and social media platforms. In addition, customer focus groups and surveys provide focused input to help identify customer requirements, interests, and concerns, such as the privacy of customer information.

We communicated as frequently as necessary with our customers during the COVID-19 crisis, with the main focus being on the safety precautions taken in our stores to protect both staff and customers. We also advised customers of the products we were permitted, or not permitted, to sell during the respective levels of lockdown. Our statutory mandate requires us to ensure that the Group observes applicable consumer laws, and we are pleased to report that there have been no instances of non-compliance throughout the Group.

STAKEHOLDER ENGAGEMENT

Sound stakeholder engagement facilitates good corporate citizenship and positions us as an active participant in society through proactive engagement and effective responsiveness. We engage openly and inclusively with our stakeholders to better understand their needs and concerns. Our approach is to seek areas of potential partnership, mitigate risks to the business, and create mutual trust and respect.

During the year, our stakeholder engagement programme continued to focus on building new relationships and enhancing existing ones with the South African government, non-governmental organisations, and other relevant interest groups as well as expanding our government relations programme into the rest-of-Africa business. This programme of stakeholder engagement helps the Group better navigate the complex regulatory, legislative, and political landscape and provides ongoing macro-environmental insights, develops goodwill ambassadors, and, ultimately, ensures our continued social licence to operate.

A significant part of the work is focused on industry participation, and, to this end, management has proactively prepared specific narratives to engage with key stakeholders, ensuring that subject matter experts with the appropriate depth of knowledge and ability to articulate the impacts of potential policies on the business, lead the engagements.

Our stakeholder engagements are grouped into the following focus areas:

- Public policy and advocacy to support a more enabling regulatory environment
- Developing credibility to be recognised as a source of expertise on key issues pertinent to Woolworths
- Creating shared value and socio-economic performance through real private-public partnerships driven by the desire to do good and be involved in society
- Remaining responsive to the expectations of stakeholders and by managing issues
- Participation in leading business/industry associations



Woolworths, Summer 2020

[USEFUL LINK FOR MORE DETAIL](#)

ENVIRONMENTAL MATTERS

Environmental matters are monitored through the Board's Sustainability Committee, which ensures that our sustainability initiatives and objectives are effectively integrated into the business and that the Group operates in an environmentally responsible manner. The Sustainability Committee provides feedback to the Social and Ethics Committee on its initiatives and an overview of the topics considered by the Sustainability Committee during the year can be found in the Good Business Journey Report on our website, www.woolworthsholdings.co.za.

The Group's Good Business Journey Report articulates how our vision of being one of the world's most responsible retailers has been implemented and illustrates the impact of our various initiatives. Focusing on the areas of people and transformation, social development, health and wellness, ethical sourcing, sustainable farming, waste, water, and energy and climate change, the Good Business Journey continues to evolve to meet the challenges in business, contribute to social and economic development, and reduce the impact of our business on the environment.

Embedding the Good Business Journey throughout the business is one of the Group's strategic focus areas.

To ensure consistency across our operations, each business unit has a sustainability scorecard against which it is measured twice per annum. This scorecard includes a set of relevant Good Business Journey objectives, targets, and key performance indicators aligned to the abovementioned eight focus areas and Group goals and commitments. These sustainability scorecards are rolled up to a company level and Group level to assess the performance of the Group against the Good Business Journey goals and commitments.

The committee has continued to monitor results of the packaging commitments reported last year including progress made in terms of achieving our vision to reduce packaging waste to landfill to zero, to phase out single-use shopping bags by 2020, and to use reusable or recyclable packaging in our private label products by 2022. Significant progress in this regard has been made with the following results having been achieved:

5

Plastic-bag-free stores at Woolworths

David Jones Capitol Grand is the company's first single-use-plastic-bag-free store in Australia

WOOLWORTHS PACKAGING & WASTE HIGHLIGHTS FOR 2020

- Rollout of:
- FBH paper bags
 - reusable mesh bags for fresh produce
 - coffee cup recycling bins to 36 stores across the Western Cape
 - Two reverse vending machines installed

WOOLWORTHS BECAME ONE OF THE FOUNDING MEMBERS OF THE SOUTH AFRICAN PLASTICS PACT

24

Woolworths stores offer low-cost reusable bags

50

Woolworths stores with reusable produce mesh bags



*David Jones has phased out plastic straws only



100%

Fashion, Beauty and Home paper bags introduced at Woolworths

CONCLUSION

The committee completed the annual self-assessment of its statutory obligations for the year under review and is satisfied that it has fulfilled its statutory mandate in terms of the Companies Act. The Board concurred with this view. I further confirm that the Group continues to meet its environmental, social, and governance responsibilities and, for the period under review, there have been no instances of material non-compliance with relevant legislation or non-adherence to codes of best practice that fall within the committee's mandate.

The Group has retained its inclusion in the FTSE4Good Index Series for 2020 as well as FTSE/JSE Responsible Investment Index for 2019/2020. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. Transparent management and clearly-defined ESG criteria make FTSE4Good indexes suitable tools to be used by a wide variety of market participants when creating or assessing sustainable investment products. In addition, Woolworths Holdings Ltd has been included in the Dow Jones World Sustainability Index for the ninth year in succession and is one of only three South African companies on the World Sustainability index.

We remain committed to identifying additional strategies to create value and contribute positively to the environmental, societal, and governance requirements of the countries in which we operate and invite our stakeholders to share their views on this report with us by email to Governance@woolworths.co.za. We believe that meaningful feedback from stakeholders is vital to driving our agenda and will help us to deliver more effectively on the Group's goals and targets in terms of transformation.

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N MOHOLI

Chairman of the Social and Ethics Committee

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we're doing, visit

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