

WOOLWORTHS GROUP



Better
Together

2019 CORPORATE
GOVERNANCE STATEMENT

Overview

CORPORATE GOVERNANCE AT WOOLWORTHS

Good corporate governance is central to Woolworths Group Limited's (Woolworths Group or the Group) approach to creating sustainable growth and enhancing long term shareholder value.

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

Our ambition goes beyond legal compliance. The Group's Purpose of 'We create better experiences together for a better tomorrow' shapes the Group's commitment to better meet the needs of our customers, teams and key stakeholders.

During F19 the Board devoted significant time reflecting on the public debate around corporate governance, the impact of the APRA Prudential Inquiry and Financial Services Royal Commission, and the experience of other organisations managing their non-financial risks. These insights were translated into a number of changes regarding how the Board could further strengthen its oversight of the Group.

The Audit, Risk Management and Compliance Committee (ARMCC) commissioned the Internal Audit team to review the Group's risk management and governance practices and to benchmark them against the recommendations of APRA's Prudential Inquiry Report. The outcomes of that review have been implemented.

The Board received 'Health Check' assessments, including both qualitative and quantitative factors, into the Group's relationships with, and feedback from, its customers, team members and suppliers. A comprehensive review of how complaints and whistleblower reports are managed and reported to the ARMCC and the Board, was undertaken. The ARMCC now receives detailed periodic reporting on these matters.

In F18 the People Performance Committee approved changes to the F19 remuneration arrangements to incorporate explicit consideration of how team members exhibit the Group's agile 'Ways-of-Working'. These changes were applied to performance reviews of all team members across the Group. As part of its review of F19 executive remuneration outcomes for senior leaders, the People Performance Committee supplemented these reviews with a cross-functional assessment of culture and conduct risk across the Group's senior leaders, including consideration of whether the Group's malus policy or other consequences should be applied.

The directors continue to focus on enhancing culture and conduct risk reporting to the Board and its Committees.

COMPLIANCE WITH ASX CORPORATE GOVERNANCE PRINCIPLES

This Corporate Governance Statement describes the key corporate governance policies and practices of Woolworths Group during the 2019 reporting period through to the date of this report.

It has been approved by the Woolworths Group Limited Board and is dated 29 August 2019.

Woolworths Group has followed each of the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (third edition) (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 Group's website www.woolworthsgroup.com.au under the tab About Us/ Corporate Governance.



The Board of Directors



Left to right: Holly Kramer, Michael Ullmer, Gordon Cairns (Chairman), Jillian Broadbent, Scott Perkins, Brad Banducci (CEO), Siobhan McKenna, Kathee Tesija and Jennifer Carr-Smith.

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

- Chairman of board/committee.
- Member of board/committee.

Details of director tenure and director attendance at Board and Board committee meetings held during the reporting period are provided on pages 38, 39 and 42 of the Directors' Report in the 2019 Annual Report.

THE ROLE OF THE BOARD

The Board's role is to represent the sustainable long-term interests of the Group. It is accountable to shareholders for the strategic direction and performance of the Group. The Board is conscious that creation of a sustainable growth strategy and enhancement of long-term shareholder value involves maintaining the trust and goodwill of the Group's customers, team members, suppliers and the communities in which the Group operates.



The Board of Directors

BOARD RESPONSIBILITIES

The Board has reserved for itself the following specific responsibilities in the Board Charter:

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

RELATIONSHIP BETWEEN THE BOARD AND CEO

The Board approves the Group's strategy, financial plan and the duties and responsibilities of the CEO.

Implementation of the Board approved strategy is delegated to management through a formal delegation of authority to the CEO.

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

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

CHAIR

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

The role of the Chair 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 by the Board.

