

# People Policy Committee Charter

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Woolworths Limited

Adopted by the Board on **20 August 2010**

# Woolworths Limited

## People Policy Committee Charter

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### **1 Overview**

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Achievement of the Company's strategic objectives depends on human resources policies and practices which are aligned with the business objectives of the Company and which foster the Company's overall values, culture and philosophies.

This charter sets out the responsibilities delegated by the Woolworths Board to the People Policy Committee ("Committee") and the manner in which the Committee will operate.

This Charter is to be reviewed by the Committee as required and at least annually.

### **2 Objectives**

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The Committee oversees on behalf of the Board and shareholders, management activities in:

Establishing and implementing a human resources strategy to ensure that appropriately talented and trained people are available to achieve the Business Strategy;

Protecting the safety and health of its employees, customers, contractors, and visitors;

Undertaking the appropriate performance management, succession planning and development activities and programs;

Providing effective remuneration policies having regard to the creation of value for shareholders and the external remuneration market;

Complying with relevant legal and regulatory requirements and principles of good governance;

Reporting to shareholders in line with required standards.

### **3 Authorities and Responsibilities**

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The Committee shall:

#### **3.1 Human Resource Strategy**

- (a) Review the overall human resources strategy;
- (b) Monitor management's implementation of the human resources strategy;
- (c) Oversee managements alignment of the human resources strategy with the Company's overall business strategy and objectives.

#### **3.2 Safety and Health**

- (a) Review the Company's policies and programs to achieve safety and health objectives;
- (b) Review the Company's safety and health performance against agreed targets;
- (c) Receive and review relevant information reported to the Committee by the Audit, Risk Management and Compliance Committee in accordance with safety and health governance arrangements; and

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- (d) Monitor and review key safety and health information and report to the Board regarding key safety and health issues across the Group in accordance with the safety and health governance arrangements.

### **3.3 Performance Management and Succession Planning**

- (a) Review the principles, policies and processes for performance management and succession planning; and
- (b) The Committee provides oversight and management implements these processes to ensure there are sufficient people with the appropriate skills, experience, attributes and capability available to deliver the requirements of the Business Strategy.

### **3.4 Management Development**

- (a) Review the principles, policies and programs for the development of people including programs implemented through the Academy.

### **3.5 Remuneration Policy**

Review and approve overall remuneration policy to assess if remuneration is market competitive and designed to attract, motivate and retain employees.

#### **Short Term Incentive Plans**

- (a) Review and approve the structure of incentive plans annually to determine if they are designed to effectively reward the achievement of Company and individual objectives;
- (b) Review the implementation and outcomes of incentive plans annually to determine if they reward individuals fairly and equitably, and within company cost parameters.

#### **Long Term Incentive Plans**

- (a) Review the design of all employee long term incentive and equity plans annually to determine:
  - If Company objectives are met;
  - Compliance with legislative and regulatory requirements;
  - Alignment with industry standards; and
  - Overall cost effectiveness.
- (b) Approve the categories of employees who will be eligible to participate in employee long term incentive and equity plans.
- (c) Review and recommend to the Board for approval the overall structure and the level of participation in the plans.

#### **CEO Remuneration**

The remuneration of the CEO will be the responsibility of the Chairman of the Board in direct consultation with the full Board.

#### **Management Board and Executive Leadership Team Remuneration**

- (a) Review and approve the CEO's recommendations in regard to proposed remuneration packages (including STI payments and LTI awards) of executives within the Management Board and Executive Leadership Team.

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- (b) Review the objectives and performance assessments of the Management Board and Executive Leadership Team.

### **Remuneration for Non-Executive Directors**

- (a) Review and recommend to the Board the remuneration structure for the Non-Executive Directors of the Company, within the maximum amount approved by shareholders.

### **3.6 Human Resource policies and performance**

- (a) Review the Company's policies, and performance to assess the effectiveness of the policies and their compliance with relevant legislative, regulatory and governance requirements including EOWA, sexual harassment, diversity and unfair dismissal.
- (b) Review and report to the Board on the proportion of women who are employed by the Group as a whole and at all levels of the Group.
- (c) Review remuneration by gender and, if appropriate, make recommendations to the Board
- (d) Recommend any changes to the Group's human resources strategy or the way in which it is implemented.

### **3.7 Remuneration Report**

The Committee reviews and approves the Remuneration Report contained within the Annual Report. The Committee provides oversight and management is responsible for ensuring that disclosure meets the requirements of the Corporations Act and the ASX Listing Rules and is in accordance with good corporate governance practices.

### **3.8 Risk Management**

The Committee provides input to the Group's management of risks relevant to human resources strategy, policy and practices. The Group's overall approach to risk management is described in the Risk Management Policy. The Committee contributes to risk identification, measurement, prioritisation, action steps and reporting in areas such as; the attraction, retention and development of employees; safety; management structure, and culture.

## **4 Committee Composition**

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- (a) The Board shall determine the composition of the Committee. The Committee shall consist of at least three independent non-executive Directors. All Committee members will be non-executive Directors.
- (b) The Board shall appoint the Chairman of the Committee who shall also be an independent non-executive Director and all appointments to the Committee should be reviewed on a three-yearly cycle. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their members as Chairman for that meeting.
- (c) If a member of the Committee retires, resigns or is removed from the Board of Woolworths Limited, that member shall cease to be a member of the Committee.
- (d) The CEO of the Company and the Principal Executive responsible for Human Resources shall assist the Committee in an advisory capacity.

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- (e) The Committee Secretary shall be the Company Secretary, or his or her delegate.\

### **5 Committee Meetings**

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#### **5.1**

- (a) The Committee shall meet as frequently as required, but not less than four times per year.
- (b) Any Committee member or the Committee Secretary may call a meeting of the Committee.
- (c) A notice of each meeting shall be forwarded to each committee member prior to the date of the meeting.
- (d) Minutes and resolutions of the Committee shall be maintained by the Committee Secretary and distributed to all Committee Members.
- (e) The Committee Chairman shall provide an update to the Board of the outcome of the Committee meeting.
- (f) No executive officer of the Company (including the CEO and the Principal Executive responsible for Human Resources) may participate in deliberations of the Committee in which he or she has a direct personal interest.

#### **5.2 Attendance at Meetings**

- (a) A quorum shall comprise any two Committee members.
- (b) Each member shall have one vote and the Chairman of the Committee shall not have a second or casting vote.
- (c) If a member of the Committee is absent then his or her vote may be cast by any other committee member in accordance with his or her instructions.
- (d) The Committee may invite the CEO, Principal HR Executive, other Management Board, Executive Leadership Team or other individuals to attend meetings of the Committee, as they consider appropriate. The Committee will have regard to potential conflicts of interest when making invitations. In addition, the Chairman of the Committee may meet from time to time with the CEO and Principal HR Executive, as well as external advisors, as appropriate, on specific issues relating to the Committee's area of responsibility.

### **6 AUTHORITY OF THE COMMITTEE**

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The Committee has the authority after discussion with the Chairman of the Board to:

- (a) Obtain independent professional or other advice in the fulfilment of its duties at the cost of the Company; and
- (b) Obtain such resources and information from the Company in the fulfilment of its duties as it may reasonably require.

**7 REVIEW OF COMMITTEE PERFORMANCE**

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The Committee will annually revisit its objectives and duties and evaluate the effectiveness of its performance.