



## 2018 CORPORATE GOVERNANCE STATEMENT



# Overview

Good corporate governance is central to Woolworths Group Limited's (the Company and Woolworths Group) approach to enhance long-term shareholder value.

Directors and employees are expected to act ethically and responsibly at all times.

## COMPLIANCE WITH ASX CORPORATE GOVERNANCE PRINCIPLES

This Corporate Governance Statement describes the key corporate governance policies and practices of Woolworths Group during the 2018 reporting period through to the date of this report.

It has been approved by the Woolworth Group Limited Board.

Woolworths Group has followed each of the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles) throughout the period covered by this report.

Further information about Woolworths Group's corporate governance practices and copies of key governance documents referred to in this document are available on the Company's website [www.woolworthsgroup.com.au](http://www.woolworthsgroup.com.au) under the tab About Us/Corporate Governance.

# The Board of Directors



Left to right: Holly Kramer, Michael Ullmer, Brad Banducci (CEO), Siobhan McKenna, Jillian Broadbent, Scott Perkins, Gordon Cairns (Chairman), Kathee Tesija and Richard Dammary (Chief Legal Officer and Company Secretary).

DIRECTOR	MEMBER OF:				
	BOARD	AUDIT, RISK, MANAGEMENT & COMPLIANCE COMMITTEE	PEOPLE PERFORMANCE COMMITTEE	SUSTAINABILITY COMMITTEE	NOMINATION COMMITTEE
Gordon Cairns	●	●	●	●	●
Jillian Broadbent	●	●	-	●	●
Holly Kramer	●	-	●	●	●
Siobhan McKenna	●	●	●	-	●
Scott Perkins	●	●	●	●	●
Kathee Tesija	●	-	●	●	●
Michael Ullmer	●	●	-	●	●

● Chairman.  
● Member.

## The Board of Directors (continued)

### THE ROLE OF THE BOARD

The Board represents and serves the interests of shareholders. The Board is accountable to shareholders for the strategic direction of the Company in order to enhance shareholder value. Implementation of the Board approved strategy is delegated to management through a formal delegation of authority to the CEO.

Details of director tenure and director attendance at Board and Board committee meetings held during the reporting period are provided on pages 34, 35 and 38 of the Directors' Report in the 2018 Annual Report.

### BOARD RESPONSIBILITIES

The Board is accountable to shareholders for Woolworths Group's performance. The Board's responsibilities include:

<b>Strategy</b>	Review strategic direction and approve the strategic and business plan
<b>Financial oversight</b>	Adopt the annual budget and capital expenditure plan, and monitor management and financial performance
<b>Risk management framework</b>	Oversee the effectiveness of risk management and compliance (with the Board committees)
<b>Financial and other reporting</b>	Approve Woolworths Group's half-yearly and annual financial statements, and monitor and review management processes for the integrity of financial and other reporting
<b>Board performance and composition</b>	Evaluate the performance of the Board and individual directors on at least an annual basis in determining its size and composition
<b>Leadership selection</b>	Evaluate the performance of and selecting the CEO
<b>Succession and remuneration planning</b>	Plan for Board, CEO and executive succession and remuneration, and setting Non-executive Director remuneration
<b>Sustainability</b>	Consider the social, ethical and environmental impact of Woolworths Group's activities and operations and set standards and monitor compliance with the Company's sustainability responsibilities and practices
<b>Regulators</b>	Monitor the conduct of the Company's relationship with key regulators to ensure the Company's obligations are being met
<b>Material transactions</b>	Approve major expenditure and capital initiatives in excess of the authority levels delegated to management
<b>Corporate Governance</b>	Review and monitor the Company's corporate governance policies and practices

### RELATIONSHIP BETWEEN THE BOARD AND CEO

The Board approves the corporate objectives and the duties and responsibilities of the CEO.

The CEO is accountable to the Board for the exercise of his/her delegated authority and, with the support of senior management, must report to the Board on the exercise of that authority. The CEO is responsible for the day-to-day management and operations of the Woolworths Group and must report to the Board on key management and operational issues.

The non-executive directors of the Board meet at the start of each board meeting without the CEO or management being present.

### CHAIRMAN

The directors have elected Gordon Cairns as Chairman of the Board. The Chairman is independent and non-executive.

