

Better Together Share Award



INFORMATION FOR TEAM MEMBERS

June 2020

WOOLWORTHS GROUP



Woolworths Group Limited is pleased to offer team members the opportunity to receive shares as a **Thank You** for their contribution to Countdown's response to the extraordinary events of F20 under the Better Together Share Award.

Statement required by New Zealand Financial Markets Conduct Act 2013 Warning

This is an offer to acquire ordinary shares (Shares) in Woolworths Group Limited (Woolworths Group). Shares give you a stake in the ownership in Woolworths Group. You may receive a return if dividends are paid. If Woolworths Group runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment. New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment. Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

Transfer of Shares

Upon the earlier of the end of the three year restriction period or upon cessation of your employment you may request that the Shares be transferred to you or sold on your behalf, at which time the Shares are not subject to any trading restrictions other than the Woolworths Securities Trading Policy (if you are still a team member).

The Shares are quoted on the Australian Securities Exchange (ASX). This means that you may be able to sell them on the ASX if there are interested buyers. The price will depend on the demand for Shares. The Shares are not subject to any trading restrictions other than the Woolworths Securities Trading Policy.

Your interest in the Shares is subject to the terms and conditions set out in this document, under which they are being offered to you. You may not transfer or otherwise deal in your interest in the Shares unless the Shares have been transferred to you in accordance with the terms and conditions.

Annual report and audited financial statements

On request, you are entitled to receive from Woolworths Group, free of charge, a copy of the latest annual report, the audited financial statements and the auditor's report on those financial statements. You may

obtain a copy of those documents by electronic means by downloading them from the website at <https://www.woolworthsgroup.com.au/>.

Key Concepts

- Woolworths Group wishes to recognise the outstanding effort of its team members in caring for our customers and communities during the extraordinary events of F20
- Eligible team members will receive an award of Woolworths Group Limited shares (Shares):
 - full-time permanent team members will receive up to a maximum value of \$750 of Shares
 - part-time permanent team members will receive a pro-rata award based on contracted hours
- The cash value of the award used to acquire Shares will be rounded down to the nearest whole number of Shares¹
- The Shares will be awarded at no cost to the team member. No brokerage will be payable on issue
- This invitation is open to eligible team members who meet the eligibility criteria (see Who is Eligible? on page 11)
- All eligible team members will receive an award of Shares unless they 'opt out' of the award
- There is no compensation if a team member 'opts out' of the award. This invitation cannot be transferred to anyone else
- The Shares will be held by a Trustee on behalf of the team members. They can be transferred to eligible team members on the earlier of three years from the date of award or cessation of employment with Woolworths Group. The Shares rank equally with all other Woolworths Group shares. Participating team members will be eligible to receive dividends and vote at shareholder meetings (including the AGM)
- All figures in this document are in \$AUD unless specifically noted.

Please read this entire document, including the factors affecting the share price on page 7, the risks section on page 8, and the taxation section starting on page 9.

¹ Any residual funds after the acquisition of the Shares under the Better Together Share Award will be retained by Woolworths Group.

How the Better Together Share Award Works

What is the Better Together Share Award?

The Better Together Share Award is an invitation to eligible team members to receive up to a **maximum** value of \$750 of Shares to recognise their outstanding effort in caring for customers and communities through F20.

The Shares will be held by a Trustee on your behalf and will have a three-year restriction period. In all other ways they rank equally with all other Woolworths Group shares. When Woolworths Group pays dividends, these will be credited directly into the account to which you are paid your wages or salary.

By becoming a Woolworths Group shareholder you have the opportunity to share in the success of Woolworths Group into the future – that you are contributing to – and become an owner as well as a team member.

Do I need to do anything to receive the Shares?

If you do nothing, you will automatically receive an award of Shares.

You can 'opt out' of receiving the Shares by following the links in the invitation sent to you by SMS or mail to the Better Together Share Award microsite hosted by Link Market Services. You have until 5pm AEST on 24 June 2020 to 'opt out'. If you do 'opt out', you will not receive an award of Shares and you will not receive any compensation. The invitation also cannot be transferred to anyone else.

No brokerage costs are payable to acquire the Shares.

What is the value I will receive under the Better Together Share Award?

This will differ based on whether you are a full-time or part-time team member.

If you are an eligible full-time permanent team member, you will receive an award of Shares up to a **maximum** value of \$750, rounded down to the nearest whole number of Shares.

