

WOOLWORTHS GROUP



CREATING BETTER
EXPERIENCES

Together

2020 CORPORATE
GOVERNANCE
STATEMENT

WOOLWORTHS GROUP LIMITED
ABN 88 000 014 675

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.

F20 AREAS OF FOCUS

Four significant themes were a focus of Board governance activity during the year.

COVID-19

The COVID-19 crisis has disrupted the world in a momentous way that has tested the infrastructure, capacity and agility of hospitality, food and retail businesses globally. It has significantly changed the way customers shop, accelerating the demand for digital and online solutions, as consumers look for safer, simpler and faster ways to interact with retailers.

At the core of the Group's response to COVID-19 is the safety of customers, team members and communities. The Group's F20 Annual Report and Sustainability Report set out the many ways that, guided by its Purpose, Woolworths Group has innovated and prioritised decisions that achieve these goals.

The Group activated its crisis management protocols early during the pandemic. As the scale and impact of COVID-19 fluctuated, the Group responded and prioritised rapidly. We established agile teams to advise the Group Executive Committee and, through the CEO, the Board, on the Group's response. The Group's approach has continued to evolve as it becomes clear that COVID-19 will have a material impact for some time on its customers and team members in Australia and New Zealand, and its operations and supply chains across the world.

The CEO has provided the Board with regular updates about the Group's response since the start of the pandemic, reaching multiple communications a week at the height of the initial wave. As community and customer concerns emerged about product shortages and the Group implemented more stringent processes to keep customers and team members COVIDSafe, the CEO commenced broader communications directly to customers, team members and communities through weekly CEO updates.

The Board and its committees have continued to closely monitor the Group's response and consider how COVID-19 should be reflected in the Group's short and medium-term strategic and financial plans. To date, the Group has been able to lead with purpose, execute with agility and focus on putting customers and teams first. The Board has reflected on the learnings from the Group's handling of the pandemic to date, and how the positives can be captured to organise the Group for ongoing long-term success.

UNDERPAYMENT OF SALARIED TEAM MEMBERS

In October 2019, the Group announced that it had inadvertently underpaid some of its salaried team members over a number of years. This was a great disappointment to the Board and management team.

The Board and management committed to fully rectify these underpayments, and an extensive plan has been put in place to do so. To date the Group has made rectification payments of \$238 million.

The Board commissioned an externally-led review of the circumstances that led to this occurring. The review concluded that the underpayments were the result of multiple points of failure across the organisation over a period of many years.

The Board and People Performance Committee (PPC) carefully reviewed the consequences that should apply. In recognition of their accountability as leaders of the organisation, the Chairman reduced his F20 fees by 20% and the CEO and the Chief People Officer voluntarily forfeited their entire F20 STI. The Board and PPC also applied a 10 percentage point collective reduction in the business outcome component of the F20 STI outcomes for the Group Executive Committee. Further details are set out in the Remuneration Report.

A significant program of work, supported by external advisors, has been put in place to review operational processes and implement systems and controls over the Group's rostering and payroll systems and practices. Clear executive accountability is now in place for these matters. There is monthly reporting to the Board on the progress of remediation payments.

The Audit, Risk Management and Compliance Committee (ARMCC) has devoted significant time considering the learnings from this matter and how they could be applied to enhance the operation of the Group's risk management framework.

Overview

ENDEAVOUR GROUP TRANSFORMATION

In July 2019, Woolworths Group announced a proposal to merge its Endeavour Drinks business with ALH to create Endeavour Group, and to subsequently separate Endeavour Group through a demerger or other value-accretive transaction.

The Board approved the separation to allow Woolworths Group and Endeavour Group to better focus on their respective core offerings. A Board Subcommittee worked throughout the year to oversee the significant body of work to achieve the separation.

The first-stage merger of Endeavour Drinks and ALH to create Endeavour Group was approved overwhelmingly by shareholders at the 2019 Extraordinary General Meeting. As a result of the temporary closure of Endeavour Group's Hotels business in line with the directives of Health authorities and the challenging financial market conditions, the Board deferred plans for the separation of Endeavour Group until calendar 2021.

EVOLUTION OF STRATEGY TO CUSTOMER ECOSYSTEM

The Board has devoted significant time during the year to reviewing the evolution of the Group's strategy to a Customer Ecosystem to unlock its next phase of adjacent growth.