- The role of the Chairman is set out in the Board Charter and includes:
- representing the Board to shareholders and communicating the Board's position
- leading the Board and facilitating and encouraging constructive discussion
- assessing and agreeing the development plans of non-executive directors
- monitoring the contribution of individual directors and providing annual feedback on their performance and effectiveness.

The performance of the Chair is reviewed every year.

### BOARD STRUCTURE

The Board is composed of a majority of independent non-executive directors who, with the CEO, have a mix of skills to provide the necessary breadth, depth of knowledge and experience to meet the Board's responsibilities and objectives.

## The Board of Directors (continued)

### BOARD SKILLS AND COMPOSITION

The Board recognises that having a diverse range of different skills, backgrounds and experience among its directors is important for robust decision-making and the effective governance of the Woolworths Group. Taking into account the current and future strategic direction, opportunities and challenges for the Group, the Board regularly reviews the current and desired skills and experience of individual directors and the Board as a whole.

The key skills and experience required of the Woolworths Group Limited Board are summarised below in the board skills matrix.

SKILL/EXPERIENCE	SUMMARY
<b>Retail Markets</b>	Retail knowledge and experience of customer-led transformation in the food, drinks or general merchandise sectors
<b>Governance</b>	Experience and a commitment to exceptional corporate governance standards
<b>Strategy</b>	Experience defining strategic objectives, assessing business plans and driving execution in large, complex organizations
<b>Sustainability, Health &amp; Safety</b>	Commitment to sustainability and experience monitoring programs for proactive management of workplace safety, mental health and physical wellbeing
<b>Digital, Data and Technology</b>	Expertise and experience in adopting new technologies or implementing technology projects, digital disruption, leveraging digital technologies or understanding the use of data and data analytics
<b>Financial Acumen</b>	Understand financial drivers of the business, and experience implementing or overseeing financial accounting, reporting and internal controls
<b>People and Culture</b>	Experience monitoring a company's culture, overseeing people management and succession planning, and setting remuneration frameworks
<b>Regulatory &amp; Public Policy</b>	Expertise identifying and managing legal, regulatory, public policy and corporate affairs issues
<b>Risk Management</b>	Experience anticipating and identifying key risks to the organisation and monitoring the effectiveness of risk management frameworks and controls

A summary of the collective skills and experience of the current directors assessed against those identified in the board skills matrix is set out on page 33 of the 2018 Annual Report.

### BOARD PERFORMANCE EVALUATION

The Board expects superior performance from each director. The Chairman is responsible for the performance evaluation process to confirm this.

A review of the performance of the Board and its standing committees occurs each year. Each director also undergoes an annual performance evaluation. These are facilitated by an external advisor and include feedback from all directors and senior management who interact frequently with the Board and Board committees.

The review of director performance is consequential.

The Board discusses the outcome of the reviews with the external facilitator. The Chairman discusses with each director their performance and feedback received. The Chair of the People Performance Committee discusses with the Chair his/her performance and feedback received.

This process was followed in relation to the reporting period.

### DIRECTOR APPOINTMENT AND ELECTION

A director appointed to the Board must stand for election at the next Annual General Meeting (AGM). Directors must stand for re-election at the third AGM following their election. There is no limit on director tenure. A recommendation that the Board supports an existing director standing for re-election is not automatic. Potential candidates for the Board as well as directors standing for re-election are all assessed considering a number of factors, including but not limited to:

- skills, experience, expertise, personal qualities and attributes that will best complement the skill set and characteristics of existing directors and enhance board effectiveness
- diversity (in its broadest sense) of board composition
- the capacity to devote the necessary time and commitment to the role
- potential conflicts of interest and independence.

Appropriate background checks are also performed before any potential candidate is appointed by the Board or recommended to shareholders as a candidate for election. The Board's reasoning and recommendation whether the director or external candidate should be supported will be set out in the Notice of AGM.

## The Board of Directors (continued)

### DIRECTOR INDUCTION AND DEVELOPMENT

All directors receive a letter of appointment that sets out their duties, the Company's expectations, and the terms and conditions of their appointment.

Each new director is required to complete an induction program that includes a 'Woolies Welcome' where they spend time working in-store.

The director induction program also includes other site visits and meetings with the CEO, senior management and the Company Secretary to familiarise incoming directors with the business and Board practices and procedures. The process is periodically reviewed by the Board.

