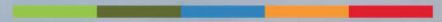


WOOLWORTHS GROUP



Tax Transparency

Year ended 30 June 2019





Woolworths Group is led by its purpose, to create better experiences together for a better tomorrow. Guided by our Core Values and agile Ways-of-Working, we want our actions to have a positive impact every day and to define what makes Woolworths Group different. Customer demands are changing rapidly and the retail environment is evolving, and in this environment we will continue to transform the Group to better meet our customers' needs, together.



We create better experiences together for a better tomorrow.





Chief Financial Officer's Introduction

Woolworths Group ('Woolworths') is a large and diverse business, serving millions of customers and hundreds of communities every week. We are mindful of our responsibilities as a significant contributor to the economy including being the largest private-sector employer in Australia and the largest in New Zealand.

Woolworths pursues an approach to tax that is principled, transparent and sustainable for the long term. Our approach to tax management is to ensure full compliance with all statutory obligations and full disclosure to revenue authorities, maintenance of documented policies and procedures in relation to tax risk management and completion of risk assessments including escalation and reporting to the Board where appropriate. In this regard we are pleased to have recently received a high level assurance rating from the Australian Taxation Office (ATO) with regard to the group's tax affairs, placing us in the top quartile of companies who have received such a rating. This rating means that the ATO is satisfied that the right Australian income tax outcomes were reported in our income tax return.

On the following pages, you will find an overview of the Woolworths tax strategy, governance and tax contributions made to Australian State and Commonwealth governments.

The information provided in this Report is released on a voluntary basis in accordance with the recommendations and guidelines contained in the Board of Taxation's Voluntary Tax Transparency Code. It should be read with the Woolworths 2019 Annual Report which can be found on our website at www.woolworthsgroup.com.au

Woolworths has a strong commitment to transparency and compliance from a regulatory and financial perspective, including with respect to its tax strategy and compliance.

A handwritten signature in black ink, appearing to be 'Stephen Harrison', written in a cursive style.

Stephen Harrison
Chief Financial Officer

Tax Transparency Report

Tax policy, strategy and governance

The Woolworths tax corporate governance and tax operating framework is guided by the Board's Tax Corporate Governance Policy. This policy sets out the approach to be taken by Woolworths in conducting its tax affairs and dealings with tax risk and is periodically reviewed by the Group Tax team.

Woolworths pursues an approach to tax that is principled, transparent and sustainable for the long term. The Group has implemented appropriate internal controls in relation to the identification and management of tax risk and a framework for escalation of tax matters to the Woolworths Board as necessary.

The Woolworths Board operates several Committees that oversee key business risks including the Audit, Risk Management and Compliance Committee ("ARMCC") which oversees risk management and internal controls in relation to all risks across Woolworths, including tax. There is regular reporting on tax matters to the ARMCC.

A low risk tax strategy is adopted by Woolworths to ensure there is no damage to its reputation or risk profile with the Australian Taxation Office ("ATO").

Woolworths ensures that, as a minimum, the tax position adopted with regard to particular issues or transactions is more likely than not to be correct. This is achieved through:

- Early engagement of the Group Tax team in the formative consideration and practical implementation of transactions
- Using external advisors to assist the Group Tax team in areas that are complex or uncertain
- Obtaining tax rulings from the ATO on complex and uncertain areas of the law.

Engagement with revenue authorities

Woolworths seeks a proactive and cooperative relationship with the ATO and other relevant tax authorities with which it interacts and seeks to maintain this relationship through regular communication, particularly with regard to significant transactions that the group has entered into or is considering entering into.

Woolworths is a key taxpayer for Goods and Services Tax ("GST") and is a key member of relevant food industry groups.

For income tax purposes the ATO adopts a periodic assurance process combined with specific issue reviews. As such, Woolworths is engaged in ongoing dialogue with the ATO regarding its review processes, particularly in relation to income tax.

Woolworths recently received an ATO Tax Assurance Report where the Group received an overall rating of a high level of assurance with respect to its tax affairs. This is the highest level rating.

Where appropriate Woolworths also seeks to engage in consultation with the Government on tax matters, particularly with regard to improvements to existing processes and commentary on proposed tax changes.

Tax Transparency Report

Reconciliation of accounting profit to income tax expense

The reconciliation of accounting profit to tax expense contained in this Report was previously published in the Woolworths 2019 Annual Report in note 3.6. The disclosure was prepared for the statutory accounts in accordance with the relevant Australian Accounting Standards. The statutory accounts reflect the global accounting consolidated group.

Income tax expense, reported on a company's income statement, is calculated by multiplying accounting profit for the year, adjusted for non-temporary differences, by the relevant corporate tax rate (30 per cent in Australia).