If you are an eligible part-time team member, you will receive a pro-rata award based on your weekly/fortnightly or monthly contracted hours as a proportion of Full Time Equivalent hours as at 29 February 2020. The **minimum** award will be up to \$150, also rounded down to the nearest whole number of Shares.

For example, if your contracted hours are 16 hours per week, and the Full Time Equivalent hours are 40² hours per week, you would receive a Better Together Share Award calculated as follows:

$$16/40 \times \$750 = \$300$$

How many Shares will I receive?

This will be calculated using the following formula:

Value received under Better Together Share Award (maximum of \$750)

The average volume weighted share price of Woolworths Group Shares over the 5 Business Days before they are awarded to you

² The Full Time Equivalent Hours that apply to your role may differ from this figure.

The number of Shares will be rounded down to the nearest whole number³. Below is a table showing worked examples of the number of Shares people might receive for a range of Share award values based on a hypothetical Share price of \$35:

| Value of Share Award (based on your circumstances) ⁴ | Number of Shares Awarded |
|---|--------------------------|
| \$150 (minimum award) | 4 |
| \$300 | 8 |
| \$450 | 12 |
| \$600 | 17 |
| \$750 (maximum award) | 21 |

In July 2020 you will be contacted by Link Market Services and provided with details on how to login to your account in the Link Market Services Investor Centre, where you will be able to view how many Shares you have been awarded. You will also receive a statement confirming how many Shares you have been awarded.

When will the Shares be awarded?

We currently expect the Shares to be awarded on 1 July 2020.

When can I sell my Shares?

Shares are able to be sold on the earlier of:

- after you cease employment with Woolworths Group; or
- three years after you acquire the Shares.

Team members who remain employed for the full three year period, and are subject to blackout periods in relation to share trading, will not be able to sell the Shares until after release of Woolworths Group's F23 year-end results. Practically, this means that for these team members the Shares will be held for slightly longer than three years before they can be sold.

Why is there a three-year restriction period?

This is required by the Australian Tax Office (ATO) in order for the Shares to be tax exempt for Australian team members. This three-year restriction also applies in New Zealand, as it is important that the terms of the Better Together Share Award are the same in both Australia and New Zealand, as this gives consistency in the team member experience.

Will I receive dividends during the three-year restriction period?

Yes. The Shares awarded to you are the same as other Woolworths Group shares. During the three-year restriction period, when Woolworths Group pays dividends, these will be paid to you. Initially, these will be paid into the primary bank account you currently use for your salary or wages. You can request that they are paid into a different bank account by contacting Link Market Services.

³ Any residual funds after the acquisition of the Shares under the Better Together Share Award will be retained by Woolworths Group.

⁴ These amounts are hypothetical for the purpose of demonstrating how Share Awards translate to numbers of Shares at a particular price. The value of the Share Award and the Number of Shares Awarded may vary depending on your individual circumstances.

Your Shares cannot participate in the Dividend Reinvestment Plan during the restriction period.

How will dividends be paid?

Any dividends will be paid automatically into the bank account you have nominated for your wages or salary. Dividends are normally paid twice a year - generally in April and October. Woolworths Group does not guarantee that any amount of dividends will be paid.

You will receive a dividend statement from Link Market Services.

Am I entitled to vote at Woolworths shareholder meetings?

During the three-year restriction period, you can direct the Trustee how to vote in relation to the Shares held by the Trustee on your behalf. Once your Shares have been transferred to you, you will be able to vote as a Woolworths Group shareholder.

What is the Trustee and what does it do?

The Trustee is a wholly-owned subsidiary of Woolworths Group Limited. It will hold the Shares on your behalf until the earlier of the restriction period expiring or cessation of employment.

Under the Trust arrangements:

- You will receive any dividends which are paid on the Shares held by the Trustee on your behalf
- You will receive any notices of meetings of Woolworths shareholders and be able to direct the Trustee how to vote the Shares.

The Trust arrangements will also enable you to indirectly participate in any rights issues and bonus issues applicable to shares held by the Trustee on your behalf.

How can I keep track of how many Shares I have?

The Shares you receive through the Better Together Share Award will be held on your employee share plan holding registered through Link Market Services. You are able to view all details via the Link Market Services Employee Investor Centre. Details on how to access your holdings (including the applicable security measures) will be provided by Link Market Services.

What is insider trading and what are my responsibilities?

You are required to comply with the laws governing insider trading as well as the Woolworths Securities Trading Policy.