Directors also participate in continuing education, training and development programs. There is a mixture of internal and external training designed to improve the Board's and each individual director's strategic oversight capability and insight into the business. Non-Australian directors also receive training on the Group's legal framework.

### DIRECTOR INDEPENDENCE

The Board has determined that each director other than the CEO was independent throughout the reporting period.

The Board reviews the interests notified by directors regularly and formally assesses director independence annually.

Directors are considered to be independent where they are independent of management and free of any business or other relationship that could, or reasonably be perceived to, materially interfere with their capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

As part of the formal independence assessment, the Board considers all business relationships between Woolworths Group on the one hand, and directors and companies of which they are directors or substantial shareholders on the other hand. In each case those business relationships were of an amount not material to both parties and the director was not involved in decisions about those relationships.

### CEO AND SENIOR EXECUTIVE PERFORMANCE AND REMUNERATION

The CEO and each senior executive have a written contract with the Company, setting out the terms and conditions of his/her appointment, including remuneration entitlements and performance requirements.

The importance of a clear relationship between management performance and the assessment of remuneration is reflected in the Company's approach to evaluating management performance. The following process was followed in relation to the reporting period:

- the Board reviews the performance and approves the remuneration for the CEO and Group Executive Committee members
- the People Performance Committee reviews the performance of the CEO and Group Executive Committee members, and makes recommendations to the Board.

### CONFLICTS OF INTEREST

Directors are not involved in decisions where they have, or could be perceived to have, a conflict of interest or a material personal interest.

Any director who considers they may have a conflict of interest or a material personal interest in any matter concerning the Company must declare it immediately.

The Company Secretary also monitors all information coming to the Board and its standing committees. Potential conflicts are flagged with the affected director and the Chairman.

### INDEPENDENT ADVICE

The Board, Board Committees and individual directors may seek external professional advice at the Company's expense. If appropriate, the advice may be made available to all directors.

### CHARTERS

The Board Charter sets out the role of the Board and how it exercises its powers and responsibilities. Certain authorities are delegated to the Board's committees. The charter also defines the relationship and interaction between the Board and management, including the matters reserved to the Board.

The Board and committee charters were reviewed during the reporting period. These charters are available on the Company's website [www.woolworthsgroup.com.au](http://www.woolworthsgroup.com.au) under the tab About Us/Corporate Governance.

### COMPANY SECRETARIES

The Company had two Company Secretaries during the period.

The Company Secretaries are accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board and Board committees. All directors have access to the services and advice of the Company Secretaries.

# Board committees

There are four Board committees to assist the Board in exercising its responsibilities and to provide it with recommendations and advice:

- Nomination Committee
- Audit, Risk Management and Compliance Committee (ARMCC)
- People Performance Committee
- Sustainability Committee.

Each Board committee has a charter that defines its roles and responsibilities.

Board committees report to and make recommendations to the Board. The Chair of each Committee reports to the Board after each meeting. Clear communication is in place where issues raised in the Board or Committee impact or are referred to another Committee.

An overview of the members, composition and responsibilities of each committee is set out below:

NOMINATION COMMITTEE	AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE	PEOPLE PERFORMANCE COMMITTEE	SUSTAINABILITY COMMITTEE
<b>Members</b>			
Gordon Cairns (Chair) Jillian Broadbent Holly Kramer Siobhan McKenna Scott Perkins Kathryn Tesija Michael Ullmer	Michael Ullmer (Chair) Jillian Broadbent Gordon Cairns Siobhan McKenna Scott Perkins	Holly Kramer (Chair) Gordon Cairns Siobhan McKenna Scott Perkins Kathee Tesija	Scott Perkins (Chair) Jillian Broadbent Gordon Cairns Holly Kramer Michael Ullmer Kathee Tesija
<b>Composition</b>			
<ul style="list-style-type: none"> <li>• All non-executive directors</li> <li>• Independent Chair</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum three directors</li> <li>• Majority independent</li> <li>• Chair is independent and not Board chair</li> <li>• Must have appropriate business experience and be financially literate</li> <li>• At least one member must have relevant financial qualifications and experience</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum three directors</li> <li>• Majority independent</li> <li>• Chair is independent and not Board chair</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum three directors</li> <li>• Majority independent</li> <li>• Chair is independent and not Board chair</li> </ul>
<b>Responsibilities include</b>			
<ul style="list-style-type: none"> <li>• Review size and composition of the Board and mix of expertise, skills and experience</li> <li>• Identify and evaluate director candidates and make recommendations to the Board</li> <li>• Review directors retiring by rotation and recommend whether the Board should support re-election</li> <li>• Establish and review succession plans for the Board and the Chair</li> </ul>	<ul style="list-style-type: none"> <li>• Review and monitor key policies and processes</li> <li>• Make recommendations to the Board regarding the external auditor and lead audit partner</li> <li>• Annually review the performance of the external auditor</li> <li>• Monitor the nature, extent and effectiveness of the internal control processes</li> <li>• Oversee and appraise the quality, effectiveness and objectivity of Internal Audit</li> <li>• Review the effectiveness of the risk management framework</li> <li>• Review material risk exposures, including fraud and cyber-security</li> <li>• Monitor the effectiveness of legal, compliance and accounting standard policies and practices</li> <li>• Review financial statements, corporate reporting and reports from external auditor, and make recommendations to the Board</li> <li>• Review significant financial reporting issues and assess the appropriateness of accounting policies</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor leadership development, succession planning and executive bench strength</li> <li>• Review people policies and practices to ensure they are consistent with the Company's business strategy and objectives and support its values and culture</li> <li>• Review the Company's policies and performance in relation to equal opportunity, sexual harassment, diversity and unfair dismissal</li> <li>• Review and approve the Company's remuneration policies to ensure remuneration is competitive and designed to attract, motivate and retain</li> <li>• Review and make recommendations to the Board on the remuneration and performance of the Group CEO and his direct reports</li> <li>• Review and make recommendations to the Board on remuneration for non-executive directors</li> <li>• Review and recommend the Remuneration Report to the Board</li> </ul>	<ul style="list-style-type: none"> <li>• Oversee Workplace Health and Safety policies and functions</li> <li>• Oversee the operation of the Responsible Sourcing policy and standards to monitor the management of supply chain issues across the Company and its supply chain</li> <li>• Review the effectiveness of policies, initiatives and activities on community engagement and sustainability</li> <li>• Review the effectiveness of the Company's policies and initiatives which support Group sustainability</li> <li>• Oversee reputational impacts of the Company's business strategies and practices</li> <li>• Monitor the Company's policies and initiatives to ensure safeguards are in place for dealing fairly and ethically with customers, suppliers, competitors and other stakeholders</li> </ul>

# Risk management and assurance

## RISK MANAGEMENT FRAMEWORK AND POLICY

Woolworths Group is a complex group of businesses that are exposed to a range of strategic, financial, operational and compliance related risks. These risks are inherent in operating retail and businesses including food, liquor, petrol, general merchandise as well as accommodation, bar, dining and gaming operations.

Woolworths Group has an enterprise risk management framework which, together with the governance structure, is designed to provide a sound framework for managing the material risks of conducting business.