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

BOARD SKILLS AND COMPOSITION

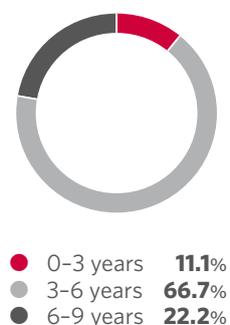
The Board recognises that having a diverse range of different skills, backgrounds and experience among its directors is important for robust decision-making and the effective governance of Woolworths Group. Taking into account the current and future strategic direction, opportunities and challenges for the Group, the Board regularly reviews the current and desired skills and experience of individual directors and the Board as a whole. Reflecting on the rapid change and disruption taking place across digital, data and technology, the Board highlighted in the 2018 Annual Report that access to greater operating experience in these areas would complement the Board's strategic oversight of the Group. Ms Carr Smith's appointment as a director in May 2019 reflects this focus. A summary of the key skills and experience of the current directors against those identified in the skills matrix is set out below:

SKILL/ EXPERIENCE	SUMMARY	DIRECTORS WITH SKILL/ EXPERIENCE
Retail Markets	Retail knowledge and experience of customer-led transformation in the food, drinks or general merchandise sectors.	8/9
Governance	Experience and a commitment to exceptional corporate governance standards.	8/9
Strategy	Experience defining strategic objectives, assessing business plans and driving execution in large, complex organisations.	9/9
Social Responsibility	Commitment to and experience monitoring programs for social responsibility, carbon emissions reduction, proactive management of workplace safety, mental health and physical wellbeing, and responsible sourcing.	8/9
Digital, Data and Technology	Expertise and experience in adopting new digital, technologies or implementing technology projects, and digital disruption, leveraging digital technologies or understanding the use of data and data analytics.	8/9
Financial Acumen	Understand financial drivers of the business, and experience implementing or overseeing financial accounting, reporting and internal controls.	9/9
People and Culture	Experience monitoring a company's culture, overseeing the operation of consequence management frameworks, overseeing people management and succession planning, and setting remuneration frameworks.	9/9
Regulatory and Public Policy	Expertise identifying and managing legal, regulatory, public policy and corporate affairs issues.	7/9
Risk Management	Experience anticipating and identifying risks and monitoring the effectiveness of both financial and non-financial risk management frameworks and controls.	9/9

Board Diversity



Board Tenure



Board Global Experience



International business experience and exposure to different political, cultural, regulatory and business environments

The Board of Directors

BOARD PERFORMANCE EVALUATION

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

A review of the performance of the Board and Board 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 Chair 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.

The Notice of AGM sets out the Board's assessment of these matters for each director standing for re-election. Appropriate background checks are also performed before any potential candidate is appointed by the Board or recommended to shareholders as a candidate for election.

DIRECTOR INDUCTION AND DEVELOPMENT

All directors receive a letter of appointment that sets out their duties, the Group'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 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 and governance 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 Group 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.

The Board of Directors

CEO AND SENIOR EXECUTIVE PERFORMANCE AND REMUNERATION

The CEO and each senior executive have a written contract with the Group, 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 Group's approach to evaluating management performance. The following process was followed in relation to the reporting period:

- The Board Chair presents and makes recommendations to the People Performance Committee regarding the performance and remuneration of the CEO
- The CEO presents and makes recommendations to the People Performance Committee regarding the performance and remuneration of the CEO's Direct Reports
- The People Performance Committee reviews the recommendations for the CEO and the CEO's Direct Reports and makes recommendations to the Board
- The Board makes the final remuneration determinations for the CEO and CEO's Direct Reports.

For F19, the Board and PPC strengthened its assessment of conduct risk when determining individual assessment outcomes. The Board and PPC considered how each executive demonstrated the Group's Values and Ways-of-Working, and utilised feedback from the other Board Committees and a cross-functional assessment of culture and conduct risk across the Group's senior leaders, in their assessment of incentive outcomes.

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 Group must declare it immediately.

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

INDEPENDENT ADVICE

The Board, Board Committees and individual directors may seek external professional advice at the Group'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 Group's website www.woolworthsgroup.com.au under the tab About Us/Corporate Governance.

COMPANY SECRETARY

The Company Secretary is accountable directly to the Board, through the Chair, 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 Secretary.