These laws do not allow anyone with inside information to:

- Trade in (buy or sell) Woolworths Group shares
- Influence another person to trade in Woolworths Group shares, or
- Communicate the inside information to another person who is likely to trade in Woolworths Group shares.

Inside information can be anything you see or hear about Woolworths Group which is not known by the general public and relates to its performance, business goals or decisions that may affect the Woolworths Group share price. It can include things like:

- Company financial results which have not been publicly released
- Any proposal or decision to buy a new business or sell parts of the Woolworths Group's existing businesses, or
- Significant disputes, gains or loss of a major contract, or major management changes.

All team members must comply with the Woolworths Securities Trading Policy. The Policy covers matters that you need to be aware of if you want to buy or sell Woolworths securities (including shares and rights), including insider trading laws and blackout periods. The Policy is available on the Woolworths Group website (www.woolworthsgroup.com.au) or divisional intranet sites.

How do I arrange for the Shares I acquire under the Better Together Share Award to be sold?

Link Market Services will contact you at the end of the restriction period for you to consent to have the Shares transferred to you. You can then arrange to sell them online via the Link Market Services Employee Investor Centre, or on the ASX through a stockbroker. Refer to the factors affecting share price and risks associated with share ownership below and on page 8.

What happens if I leave the Group before Shares are purchased and awarded?

To be eligible to receive the Better Together Share Award you must remain employed at time of the award. We currently expect the Shares to be awarded on 1 July 2020.

What happens if I leave the Group before the three-year restriction period is up?

Link Market Services will receive notification of your termination and will communicate with you about what you would like to do. You can request that the Shares be sold or transferred to you. This request will include a consent to receive the Shares, and can be made online through the Link Market Services Employee Investor Centre.

What discretion does the Board have in relation to the Better Together Share Award?

The Board may make future determinations and exercise discretion, including in the event of a corporate action occurring.

Factors Affecting the Share Price

Many factors will affect the price of Woolworths Group shares. At any point in time these factors may include (but are not limited to):

Woolworths Group Factors

- Profit outlook
- Profitability
- Dividend policy
- The level of franking of Woolworths Group dividends
- Credit ratings and strength of the balance sheet
- The success of marketing and other strategies adopted by Woolworths Group companies, relative to its competitors' strategies
- The prospects for any separation of Endeavour Group.

External Factors

- Movements in the general level of share prices on the local and international share markets
- Developments in retail and other industries generally
- The economic outlook in Australia and internationally
- Changes in government fiscal, monetary and regulatory policies
- Turnover and volatility of financial markets in Australia and overseas
- Changes in interest rates, inflation rates, exchange rates and commodity prices
- Acts of terrorism, the occurrence of hostilities, natural disasters or pandemics.

Things to Consider

- Your objectives, financial situation and needs, both short and long term
- Expectations about what investment returns are achievable and sustainable over time.

Risks

Every investment involves an element of risk and you should be aware that there are risks associated with share ownership. Shares should be considered a long-term investment.

Things to be Mindful of

- Woolworths Group is a limited liability company which means that shareholders are not required to contribute any more capital for their shares once those shares have been fully paid for, even in the event of losses by Woolworths Group. However, it is possible that if there are losses, or profits fall, holders of shares may not receive dividends or dividends may be reduced and the value of their shares may fall
- The price of shares as quoted on the ASX will move up and down with market sentiment as well as factors which are specific to Woolworths Group
- The price at which the shares trade on the ASX may be higher or lower than historical prices. If investors decide to sell their shares, the amount which may be received on the sale may be higher or lower than their present market price
- Woolworths Group's latest annual report contains details of its performance and the factors which have impacted on this performance during the period to which the report relates. This document may be viewed on the Woolworths Group website at www.woolworthsgroup.com.au
- You should be aware that past performance is not a guarantee of future performance. No warranty or guarantee of the performance of Woolworths Group or the repayment of capital or any return on investment is made pursuant to this booklet
- Woolworths Group is required to notify the ASX of information about specified events and matters as they arise for the purposes of the ASX making that information available to the stock market conducted by the ASX
- The most recent annual report and ASX announcements should be referred to for details of these matters.

New Zealand Taxation

The Better Together Share Award has been structured such that the shares you receive under this award will not give rise to any additional tax liability to you. This is because in providing you the award, the Woolworths Group has also covered the tax liability that would otherwise arise to you.