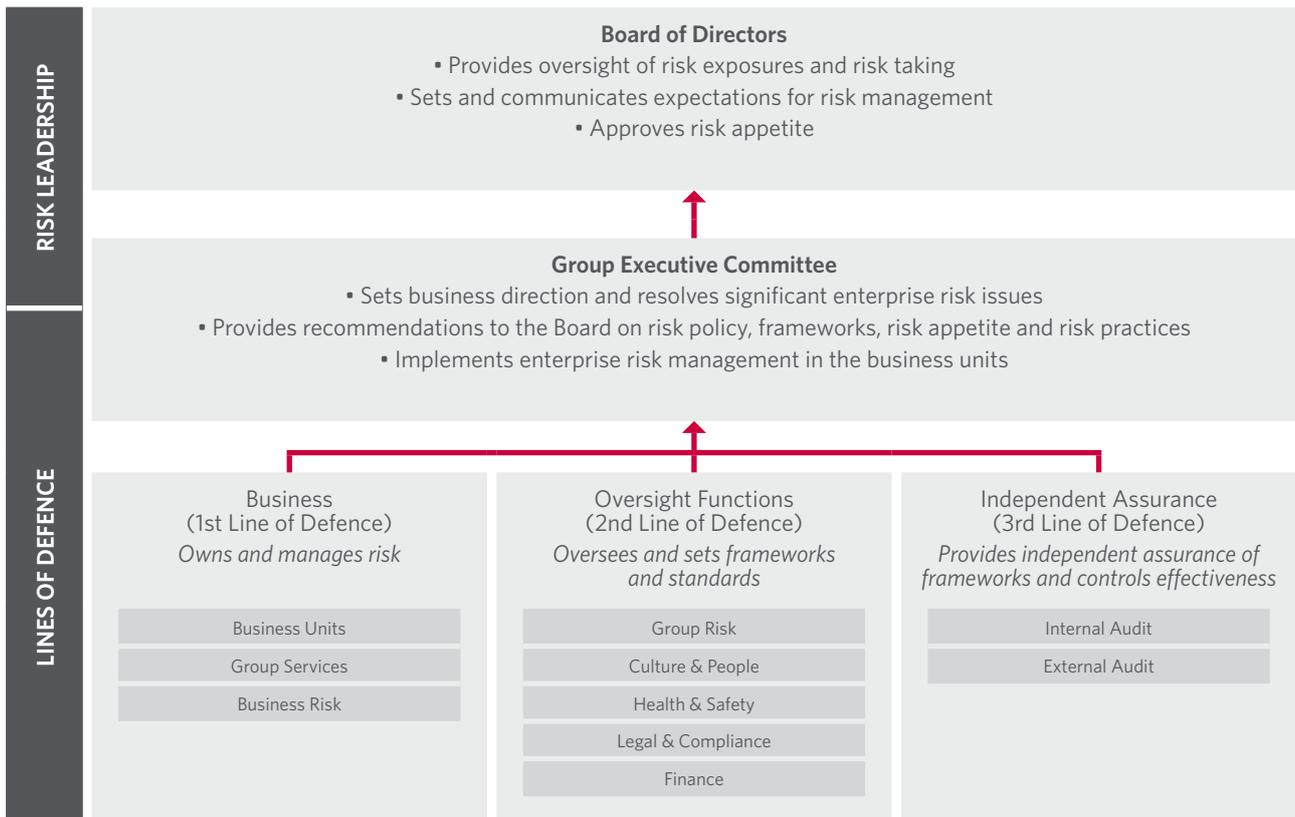
The risk management framework has regard to relevant regulations, standards and guidelines including the ASX Corporate Governance Principles and Recommendations and the Australian/New Zealand standard AS/NZS ISO 31000:2009 Risk management - principles and guidelines.

Woolworths Group's risk management framework includes the Risk Management Policy and the Enterprise Risk Management Framework. The Risk Management Policy reflects the overall philosophy of Woolworths Group's approach to risk management, and the roles and responsibilities for risk management within Woolworths Group. The Enterprise Risk Management Framework sets out the standards for identifying, assessing, responding, managing and reporting of risks impacting the success of strategic objectives and operating plans.

Woolworths Group looks to identify and implement opportunities to improve the risk management framework. The design of the Company's risk management framework was reviewed by the ARMCC during the reporting period.

## RISK MANAGEMENT OVERSIGHT

The diagram below sets out a high level description of how risk governance operates at the Woolworths Group together with key responsibilities of the Board, the Group Executive Committee, Group Risk, Internal Audit and the business units, and incorporates the three lines of defence model for how risk is managed at the Woolworths Group.



## Risk management and assurance (continued)

### **MATERIAL BUSINESS RISKS**

A summary of Woolworths Group's material business risks (including economic, environmental and sustainability risks) and the mitigation plans is provided from pages 29 to 31 of the 2018 Annual Report.

### **EXTERNAL AUDITOR**

Deloitte Touche Tohmatsu is Woolworths Group's external auditor. The ARMCC makes recommendations to the Board on the selection, appointment, re-appointment or replacement of the external auditor. The external audit appointment is formally reviewed every three years and performance reviewed annually. The Board re-appointed Deloitte Touche Tohmatsu as external auditor in 2016.

Mr Andrew Griffiths was appointed lead audit partner for Deloitte Touche Tohmatsu for financial year 2018 (FY18). He was previously lead audit partner from FY10 to FY14. Woolworths has complied with the regulatory requirements concerning auditor rotation as, following his five years as lead auditor, Mr Griffiths did not play a significant role in the audit for the following two years (FY15 and FY16) before his reappointment.