The transition to this Customer Ecosystem was accelerated as a result of COVID-19. The Group has innovated throughout this period at speed to better serve the everyday needs of our customers. Key to the success of this approach has been partnerships. The Group will continue to build out its Customer Ecosystem through developing partnership capabilities, seeking out appropriate partners such as PFD Food Services to serve adjacencies to the core food business, and continuing to scale our eCommerce offering. Further details are set out in the F20 Annual Report.

COMPLIANCE WITH ASX CORPORATE GOVERNANCE PRINCIPLES

This Corporate Governance Statement describes the key corporate governance policies and practices of Woolworths Group during the 2020 reporting period through to the date of this report.

It has been approved by the Woolworths Group Limited Board and is dated 27 August 2020.

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. The Board has also reviewed Woolworths Group's compliance against the fourth edition of the ASX Principles for the period covered by the report and will report against the fourth edition in F21.

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.

DIRECTORS	MEMBER OF:				
	BOARD	AUDIT, RISK MANAGEMENT & COMPLIANCE COMMITTEE	PEOPLE PERFORMANCE COMMITTEE	SUSTAINABILITY COMMITTEE	NOMINATION COMMITTEE
Gordon Cairns	●	●	●	●	●
Jillian Broadbent AC	●	●	-	●	●
Jennifer Carr-Smith ¹	●	-	-	●	●
Holly Kramer	●	-	●	●	●
Siobhan McKenna	●	●	●	-	●
Scott Perkins ¹	●	●	●	-	●
Kathee Tesija	●	-	●	●	●
Michael Ullmer AO ²	●	●	●	●	●

LEGEND: ● Chairman ● Member of Board

The following changes to Committee membership occurred during the reporting period:

- Sustainability Committee: Jennifer Carr-Smith joined and Scott Perkins retired on 1 February 2020.
- People Performance Committee: Michael Ullmer joined on 1 February 2020.

Details of director tenure and director attendance at Board and Board committee meetings held during the reporting period are provided on pages 44, 45 and 50 of the Directors' Report in the 2020 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.

This has never been more true than during the COVID-19 period. During this period the Board set clear parameters about management's handling of the response. These were guided by the Group's purpose 'We create better experiences together for a better tomorrow'.



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, Ways-of-Working and Core Values, and monitor its culture
Strategy	Review the Group's strategic direction and approve the strategic and business plan
Financial oversight	Adopt the annual budget, capital expenditure plan and three-year financial plan, and monitor management and the financial performance of the Group
Risk management framework	Oversee the effectiveness of risk management and compliance (with the Board's committees) within the Group's three lines of accountability framework
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 an annual basis and determine its size and composition
Leadership	Appoint the CEO and his direct reports, evaluate their performance and oversee their development
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
Shareholders	Oversee the Group's relationship with, and communications to, its shareholders

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 the Group and, with the support of senior management, reports to the Board on the exercise of his or her delegated authority.

The Non-executive Directors of the Board regularly meet at each Board meeting without the CEO or management present. This practice was paused for two months during the initial phase of the COVID-19 pandemic to allow the Board to spend more time with the CEO and management team overseeing the Group's response.

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, with the assistance of feedback compiled by an external facilitator.

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.



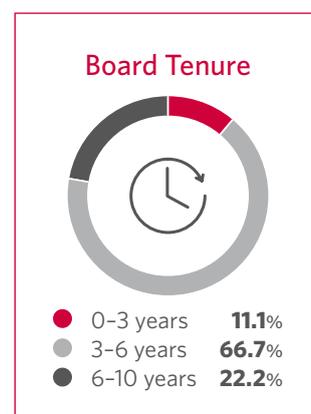
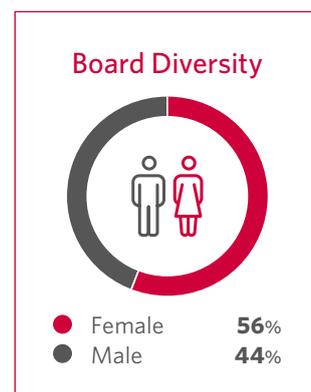
The Board of Directors

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 the Group. An assessment of the optimum mix of these skills takes place at least once a year.

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.	
Governance	Experience and a commitment to exceptional corporate governance standards.	
Strategy	Experience defining strategic objectives, assessing business plans and driving execution in large, complex organisations.	
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.	
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.	
Financial Acumen	Understand financial drivers of the business, and experience implementing or overseeing financial accounting, reporting and internal controls.	
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.	
Regulatory and Public Policy	Expertise identifying and managing legal, regulatory, public policy and corporate affairs issues.	
Risk Management	Experience anticipating and identifying risks and monitoring the effectiveness of both financial and non-financial risk management frameworks and controls.	