Board committees

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

- Audit, Risk Management and Compliance Committee
- People Performance Committee
- Sustainability Committee
- Nomination 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 and reporting is in place between the Board and Board committees. An overview of the members, composition and responsibilities of each committee is set out below:

	AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE	PEOPLE PERFORMANCE COMMITTEE	SUSTAINABILITY COMMITTEE	NOMINATION COMMITTEE			
Members	<ul style="list-style-type: none"> Scott Perkins (Chair) Jillian Broadbent AC Gordon Cairns 	<ul style="list-style-type: none"> Siobhan McKenna Michael Ullmer AO 	<ul style="list-style-type: none"> Holly Kramer (Chair) Gordon Cairns Siobhan McKenna 	<ul style="list-style-type: none"> Scott Perkins Kathee Tesija Michael Ullmer AO 	<ul style="list-style-type: none"> Jillian Broadbent AC (Chair) Gordon Cairns Holly Kramer 	<ul style="list-style-type: none"> Gordon Cairns (Chair) Jillian Broadbent AC Jennifer Carr-Smith Holly Kramer 	<ul style="list-style-type: none"> Siobhan McKenna Scott Perkins Kathryn Tesija Michael Ullmer AO
Composition	<ul style="list-style-type: none"> • Minimum three directors • Majority independent • Chair is independent and not Board chair • Must have appropriate business experience and be financially literate • At least one member must have relevant financial qualifications and experience 	<ul style="list-style-type: none"> • Minimum three directors • Majority independent • Chair is independent and not Board chair 	<ul style="list-style-type: none"> • Minimum three directors • Majority independent • Chair is independent and not Board chair 	<ul style="list-style-type: none"> • All non-executive directors • Majority independent • Independent Chair 			
Responsibilities include	<ul style="list-style-type: none"> • Review and monitor key relevant policies and frameworks • Make recommendations to the Board regarding the external auditor and lead audit partner • Annually review the performance of the external auditor • Monitor the nature, extent and effectiveness of the internal control processes • Oversee and appraise the quality, effectiveness and objectivity of Internal Audit • Review the effectiveness of the risk management framework for both financial and non-financial risks • Monitor management's performance against the risk management framework • Review material risk exposures, including fraud, cyber-security and privacy • Monitor changes anticipated for the economic and business environment, including emerging trends • Monitor the effectiveness of legal, compliance and accounting standard policies and practices • Monitor the impact of changes in key laws, regulations and accounting standards • Review financial statements and corporate reporting, together with reports from the external auditor and make recommendations to the Board • Review the adequacy of the Group's processes to verify the integrity of its corporate reporting • Review significant financial reporting issues and assess the appropriateness of accounting policies • Review the policies and procedures designed for compliance with the ASX listing rules on continuous disclosure. • Review and monitor related party transactions 	<ul style="list-style-type: none"> • Review initiatives in relation to the attraction, development and retention of team members, including succession planning • Review and make recommendations to the Board on diversity generally, measurable objectives for achieving diversity and progress in achieving such objectives • Assess the effectiveness of the Group's policies and performance in relation to equal opportunity, sexual harassment, diversity and unfair dismissal • Review and make recommendations to the Board on the Group's remuneration strategies and practices, having regard to the Group Purpose, Values and Ways-of-Working • Review and make recommendations to the Board on the remuneration and performance of the Group CEO and the CEO's direct reports • Review and make recommendations to the Board on remuneration for non-executive directors • Review and recommend the Remuneration Report to the Board 	<ul style="list-style-type: none"> • Oversee the Group's Safety, Health and Well-being policies and functions • Oversee the operation of the Responsible Sourcing Policy and standards to monitor the management of supply chain issues across the Group and its supply chain • Review the effectiveness of policies, initiatives and activities on community engagement and social responsibility • Review the effectiveness of the Groups' policies and initiatives which support sustainability • Review the effectiveness of the Group's approach to understanding, monitoring and disclosing the potential effects of climate change on the business • Oversee the reputational impact of the Group's business strategies and practices • Monitor the Group's policies and initiatives to ensure safeguards are in place for dealing fairly and ethically with customers, suppliers, competitors and other stakeholders 	<ul style="list-style-type: none"> • Review the size and composition of the Board and mix of expertise, skills and experience • Identify and evaluate director candidates and make recommendations to the Board • Review directors retiring by rotation and recommend whether the Board should support re-election • Establish and review succession plans for the Board and the Chair 			

Risk management and assurance

MATERIAL BUSINESS RISKS

Woolworths Group is exposed to a range of strategic, operational, compliance and financial related risks associated with operating in a retail environment.