The following brief summary is a general guide only of the New Zealand income tax consequences to New Zealand tax resident team members. It assumes that you are and continue to be a resident of New Zealand for tax purposes.

This summary applies to Shares received by an eligible team member under the Better Together Share Award, and also assumes that shares are held on capital account for tax purposes.

It is strongly recommended that you obtain professional, independent taxation advice which takes into account your personal circumstances.

| Question | Response |
|---|--|
| When I am awarded the shares, how do you calculate my income? | Your assessable income will be calculated based on the market value of the Shares you are entitled to on the award date plus the tax that is paid to Inland Revenue in connection with that Share award. You will not be expected to make any contribution towards the value of the Shares you receive. |
| When do I pay tax? | Tax is payable to Inland Revenue when you receive your shares at the award date, however Woolworths Group will pay this for you. Therefore, you will not have to separately pay tax in relation to receipt of the Shares. |
| How will Woolworths notify Inland Revenue of my income? | The value of the Shares awarded is required to be notified to Inland Revenue and will be included in the employer monthly statement as part of your other employment related income. As Woolworths Group will be meeting the tax obligation that arises on the Share award, no PAYE tax will be deducted from you in respect of the benefit. Instead, Woolworths will “gross up” your income to reflect the fact they will meet your New Zealand tax liability on this income. Therefore, the income reported to Inland Revenue on your payslip will be higher than the value of the Shares you receive. |

| | |
|--|--|
| <p>Is dividend income taxable?</p> | <p>Dividends received after the award date are taxable income in New Zealand and should be reported to Inland Revenue.</p> <p>Assessment of income in New Zealand does not currently recognise any Australian franking credits that may be attached to the dividends. If any Australian withholding tax has been deducted from the dividend a credit for this withholding tax is allowed, however, the amount of the credit will be limited to the New Zealand tax payable on the net income relating to that dividend. It will be important to keep evidence of the Australian withholding tax paid for tax record purposes; this will be provided in an Annual Tax Statement provided by Link Market Services on behalf of Woolworths Group.</p> |
| <p>Does my tax position change if I am on assignment from Australia to New Zealand?</p> | <p>The tax position will need to be confirmed on a case by case basis. Under the double tax treaty between Australia and New Zealand, an Australian team member on secondment to New Zealand for less than 183 days in aggregate in any twelve month period may be exempt from New Zealand tax should the shares be acquired when the Australian team member is in New Zealand.</p> |
| <p>If I hold my shares and later sell them, are there any tax implications I need to consider on sale?</p> | <p>Any disposal of shares by New Zealand team members is likely to be on capital account with no taxable gain/loss.</p> <p>The exception would be if the shares could be regarded as committed to a share dealing business, acquired with the purpose of resale or disposed of as part of a profit-making scheme.</p> |
| <p>Are there any other considerations for holding shares?</p> | <p>New Zealand operates a Foreign Investment Fund regime applicable to New Zealand resident individuals who hold overseas shares.</p> <p>Shares in Woolworths Group are however exempt from this regime as Woolworths Group is a listed company on the ASX.</p> <p>Therefore, if you continue to hold the shares and receive dividends from your Woolworths shares, you will need to report and pay tax on dividend income only.</p> |
| <p>Do I have to file a tax return when I receive the shares?</p> | <p>Woolworths Group will pay your tax liability on award to Inland Revenue through payroll. Therefore, receipt of shares will not in itself create a filing requirement for you.</p> |

Disclaimer: Information contained in this section is correct as at 1 June 2020, however it may be subject to subsequent changes if the tax rules for New Zealand change.

Who is Eligible? (referred to as “you” in this document)