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 PPC 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 Non-executive Director appointed to the Board must stand for election at the next 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
- Capacity to devote the necessary time and commitment to the role
- Potential conflicts of interest and independence
- Other relevant information based on appropriate background checks and references
- Likelihood that they will clear relevant gaming and liquor regulatory approvals.

The Notice of AGM sets out the Board's assessment of these matters for each director standing for re-election.

BOARD SUCCESSION

The Nomination Committee discusses Board succession periodically, including in respect of the role of the Chairman.

In anticipation of Jillian Broadbent's retirement at the upcoming 2020 Annual General Meeting (AGM), the Board commissioned an external search to identify suitable candidates who possessed the desired skills and experience identified by the Nomination Committee. The Board expects to be in a position to announce a new appointment to the Board later this year.

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.

In response to the COVID-19 pandemic, the Group paused its program of interstate and international director site visits in February 2020. Given the expected continued restrictions on travel throughout 2020, a program of digital immersion has been put in place to provide directors, particularly those based outside Australia and unable to travel, with better insights into innovation, key businesses or components of the Customer Ecosystem, emerging issues and store format virtual tours across the Group.

The Board of Directors

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 considered all business relationships and close personal ties between Woolworths Group, and any companies of which a director is an employee, director or substantial shareholder. The Board is satisfied that all of those business relationships were either not material to both parties or the director was not involved in decisions about those relationships.

The Board also formally reviews the non-Woolworths commitments of each director in the context of confirming their ability to continue to devote sufficient time to carry out their responsibilities. During the year, the Board approved a new policy requiring a director wishing to accept a major new role that could impact on their time commitment to Woolworths to notify the Chairman in advance of accepting the appointment. The Board will conduct a reassessment of that director's independence following any such appointment.

CEO AND SENIOR EXECUTIVE PERFORMANCE AND REMUNERATION

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

The Group's assessment of remuneration reflects a relationship between management performance, consequence management and outcomes. The PPC monitors the Group's progress against STI and LTI targets throughout the year. Events that could have a material impact on STI or LTI outcomes are discussed promptly at the next PPC. The following process was followed in relation to the reporting period:

- The Board Chair presented written recommendations to the PPC regarding the performance and remuneration of the CEO
- The CEO presented written recommendations to the PPC regarding the Group STI and LTI outcome, and the individual performance and remuneration of his direct reports
- A joint meeting of the ARMCC, Sustainability Committee and PPC took place to inform the PPC's recommendation to the Board on the consequences of risk-related matters on the variable remuneration of the CEO and his direct reports, and the decision whether to approve the vesting of Deferred STI and LTI
- The PPC reviewed the Group STI and LTI outcome, and the individual performance and remuneration of the CEO and his direct reports, and made recommendations to the Board
- The Board made the final remuneration determinations for the CEO and his direct reports.

No executive is present during discussion of his or her individual performance or remuneration. Before the PPC recommends to the Board the final Group STI or LTI outcome, exercise of any discretion or malus relating to executive remuneration, or vesting of any Deferred STI or LTI, the PPC will consider its recommendation without any management present.

The Board spent considerable time reviewing the F20 incentive outcomes for the CEO and Group Executive Committee, in light of COVID-19 and the underpayment of salaried team members announced in October 2019.

The F20 STI outcomes for Australian team members receiving an STI was capped at 80% of target (compared to the Group outcome of 104% of target). This additional value was used to help fund the Better Together Recognition Award, which expressed thanks to the Group's front line team members for their efforts during the year. These awards took the form of up to \$750 of Woolworths Group shares and a \$250 Woolworths Group gift card for permanent team members. Casual team members received a \$100 gift card. The outcome created the largest employee share ownership plan in Australia and New Zealand, with more than 106,000 team members becoming Woolworths Group shareholders.

The Board and PPC also reviewed the appropriate outcomes for the CEO and his direct reports in light of the underpayment of salaried team members. The Remuneration Report contains further details.

In F20, the Board and PPC further strengthened its assessment of conduct risk when determining individual assessment outcomes. The Board's ARMCC, Sustainability Committee and PPC met together to review data, commentary and recommendations from the Group's most senior Legal/Compliance, Audit & Risk, Safety and People and Employee Relations executives relevant to the assessment Group performance and variable remuneration outcomes of the CEO and his direct reports. This review formed the basis of recommendations to the PPC and the Board in relation to each senior executive's final F20 variable remuneration outcome and whether the LTI and Deferred STI for that executive scheduled to vest in August 2020 should vest fully, partially or be forfeited.