A summary of Woolworths Group's material business risks and their mitigation plans is set out on pages 31 to 35 of the 2019 Annual Report.

RISK MANAGEMENT OVERSIGHT

The diagram below sets out an overview of risk governance and management at Woolworths Group together with key responsibilities of the Board, the Group Executive Committee, Group Risk, Internal Audit and the businesses. It incorporates the three lines of accountability model, which is how risk is managed at Woolworths Group.



Risk management and assurance

RISK MANAGEMENT FRAMEWORK AND POLICY

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 Group Risk Management Policy and the Enterprise Risk Management Framework. The Group Risk Management Policy reflects the overall principles 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 Group's risk management framework was reviewed and endorsed for approval by the ARMCC during the reporting period.

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 confirmed Deloitte's reappointment as external auditor in 2018.

Mr Andrew Griffiths was appointed lead audit partner for Deloitte for financial year 2019 (FY19). 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 Group to access the best advisers for the particular task.

Deloitte Touche Tohmatsu has provided the required independence declaration to the Board for FY19. The independence declaration forms part of the Directors' Report in the Annual Report.

The Group 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 Group'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 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 the 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.

Communications with Shareholders

SHAREHOLDER ENGAGEMENT

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

The Group's website 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 Group'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.

Other shareholder engagement activities include:

- the Annual General Meeting (which includes a showcase from each business)
- the Annual Report
- regular releases of financial information, including half and full-year financial results
- shareholder videos available on the Group's website

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

The Chair and PPC Chair also visit shareholders and proxy advisers twice a year to allow them to provide Board-level feedback on the Group's governance and performance.

The Group participates in a range of external investor surveys of Board effectiveness, governance and social responsibility.

CONTINUOUS DISCLOSURE

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

The Group's Continuous Disclosure Policy aims to:

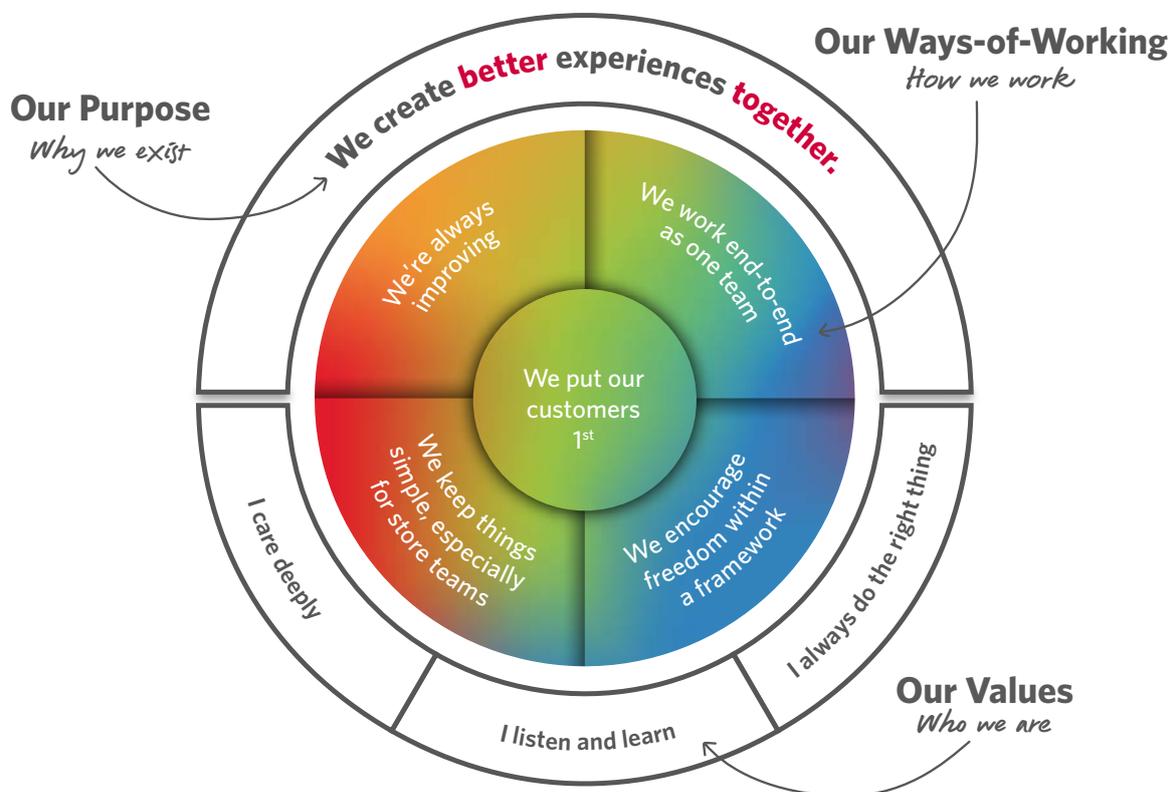
- achieve compliance with continuous disclosure regulatory requirements
- clarify accountability of Woolworths Group's senior executives
- promote investor confidence in the integrity of Woolworths Group and its securities.

