

# AGM round-up Woolworths Holdings Limited



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## 1. Introduction

Date of AGM:	25 November 2024
Chair of the Board:	Hubert Brody
Type of AGM:	Hybrid AGM conducted by Lumi <sup>1</sup>
AGM duration:	1h30m

### Useful links:

- [Notice of AGM](#)
- [Proxy form 2024 \(page 47\)](#)
- [Results of 2024 AGM](#)
- [Minutes of 2023 AGM](#)

## 2. Key takeaways

- *Woolworths' shareholders voted against the company's remuneration policy and remuneration implementation report, highlighting ongoing shareholder dissatisfaction with the company's approach to executive remuneration.*
- *Shareholders are increasingly focused on Woolworths' climate strategy and scope 3 emissions. Several shareholders questioned the board on its value chain emissions and asked for emission reduction targets that will translate to real-world emission reductions.*
- *Woolworths' AGM was well-run, but unfortunately, limited online participants to written questions only.*

## 3. AGM governance and best practice

Woolworths Holdings Limited (Woolworths) opted to conduct a hybrid AGM, which aligns with best practice, making provision for both in-person and online shareholder attendance.<sup>2</sup> Non-shareholders were also able to attend the meeting, albeit not permitted to ask questions.

Chair Hubert Brody facilitated a well-run and appropriately paced AGM. A detailed agenda for the meeting was provided at the start of the AGM, which shareholders attending online could view throughout the meeting. This helps manage expectations and provides clarity as to when the Q&A session and voting will take place.<sup>3</sup>

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<sup>1</sup> [www.lumiglobal.com](http://www.lumiglobal.com)

<sup>2</sup> <https://justshare.org.za/media/news/climate-change/just-share-publishes-agm-best-practice-guide/>;  
<https://justshare.org.za/media/news/sa-companies-virtual-agm-arrangements-risk-non-compliance-with-companies-act/>;  
<https://www.cipc.co.za/wp-content/uploads/2023/04/NON-BINDING-LEGAL-OPINION-AGMs.pdf>

<sup>3</sup> Complying with CIPC's Guideline 1 of 2024, point 3: "An agenda to be provided at the start of the AGM, thus allowing shareholders to know when they will be called upon to ask questions."



## *Social and Ethics Committee report to shareholders*

Regulation 43(5)(c) of the Companies Act requires the social and ethics committee “to report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate”.<sup>4</sup>

Thembisa Skweyiya (Skweyiya), chair of the social and ethics committee, provided shareholders with an “overview of the committee's highlights for the past year and areas of emphasis for next year” in her report to shareholders, complying with regulation 43.<sup>5</sup> Non-compliance with this regulation is far more common than compliance at the AGMs that Just Share has attended.

### **4. Q&A sessions**

Shareholders attending online were able to submit written questions via the Lumi platform. All written questions submitted were read out in full by group company secretary Chantel Reddiar. However, Woolworths did not allow verbal questions from shareholders attending online, limiting engagement to written questions only.

Just Share asked why the board had again<sup>6</sup> chosen not to enable verbal questions for shareholders attending online, despite recent guidance from the Companies and Intellectual Property Commission (CIPC), that “a combination of written, verbal, telephonic and video questions” should be available to “ensure reasonably effective participation” in an AGM.

Brody explained that every effort had been made to comply with the Companies Act and the group's own Memorandum of Incorporation. He said that the “significant preparations” for the meeting had included ensuring everyone has a fair chance to participate “as the CIPC guideline states - “reasonably effectively”. Brody concluded that he believed the meeting demonstrated “reasonably effective participation” and that he was satisfied with the way the meeting had been conducted.

Not allowing shareholders attending an AGM online the opportunity to ask their question(s) and engage with the board verbally hinders engagement and erodes shareholder trust. It is almost impossible to engage meaningfully via written communication only. Given the CIPC's clear guidance, this approach risks non-compliance with the Companies Act.

### **5. Just Share's questions**

#### **5.1. Scope 3 targets and real-world emission reductions**

In a recent stakeholder engagement with Just Share, the Woolworths team acknowledged that the company's scope 3 emissions are under-reported, stating that this is a data availability issue that would be improved in the 2025 sustainability report.

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<sup>4</sup> <https://www.onlinemoi.co.za/Regulation?regulation=43>

<sup>5</sup> (c) to report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate.

<sup>6</sup> As it did at its 2023 AGM.



Woolworths has championed various sustainability initiatives and targets across its fashion and food businesses. It has, however, been difficult for stakeholders to track the impact of these initiatives in lowering the carbon intensity of the value chain. Given the expected improvement in emissions data, Just Share asked the board for a clear timeline for when stakeholders can expect a scope 3 reduction target that can be tracked against real-world emission reductions.

Chair of the sustainability committee Belinda Earl noted that Woolworths is focused on working with suppliers to improve data disclosure but has not yet defined a timeline for setting an emissions reduction target. Group sustainability officer Feroz Koor reiterated the focus on suppliers and added that a few more reporting cycles were needed to baseline emissions before determining a reduction target for scope 3 emissions. Roy Bagattini, executive director and group chief executive officer, acknowledged that Woolworths' scope 3 emissions disclosure and targets would "need to try and get there a little sooner". He estimated the group would need two to three years to set a reduction target for scope 3 emissions.