Further details are set out in the F20 Remuneration Report.

The Board of Directors

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 allocation of duties in the charters between the Board and Board committees was reviewed during the reporting period. The Board committee 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 & 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 & 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 Jennifer Carr-Smith 	<ul style="list-style-type: none"> Holly Kramer Kathee Tesija Michael Ullmer AO 	<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, Ways-of-Working and Core Values • 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 • Review and recommend the Sustainability Report to the Board 	<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

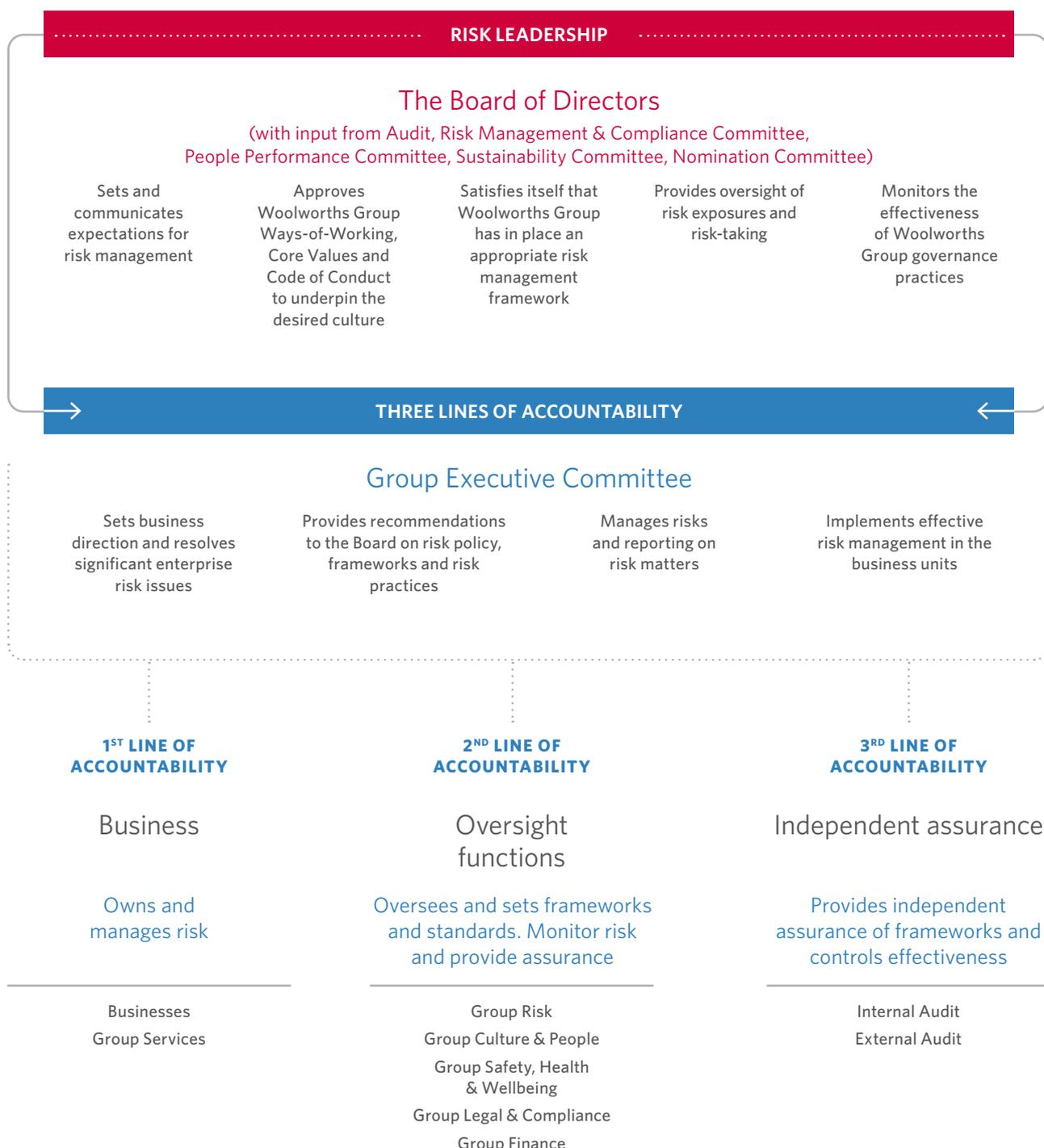
MATERIAL BUSINESS RISKS

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 37 to 41 of the 2020 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 is based on 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 ARMCC reviewed the operation of the Group's risk management framework 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 2019.