The Continuous Disclosure Policy was reviewed during the reporting period. It is available on the Group's website at www.woolworthsgroup.com.au under the tab About Us/Corporate Governance.



Acting ethically and responsibly

Woolworths Group's Core 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 for a better tomorrow', 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 1st
- We're always improving
- We work end-to-end
- We keep things simple
- We encourage freedom within a framework.

BRINGING IT TOGETHER

Woolworths Group's remuneration framework incorporates Ways-of-Working into our performance measures. This helps to align team member performance and behaviours to the Group's purpose and strategy. The remuneration framework considers each team member's contribution to the Woolworths culture, expressed as our Ways-of-Working and Core Values.



Acting ethically and responsibly

CONSEQUENCE MANAGEMENT

The Board has a significant role in setting the expectations of our team by monitoring that there are consequences for inappropriate behaviour. In F19, the Board discussed the Group's consequence management practices and strengthened its assessment of conduct risk when determining remuneration outcomes. The Board has the power to apply discretion to all remuneration outcomes so they appropriately reflect the performance of a team member and the business.

CODE OF CONDUCT

The Group's Code of Conduct was reviewed during the reporting period.

The Code of Conduct applies to all directors, employees, contractors and consultants of 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 team members 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 Group's website at www.woolworthsgroup.com.au under the tab About Us/ Corporate Governance.

OTHER POLICIES

In addition to the Code of Conduct, the Group has a range of policies that define its commitment to good corporate governance and responsible business practices. Relevant policies, including our Speak Up Policies and Fraud, Anti-Bribery and Corruption Policy, are available on the Group's website. There are also numerous activities and compliance programs across the Group designed to promote and encourage the responsibility and accountability of individuals for reporting unethical practices.

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 and the Group's Sustainability Report are available on the Group's website at www.woolworthsgroup.com.au under the tab Sustainability.

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



Diversity and inclusion

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

The Board is conscious of the positive impact that the Group's programs have had on the lives of individuals, families and their communities.

Over the last 12 months the Group has made further progress across a number of its Corporate Responsibility 2020 diversity commitments. Two highlights are achieving Gold Tier status in the Australian Workplace Equality Index for LGBTI Inclusion for a second consecutive year, and the increase in the number of employment opportunities for Aboriginal and Torres Strait Islander peoples, with 2,279 Indigenous team members now having commenced employment since the inception of the Resourcing the Future program.

The Diversity Policy and Corporate Responsibility 2020 commitments are available on the Group's website at www.woolworthsgroup.com.au under the tabs About Us/Corporate Governance, and Sustainability.

ACHIEVE GENDER EQUITY

Woolworths Group is committed to increasing female representation at all levels of management and across all functions. This will increase attraction and retention of high performing women, provide aspirational role models, and move the Group closer to its goal of having a team that reflects its customer base and communities.

Sourcing and retention of key female talent remains a critical focus, particularly for senior executive roles. The Group is 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. Woolworths Group's Pay Parity Review methodology compares salaries of like-for-like roles of team members across the Group. This analysis helps identify gender pay gaps between male and female team members by grouping positions and career streams, and taking into consideration team member movements that can result in fluctuations in the gap. The Group's target is to remain below a statistically insignificant 1% gap and to report this annually after the remuneration review cycle.