## **5.2. Employment equity targets for top and senior management**

Woolworths reported being on track with the implementation of its Employment Equity (EE) Plan, aligned with the "Inclusive Justice Initiative (IJI)" pillar under the company's Vision 2025+ strategy. Just Share acknowledged the company's progress, highlighting that Woolworths is exceeding the recently published sectoral employment equity targets.<sup>7</sup>

When asked for the actual 2025 EE targets for top and senior management, Skweyiya stated that she did not have the figures readily available. She instead provided an overview of the company's progress across various occupational levels.

The chairman committed to sharing the specific targets with Just Share via email within a day. However, Woolworths has yet to provide the requested information.

## **5.3. Woolworths Dash**

Woolworths stated that the company's on-demand delivery platform, Woolworths Dash, has created an additional 2,200 jobs across the value chain in recent months. Just Share raised concerns about issues prevalent in the last-mile delivery sector, including heavy reliance on foreign workers, potential illegal employment practices, job insecurity, and safety challenges. Just Share asked Woolworths to outline how the company is addressing these concerns, provide the current breakdown of foreign nationals versus South African drivers, and share details on how these drivers are remunerated.

Bagattini stated that employment practices comply with all legal and regulatory requirements, and all foreign workers contracted by OneCart, Woolworths' delivery service provider, hold valid visas. Approximately 70% of Dash drivers are foreign nationals, with the remaining 30% being South Africans, a ratio he noted is comparable to industry peers.

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<sup>7</sup> [https://www.gov.za/sites/default/files/gcis\\_document/202402/50058rg11662gon4295.pdf](https://www.gov.za/sites/default/files/gcis_document/202402/50058rg11662gon4295.pdf)



Regarding remuneration, Bagattini explained that driver earnings are determined primarily by hours worked and distance travelled. Drivers have flexibility in accepting deliveries, and their compensation is above industry standards. To ensure fair earnings, drivers are occasionally incentivised, particularly when new stores open or delivery volumes are low. Although pay rates were not disclosed, Bagattini emphasised the company's commitment to aligning its practices with its values and welcomed scrutiny on these matters.

#### **5.4. Just Wage Initiative**

Just Share commended Woolworths for its Just Wage Initiative, which raised store employees' hourly wage by 27%, from R33.40 to R42.50 per hour. This increase is particularly significant given that the national minimum wage for retail sector employees is R27.58 per hour.

The company reported that the remuneration committee ("the committee") has been overseeing the progress of this initiative following the successful completion of the three-year targeted wage plan in October 2023. The committee has also supported management's ongoing proposals for further improvements for store and supply chain employees. In response to this, Just Share inquired about the specific improvements being made under the initiative and requested more details on the management proposals.

The chairman replied that the next phase of the initiative would focus on providing medical aid cover for all employees, which the company has managed to fund. He also highlighted additional benefits for employees, including employer contributions to retirement funds, a 13<sup>th</sup> pay cheque, a variable pay incentive scheme based on store performance, and discounts on food products, transport, and uniforms. He stated that these benefits are not included in the base wages of store and warehouse staff.

#### **6. Questions asked by other shareholders**

The board and group executives faced a number of questions from other shareholders attending in-person and online.

Climate change was a notable theme in shareholder questions. Climate questions asked related to:

- Reasons for the increase in Woolworths' scope 3 carbon emissions.
- Progress made with supplier collaboration to reduce scope 3 emissions.
- Supply chain resilience and the ability of Woolworths to mitigate increased risks due to extreme weather.

Further questions asked related to:

- Recycling infrastructure in South Africa and the recyclability of Woolworths' product packaging.
- Safety concerns about Woolworths Dash drivers.
- High food inflation compared with industry peers.
- Executive remuneration and wage equity.
- Board gender and race diversity.



- Capex spend in coming years.
- Remuneration policy and shareholder dissent.

## 7. AGM results

The non-binding advisory votes on the group's remuneration policy and implementation report did not receive the requisite majority 75% support, with 35.21% and 29.99% of shareholders voting against the policy and implementation report, respectively. Woolworths' shareholders have rejected the company's remuneration policy for the second consecutive year, with the implementation report on executive pay facing disapproval for three consecutive years. Woolworths is again obligated to engage with dissenting shareholders.

This backlash reflects growing shareholder concerns over excessive executive compensation, particularly in the retail sector, where the widening pay gap between minimum-wage workers and top executives remains a contentious issue. All the other resolutions passed with the requisite majority.

## 8. Resources

### 8.1. Just Share

- **AGM Guide:** [Best practices for South African annual general meetings](#), November 2024
- **Op-ed:** [Why wage inequality matters, and what can be done about it](#), November 2024
- **Briefing:** [Women in leadership: Assessing gender equality in the JSE Top 40](#), October 2024.
- **Briefing:** [Briefing on pay gaps & leadership diversity in the JSE-listed wholesale and retail sector](#), September 2024.
- **Op-ed:** [Why sectoral equity targets are needed to transform labour market](#), July 2024.
- **Briefing:** [Vertical pay gaps at JSE-listed companies](#), June 2023.
- **Op-ed:** [AGMs should also be free and fair](#), June 2024.

### 8.2. Other

- **CIPC Guideline 1 of 2024:** [Guideline for annual general meetings conducted electronically](#), October 2024.
- **CIPC legal opinion on virtual AGMs:** [Non-binding legal opinion in terms of section 188 \(2\)\(b\)\(i\) of the Companies Act 71 of 2008 \(as amended\)](#), April 2023.

**End**