Details of the non-audit services provided by the external auditor over the reporting period are included in the Financial Statements. The ARMCC has not set any nominal "cap" on the level of non-audit services to be performed by the external auditor, as it considers that this may restrict the ability of the Company to access the best advisers for the particular task.

Deloitte Touche Tohmatsu has provided the required independence declaration to the Board for FY18. The independence declaration forms part of the Directors' Report in the Annual Report.

The Company does not invite any ex-Woolworths Group audit partners to be appointed as directors. If such a person was proposed for appointment in a management position, this would require Board approval.

The lead audit partner attends the Company's AGM and is available to answer questions from shareholders relevant to the audit.

### **INTERNAL AUDIT**

Woolworths Group has an independent internal audit function (Group Internal Audit) which is managed by and within the Group Risk and Assurance team. Group Internal Audit provides independent and objective assurance services to management and the Board in relation to the internal controls, risk management framework and governance of the Woolworths Group. It does so through:

- performing audits in accordance with an Internal Audit Plan. The Plan is formulated using a risk-based approach and approved annually by the ARMCC
- having direct access, and being accountable, to the Board through the ARMCC, with the right to communicate to it in the absence of management
- regular reporting to the ARMCC on the results of its audits.

The ARMCC reviews and approves the Internal Audit Charter each year. It also reviews the performance of the Chief Audit Executive and the internal audit function. This process was followed during this reporting period.

### **ASSURANCES BY MANAGEMENT**

The Board received CEO and CFO certifications during the reporting period that complied with applicable regulatory requirements for the half and full year reports.

# Communication with Shareholders

## SHAREHOLDER ENGAGEMENT

Shareholders and other stakeholders are informed of all material matters affecting the Company through ASX announcements, periodic communications and a range of forums and publications, available on the Company's website. Shareholders have the option to utilise electronic communications.

The Company's website [www.woolworthsgroup.com.au](http://www.woolworthsgroup.com.au) contains a range of information that may be useful to shareholders. Information most likely to be of interest to shareholders is available under the 'Investors' tab and includes the Company's published reports, share price updates, dividend history, presentations and webcasts, shareholder meeting details, material ASX announcements and answers to shareholders' frequently asked questions.

The Group provides regular email notifications of major events or periodic corporate reporting, including results announcements. A shareholder video from the CEO is available for viewing on [www.woolworthsgroup.com.au](http://www.woolworthsgroup.com.au)

Other shareholder engagement activities include:

- the Annual General Meeting
- the Annual Report
- regular releases of financial information, including half and full-year financial results.

The Company has an investor relations program designed to facilitate effective two-way communications with analysts, investors, proxy advisors and the media.

## CONTINUOUS DISCLOSURE

The Woolworths Group has established processes to enable the Company to provide shareholders and the market generally with timely, direct and equal access to relevant information.

The Company's Continuous Disclosure Policy aims to:

- achieve compliance with continuous disclosure regulatory requirements
- clarify accountability of the Woolworths Group's senior executives
- promote investor confidence in the integrity of Woolworths Group and its securities.

The Continuous Disclosure Policy was reviewed during the reporting period. It is available on the Company's website at [www.woolworthsgroup.com.au](http://www.woolworthsgroup.com.au) under the tab About Us/Corporate Governance.

# Acting ethically and responsibly

Woolworths Group's Purpose, Ways of Working and Values, together with its Code of Conduct and policy framework, define the standards of behaviour expected of all our team members.



## GROUP PURPOSE

Woolworths Group is a diverse group of businesses on a journey to becoming a purpose-led organisation. Our Group purpose, 'We create better experiences together, that better people's lives', creates the framework for how we operate, to be better for our customers, our team, the communities we serve, and our shareholders.

## CORE VALUES

Who we are, and what sets us apart, is anchored by our Core Values: we care deeply, we listen and learn and we always do the right thing. Applying these Core Values to everything we do defines our behaviour and drives our ambition to be a trustworthy, innovative and responsible Australian company.

## WAYS-OF-WORKING

How we work to live our purpose is defined by our Ways of Working:

- We put our customers 1<sup>st</sup>
- We're always improving
- We work end-to-end
- We keep things simple
- We encourage freedom within a framework.