Mr Andrew Griffiths was appointed lead audit partner for Deloitte for financial year 2020 (F20). He was previously lead audit partner from F10 to F14. 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 (F15 and F16) 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 F20. 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 AGM
- A showcase from each business at the AGM (this will not be possible for the 2020 AGM)
- The Annual Report
- Regular releases of financial information, including quarterly sales and 1H and FY results
- Access to listen live into every Group briefing to analysts. Recordings of past briefing are also available on the Group's website
- Shareholder videos available on the Group's website
- Publishing a transcript of the AGM on the Group's website.

The 2020 AGM will be held on-line. Temporary changes to the Corporations Act as a measure to protect shareholders during COVID-19 mean that companies will not be required to mail a hard copy Notice of Meeting to shareholders for the 2020 AGM season. To support shareholder participation in the AGM and in particular those shareholders who may not have on-line access, the Board has decided that:

- It will mail a hard copy of the Notice of Meeting to any shareholder who is not able to access it online, upon request
- It will include a hard copy Voting Form with the notification mailing of where the Notice of Meeting can be accessed online. Over 50% of shareholders who voted at the last AGM did so using a hard copy proxy forms
- It will allow shareholders to participate and ask questions at the AGM by phone. To provide equality of treatment for all shareholders, all questions submitted for the AGM will be read to the meeting.

Shareholders will have reasonable opportunities to ask questions at the AGM. The Chairman will answer questions or direct them to an appropriate member of the Board or management.

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.

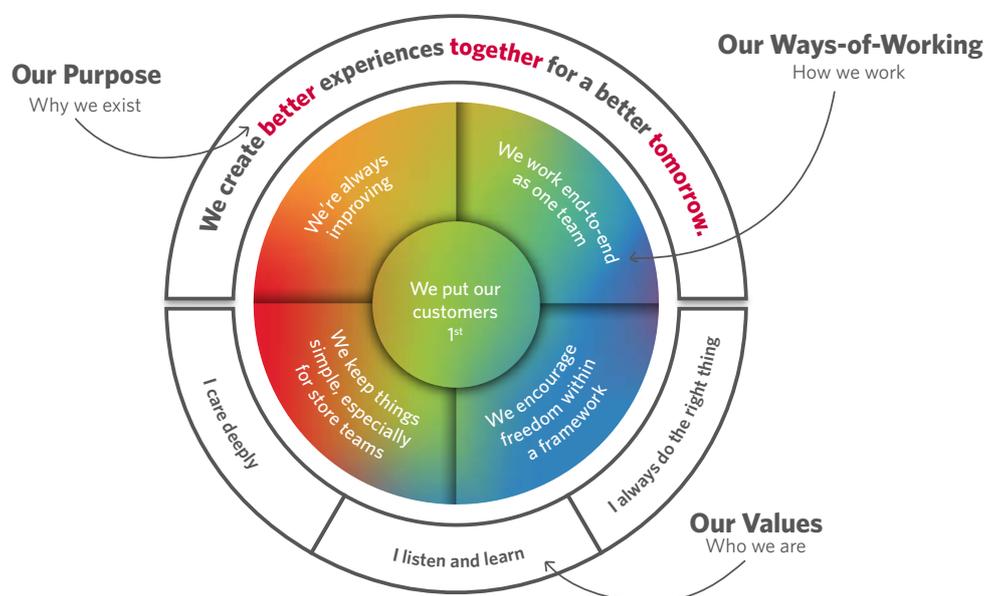
The Group's Continuous Disclosure Policy aims to:

- 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 to prescribe which announcements require Board approval, and to involve the Chairman or ARMCC Chair in Disclosure Committee discussions on matters that may be price sensitive. 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 Purpose, Ways-of-Working and Core 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 purpose, 'We create better experiences together for a better tomorrow', was endorsed by the Board and creates the framework for how we operate, to be better for our customers, our team, the communities we serve, and our shareholders.

The Group faced a number of unprecedented internal and external disruptions that tested the resilience of the team in F20. Whether through COVID-19, bushfires or drought, our purpose guided the Group's decision making and demonstrated Woolworths Group at its best.