WOOLWORTHS GROUP'S WORKPLACE PROFILE

The Group reports its female participation based on the following employment categories, which it believes are appropriate for a retail business.

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 2019.

	FEMALES AS A PERCENTAGE OF TOTAL
Board	56%
Senior Managers and Executives	34%
Managers	38%
Team Leaders and Specialists	44%
Team Members	56%

The Group's report to the Workplace Gender Equality Agency (WGEA) in May 2019 is available on the Group's website at www.woolworthsgroup.com.au under the tabs Sustainability/Our People/Promoting Gender Equality.



Diversity and inclusion

WOOLWORTHS 2020 DIVERSITY COMMITMENTS

The Group's diversity commitments made in the Corporate Responsibility Strategy 2020 are listed below.

TARGET	MEASURE	PROGRESS TOWARDS ACHIEVING TARGET
Achieving Gender Equity		
At least 40% of executive and senior manager positions to be held by women	40% women (Executive Senior Managers) 2020	<p>Sourcing and retention of key female talent remains a critical focus, particularly for senior executives. The Group is currently building multi-year plans to support the health of our succession pipelines.</p> <p>In F19 we implemented various initiatives to improve the working environment in order to attract and retain high performing women. We updated our parental leave policy, including increasing paid parental leave for primary caregivers to 12 weeks (from six weeks). We are also proud to be the first Australian retailer to introduce superannuation contributions when eligible team members take 12 months of parental leave. At the end of F19, women comprise 34% of senior leadership/ executive roles, compared to 32% in F18.</p>
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	No salary/wage gap by 2020	In F18, we reported that the salary wage gap between male and female employees of equivalent positions had reduced to below 1% (statistically insignificant). For F19, the gap remains below 1%.
Embracing our Diversity		
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	<p>In F18, over 420 leaders from across the business attended a series of leadership and unconscious bias workshops. 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.</p> <p>In F19, our Countdown (NZ) business also rolled out our inclusive leadership program. To date, 360 team members have taken part in the program. We continue to roll out this training, however in the coming year we will also evaluate the impact the program has had on the diversity of our workforce, and determine our future plans for making the training accessible to more of our team members.</p>
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	<p>We are working to determine how to effectively capture and map ethnicity data so that we can achieve our ambition of recruiting and developing a team that reflects the diversity of our communities.</p> <p>In F19, Woolworths continued its program in partnership with Community Corporate to provide employment opportunities for displaced refugees from Syria and the Middle East and contribute to successful settlements. 94 refugees have now completed the Program since inception, with 89% accepting employment in our New South Wales and Victorian Metro stores. Our program is now set to expand into Queensland, South Australia and Woolies X.</p>



TARGET	MEASURE	PROGRESS TOWARDS ACHIEVING TARGET
Supporting Aboriginal & Torres Strait Islander Employment		
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	We have continued our partnership with the Federal Government and Diversity Dimensions through our 'Resourcing the Future' Indigenous Employment Program. We achieved our commitment of recruiting over 1,600 new Indigenous team members during 2018. In total, 2,279 ¹ Indigenous team members have joined us since the Program's inception. Retention rates remain high at 71%.
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 again achieved our commitment to have 2% of our graduates be Indigenous Australians. We are continuing to develop other opportunities for increasing Indigenous youth employment, including paid apprenticeships and internships.
Creating Opportunities for all		
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 F18, Woolworths Group was the first retail organisation to be recognised as an AWEI Gold Tier Employer at the 2018 Australian LGBTI Inclusion Awards, achieving our target two years ahead of schedule. In F19, Woolworths Group is proud to again be recognised with Gold Tier Employer status at the 2019 Australian LGBTI Inclusion Awards for the second consecutive year, and to be the only retailer in Australia to have achieved this status. 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. In the past 12 months, the Group has undertaken initiatives to further progress LGBTI inclusion in the workplace, including holding educational LGBTI events and training sessions for team members and leaders, and growing the Proud at Woolworths Group network to 2,200+ team members - a 29% increase from F18.

¹ Figures stated relate to the period 11 December 2015 to 30 June 2019.