| Eligible | Not Eligible |
|---|---|
| <p>Permanent full time and part time employed team members of the Woolworths Group who were employed prior to 1 March 2020 and remain employed at the time the shares are allocated who:</p> <ul style="list-style-type: none"> - are: <ul style="list-style-type: none"> - not eligible for MyIncentive during F20; or - eligible for MyIncentive for only a portion of F20 (e.g., because of a secondment) and their MyIncentive award is less than or equal to NZD\$1,500; and - are New Zealand residents for tax purposes <p>For clarity, this includes the following team members who meet the above criteria:</p> <ul style="list-style-type: none"> - Permanent team members paid an hourly rate - Permanent team members paid by salary - Team members on paid leave - Team members who were asked not to work between 1 March and 30 April and continued to be paid, including: <ul style="list-style-type: none"> - Vulnerable team members <p>Note Eligible team members who are:</p> <ul style="list-style-type: none"> ● Under 18 years of age on 10 June 2020; and/or ● Non New Zealand residents for tax purposes <p>will not receive Shares and instead will receive a net cash equivalent payment (AUD equivalent in NZD) in the applicable July 2020 payroll.</p> | <p>Permanent full time or part time team members of Woolworths Group who were employed on or after 1 March 2020 (must have been employed by no later than 29 February 2020 to be eligible) or have ceased employment at the time the shares are allocated.</p> <p>Other team members who are not eligible, regardless of hire date include:</p> <ul style="list-style-type: none"> - eligible for MyIncentive for all of F20 - eligible for MyIncentive for a portion of F20 (including because of a secondment) and their MyIncentive award is greater than NZD\$1,500; - Casual team members - Fixed term team members - Independent contractors and consultants - Externally engaged contractors (labour hire and/or not on Countdown payroll) - Team members who were on unpaid leave, or Accident Corporation Compensation payments between 1 March and 30 April |

Additional Information

You should read the information contained in this booklet carefully. If you have any questions or doubts about whether you should participate, please contact your financial advisor or tax agent. Link Market Services (contactable by email at wow.eps@linkmarketservices.com.au or by phone 1800 111 281) will be able to answer any general queries you may have.

Plan Rules and Trust Deed

To obtain a full copy of the Better Together Share Award booklet and the Trust Deed, please visit the Woolworths Group website at www.woolworthsgroup.com.au. Click on Investors > Shareholding > Woolworths Employee Share Plans and follow the prompts. The Plan Rules for the SPP will apply to the Better Together Share Award, except to the extent of any inconsistency, in which case this booklet prevails.

Share Price

The current market price of Woolworths Group shares is available on the Woolworths Group website or on the ASX website at www.asx.com.au, under the ASX code: WOW.

Financial Advice

It is not intended that the material in this information booklet or the offer be interpreted as financial advice. However, should it be construed as financial advice, it is general advice only and it does not take into account your objectives, financial situation or needs. You should consider obtaining your own financial product advice from an independent person licenced to give such advice before deciding whether to accept the offer.

Glossary

| | |
|---|---|
| AEST | Australian Eastern Standard Time |
| Allocation date | The date on which your shares are awarded |
| Allocation price | The price per share at which shares will be awarded |
| ASIC | Australian Securities and Investments Commission |
| ASX | ASX Limited (operating under the name Australian Securities Exchange) |
| Board | All or some of the Directors of the Company acting as a board, including a Committee of the board and a delegate of the board |
| Dividends | Distribution of part of a company's net profit to shareholders. Usually expressed as a number of cents per share |
| Eligible team member | A person who is determined by the Company to be qualified to participate in the Better Together Share Award |
| Link Market Services Employee Investor Centre | Link Market Services provides both a share registry for Woolworths and individual share accounts for team members who participate in Woolworths share plans. The Link Market Services Investor Centre is where team members can access details on their account and share holdings. |
| Offer period | Team members have until 5pm AEST on 24 June 2020 to "opt out" of the Better Together Share Award |
| Pay period | Weekly, fortnightly and monthly |
| Share | An ordinary share in the capital of Woolworths Group Limited |
| SRN | Securityholder Reference Number |
| Team Member | A person employed by a Woolworths Group company |
| Trustee | Woolworths Custodian Pty Ltd (ABN 93 002 940 445) |
| (five-day) Volume Weighted Average Price | A trading benchmark commonly used in share plans, calculated by dividing the total value of shares traded by the total number of shares traded for every transaction during a five-day period to calculate an average price for shares |
| Woolworths Group Limited or Company | Woolworths Group Limited (ABN 88 000 014 675) |
| Woolworths Group | Woolworths Group Limited and each of its subsidiaries in Australia or New Zealand |

Contact Details

Link Market Services Employee Investor Centre

Email: wow.eps@linkmarketservices.com.au

Website: <https://investorcentre.linkmarketservices.com.au/Employee/wowe>

Phone: +61 1800 111 281

Go Online

Further information can be found on our website at:

www.woolworthsgroup.com.au

Better Together Share Award Booklet

Click on Investors > Shareholders > Woolworths Employee Share Plan Information and follow the prompts

Woolworths Securities Trading Policy

Click on About Us > Corporate Governance > Securities Trading Policy