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. During the year the Board endorsed an evolution of our Ways-of-Working to capture the spirit of partnership and innovation demonstrated in calendar 2020 in the face of unprecedented change and complexity:

- We are Customer 1st, Team 1st
- We are always improving
- We deliver end-to-end
- We provide freedom within clear frameworks
- We keep things simple

BRINGING IT TOGETHER

Woolworths Group's remuneration framework incorporates Ways-of-Working into our performance goals for all individuals. 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 plays a significant role in setting the expectations of our team by monitoring that there are consequences for inappropriate behaviour. In F20, the PPC 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.

CODE OF CONDUCT

The Code of Conduct applies to all directors, team members, 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.

Woolworths Group will launch the next generation of its Corporate Responsibility Strategy 2025 later in 2020.

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 LGBTQ Inclusion for a third consecutive year, and the increase in the number of employment opportunities for Aboriginal and Torres Strait Islander peoples, with over 2,800 First Nations 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

Woolworths Group's workplace profile, as included in the Group's most recent report to the Workplace Gender Equality Agency (WGEA) covering the 2019 calendar year is set out below¹.

	FEMALES AS A PERCENTAGE OF TOTAL
Board	56%
Executive Key Management Personnel/Other Executives/General Managers	30%
Senior Managers	36%
Managers	42%
Team Members (Non Managers)	56%

Woolworths' full WGEA report to the WGEA, is available on the Group's website at www.woolworthsgroup.com.au under the tab Sustainability/Our People/Promoting Gender Equality.

¹ Data as at 1 January 2020.



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 senior positions¹	40% women in senior positions by 2020	<p>At the end of F20 female representation in senior positions was 35%, compared with 34% in F19</p> <p>While the 40% target was not achieved, representation of women in these positions grew at a faster rate (24%) than that of men (16%) in F20</p> <p>The Group remains committed to improving this figure and addressing the common challenges faced by its female workforce including the need to work flexibly, issues surrounding pay parity and systemic or unconscious bias</p> <p>Specific initiatives in F20 included:</p> <ul style="list-style-type: none"> Formation of a Return to Work group to support those embarking on and returning from parental leave The launch of a Gender Equity Team Network, a peer-led group with a focus on breaking down gender stereotypes and bias and creating a gender-equitable workplace Flexible role design training for our People and Culture team members.
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	This target has been achieved each year since F18 when the Group reported a salary wage gap between male and female employees below 1% (statistically insignificant). For F20, 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>Over the last three years, all relevant leaders and managers across Australia, Asia and New Zealand have completed inclusive leadership training, which is now being built into leadership development programs across the business.</p> <p>The training is designed to help leaders develop constructive and inclusive behaviors to leverage the diversity of their teams to drive business growth, engagement, innovation and productivity.</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	Store teams to be representative of the communities they serve	In F20, 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 their successful resettlement in Australia. Since the program's inception over 150 refugees have commenced employment with us and, in 2020 alone, we had 66 refugees join our team across the country, including in our Metro and supermarket stores and at WooliesX.

¹ This includes the top 3 levels of roles reporting through to the CEO.



TARGET	MEASURE	PROGRESS TOWARDS ACHIEVING TARGET
Supporting Aboriginal & Torres Strait Islander Employment		
Meet our Federal Government Employment Parity contract commitment to recruit 1600 First Nations team members by F20. Once achieved, 2% of our store operations team members will be Aboriginal and Torres Strait Islander peoples	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 to recruit 1,600 new First Nations team members. In total, 2,889 ¹ First Nations team members have joined us since the Program's inception. Retention rates remain high at over 70%.
Proportion of First Nations Graduates to equal Federal Government Employment Parity contract. Once achieved, 2% of our graduates will be Indigenous	2% Graduates - 2020	The Group's focus was repositioned from a graduate program to a number of early career programs, including apprenticeships. 6.5% of the total apprentices in F20 were Aboriginal and Torres Strait Islander Peoples.
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	<p>Woolworths Group is proud to again be recognised with Gold Tier Employer status in the Australian Workplace Equality Index for LGBTQ inclusion for the third consecutive year, and to be the only retailer in Australia to have achieved this status</p> <p>In the past 12 months, the Group has grown the Proud at Woolworths Group network to 2,500+ team members - a 14% increase from F19.</p>

1 Figures stated relate to the period 11 December 2015 to 30 June 2020.



WOOLWORTHS GROUP



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