## BRINGING IT TOGETHER

We have revised our FY19 remuneration framework to incorporate Ways-of-Working into our performance measures. This will further connect our team to the purpose and strategy of the business. To be a truly purpose-led organisation, embedding this framework will enable us to work together to create better experiences that deliver:

- good prices, service, quality, choice and convenience for our customers
- support and provide opportunities for our team members
- a positive impact on our communities
- sustainable growth for our shareholders.

## Acting ethically and responsibly (continued)

### **CODE OF CONDUCT**

We revised our Code of Conduct during the reporting period.

The Code of Conduct applies to all directors, employees, contractors and consultants of the Woolworths Group and sets out, amongst other things, the standards in accordance with which they are expected to act. The Code of Conduct confirms expected standards of honesty, integrity and fair dealing by all employees in their interaction with customers, suppliers, the community, competitors and each other in the performance of their duties and responsibilities.

The Code of Conduct is available on the Company's website.

### **OTHER POLICIES**

In addition to the Code of Conduct, there are a range of policies which define the Company's commitment to good corporate governance and responsible business practices. There are also numerous activities and compliance programs across the Company designed to promote and encourage the responsibility and accountability of individuals for reporting unethical practices. These are available on the Company's website.

### **GROUP SUSTAINABILITY**

Woolworths Group's Corporate Responsibility Strategy 2020 defines its commitments to targets for engagement with customers, communities, supply chain and its people, as well as its responsibility to minimise the environmental impact of its operations. The strategy is available on the Company's website.

One of the pillars of this strategy is People: Encouraging Diversity, which is discussed in the next section of this document.

# Diversity and inclusion

The Woolworths Group values inclusion and diversity across all our businesses and we want to make team members feel valued, respected and empowered. Our customers should see in our team members a reflection of themselves and their communities. We are working to attract and retain an inclusive workforce with a positive customer focus by providing a safe, equitable and engaging working environment. We continually review our strategies and goals so that they support a culture of inclusion and diversity.

We have seen first-hand the positive impact our programs have had on the lives of individuals, families and their communities.

Over the last 12 months we have made significant progress across a number of our Corporate Responsibility 2020 commitments. Two key highlights are achieving Gold Tier status in the Australian Workplace Equality Index for LGBTI Inclusion two years ahead of schedule, and the increase in the number of employment opportunities for Indigenous Australians, with 1,875 Indigenous team members commencing employment through our Resourcing the Future program.

The Diversity Policy and Corporate Responsibility 2020 commitments are available on the Company's website at [www.woolworthsgroup.com.au](http://www.woolworthsgroup.com.au) under the tabs About Us/Corporate Governance, and Sustainability.

## ACHIEVE GENDER EQUITY

Increasing female representation at all levels of management and across all functions is important as it will improve Woolworths Group's overall gender equality performance, provide aspirational role models and increase attraction and retention of high performing women, as well as moving us closer to our goal of having a team that reflects our customer base and our community.

Sourcing and retention of key female talent remains a critical focus, particularly for senior executive roles. We are currently building multi-year plans to ensure the health of our succession pipelines.

A key enabler to gender equity is equal pay for equal work. We reported on phase one of the Pay Parity Project in August 2017 and phase two was completed in September 2017, resulting in an additional 545 team members receiving a salary increase. Following these reviews, the pay gap between male and female team members carrying out like for like roles has decreased to 0.41%.

## WOOLWORTHS GROUP'S WORKPLACE PROFILE

Below is a summary of Woolworths Group's workplace profile, which shows the percentage of females by employment category as reported to the Workplace Gender Equality Agency (WGEA) in May 2018.

	FEMALES AS PERCENTAGE OF TOTAL <sup>1</sup>
Board	50%
Executives <sup>1</sup>	32%
Senior Managers	29%
Managers	41%
Total women in management	41%
Non-management	55%

We are also proud to announce that we have achieved our 2020 commitment of recruiting over 1,600<sup>2</sup> new Indigenous team members with 1,875<sup>2</sup> Indigenous Australians commencing employment with us across 528<sup>2</sup> stores. 54% of these team members are in regional and remote areas and our program has achieved a commendable retention rate of 74%. We will be continuing our partnership with the Federal Government and Diversity Dimensions to build on the success of this program.

<sup>1</sup> Defined by WGEA guidelines as key management personnel and other executives/general managers.

<sup>2</sup> Figures stated relate to the period 11 December 2015 to 30 June 2018.

Diversity and inclusion (continued)

**WOOLWORTHS 2020 DIVERSITY COMMITMENTS**

The Company's progress against the diversity commitments made in the Corporate Responsibility Strategy 2020 is listed below.

TARGET	MEASURE	PROGRESS TOWARDS ACHIEVING TARGET
<b>Achieving Gender Equity</b>		
At least 40% of executive and senior manager positions to be held by women	40% women (Executive Senior Managers) 2020	Sourcing and retention of key female talent remains a critical focus, particularly for senior executives. We are currently building multi-year plans to support the health of our succession pipelines and we have various initiatives underway to improve the working environment in order to attract and retain high performing women. This includes updating our parental leave policy and providing more flexible working arrangements. At the end of FY18, women comprise 32% of senior leadership/executive roles
No salary or wage gap between male and female team members of equivalent positions on a per-hour rate at all levels of the company, with a step change improvement in closing any gaps by the end of FY17	No salary/wage gap by 2020	A further step change was achieved in the Pay Parity Project with phase two completed in September 2017. This resulted in an additional 545 team members receiving a salary increase. This means that the pay gap between male and female team members carrying out like for like roles has decreased to 0.41%
<b>Embracing our Diversity</b>		
100% of those responsible for hiring new team members to have completed unconscious bias training	100% of hiring managers to have completed training by 2020	Building off a pilot program in FY17, we launched inclusive leadership workshops targeted at senior leaders and all managers with responsibility for hiring decisions. The training is designed to help leaders develop constructive and inclusive behaviours to truly leverage the diversity of their teams to drive business growth through higher engagement, higher innovation and greater productivity. Over 420 leaders have completed the training to date. In the next phase, we will roll out this training to career levels 2 and 3
Continue the focus of driving cultural diversity, with a commitment that by 2020 the Woolworths Group team that will truly reflect the community we serve	No measure has yet been determined	We are working to determine how to effectively capture and map ethnicity data so that store team members reflect the communities they are serving. We are currently piloting an approach within one of our businesses. If successful, we will expand with a view to leveraging across the group by FY19. In an effort to reflect the culturally diverse communities we serve, Woolworths has implemented a program in partnership with Community Corporate to provide employment opportunities for displaced refugees from Syria and the Middle East and contribute to successful settlements. During FY18, three refugee programs were successfully completed, with a 100% employment conversion rate - all 45 refugees are now employed in our Metro and supermarket stores

Diversity and inclusion (continued)

TARGET	MEASURE	PROGRESS TOWARDS ACHIEVING TARGET
<b>Supporting Aboriginal &amp; Torres Strait Islander Employment</b>		
Proportion of Indigenous team members to equal Federal Government Employment Parity contract. Once achieved, 2% of our store operations team members will be Indigenous	2% store operations team - 2020	Since launching our Indigenous employment 'Resourcing the Future' Program in December 2015, we have placed 1,875 <sup>1</sup> Indigenous Australian jobseekers into permanent part-time employment across 528 <sup>1</sup> stores. In addition we have also seen a significant increase in the number of direct applications through our mainstream recruitment process
Proportion of Indigenous Graduates to equal Federal Government Employment Parity contract. Once achieved, 2% of our graduates will be Indigenous	2% Graduates - 2020	This year we achieved our commitment to have 2% of our graduates be Indigenous Australians. Going forward, we are exploring other youth employment options such as apprenticeships or internships to provide further opportunities for young Indigenous Australians
<b>Creating Opportunities for all</b>		
Achieve Gold Tier employer status in Australian Workplace Equality Index (AWEI) for Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) inclusion	Gold Tier Employer - 2020	In FY18, Woolworths Group was proud to be the first retail organisation to be recognised as an AWEI Gold Tier Employer at the 2018 Australian LGBTI Inclusion Awards. This event recognises Australia's top organisations for LGBTI inclusion and celebrates leaders, individuals and networks that have made a significant impact on LGBTI inclusion within their workplaces. This award is also incredibly significant, achieving our target two years ahead of schedule.

<sup>1</sup> Figures stated relate to the period 11 December 2015 to 30 June 2018.