	F19 (53 WEEKS) \$M	F18 (52 WEEKS) \$M
Profit before income tax – continuing operations	2,227	2,394
Profit before income tax – discontinued operations	1,200	193
Profit before income tax	3,427	2,587
Income tax expense using the Australian corporate tax rate of 30%	1,028	776
<i>Tax effect of amounts which are not (taxable)/deductible in calculating taxable income:</i>		
Capital gain offset by capital losses	(327)	-
De-recognised deferred tax liability on sale of business	(33)	-
Non-deductible expenses	9	4
Unrecognised tax losses from the current year	4	1
Impact of differences in offshore tax rates	(5)	(5)
Other	3	22
	679	798
Adjustments relating to prior periods	(11)	(6)
Income tax expense	668	792

Reconciliation from income tax expense to current year income tax payable

	F19 (53 WEEKS) \$M	F18 (52 WEEKS) \$M
Income tax expense	668	792
Net deferred tax benefit/(expense)	51	(99)
Adjustments to current tax of prior periods	11	6
Current year income tax payable	730	699

Tax Transparency Report

Effective company tax rates for Australian and global operations

Effective tax rate is calculated as income tax expense divided by profit before tax.

	F19 (53 WEEKS) \$M	F18 (52 WEEKS) \$M
Effective Tax Rate – Australia		
Australian Operations (before tax impact of disposal of Petrol business)	29%	30%
Australian Operations (after tax impact of disposal of Petrol business)	18% ¹	31%
Effective Tax Rate – Group		
Global Operations (before tax impact of disposal of Petrol business)	30%	30%
Global Operations (after tax impact of disposal of Petrol business)	19% ¹	31%

¹In FY19 there was a nil income tax expense recognised in relation to the capital gain on sale of the Petrol business (approx. \$1.2b) as the Group utilised a portion of existing capital losses to offset this gain

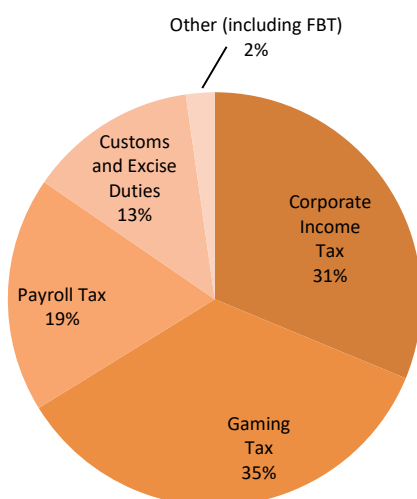
Tax Transparency Report

Tax Contribution Summary

The following tables and diagrams detail the types of taxes paid and collected by Woolworths Group Limited and its subsidiaries (including controlled non-wholly owned subsidiaries) to and/or on behalf of Australian Federal, State and local governments in the 2019 financial year. Controlled non-wholly owned subsidiaries and the Woolworths ownership percentage includes Australian Leisure and Hospitality Group Pty Limited (75%) and Statewide Independent Wholesalers Limited (60%).

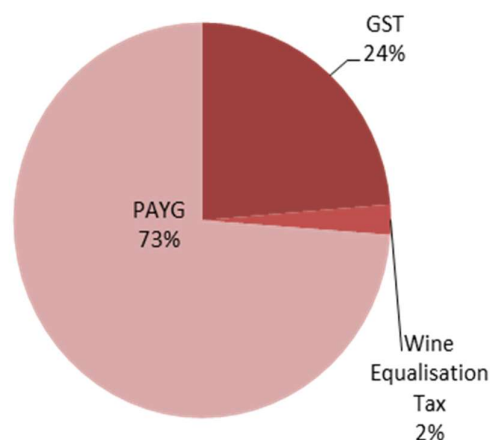
Taxes paid by Woolworths Group and Controlled non-wholly owned subsidiaries

2019	\$M
Corporate Income Tax ²	667
Other taxes:	
Gaming Tax ⁴	745
Payroll Tax	393
Customs and Excise Duties	280
Other (including Fringe Benefits Tax (FBT))	47
Total taxes paid	2,132



Taxes Collected by Woolworths Group and Controlled non-wholly owned subsidiaries

2019	\$M
Net GST ³	426
Wine equalisation tax	44
PAYG - employees	1,327
Total taxes collected	1,798



² Corporate Income Tax paid reflects FY19 income tax instalments paid during the year plus the estimated remaining income tax liability relating to that year payable by 1 December 2019.

³ The net GST represents GST collected on Australian sales less the input tax credits claimed on supplies.

⁴ The gaming tax is paid by Australian Leisure and Hospitality Group Pty Limited.

Tax Transparency Report

International related party dealings

Woolworths operates in Australia, New Zealand and across the Asian region. The nature of activities outside of Australia are summarised below:

New Zealand

Active trading operations -
Supermarkets

India

Former consumer electronics
business (now dormant)

Hong Kong

Co-ordinating the sourcing of
trading stock for Australia
and New Zealand

Active trading operations-
beverage distribution
business

China

Active trading operations –
beverages distribution
business

The key business dealings between Woolworths Australian operations and overseas controlled entities are summarised below:

- Providing management and administration services
- Sales and purchases of trading stock to and from overseas controlled entities
- Recharges of costs relating to information technology and insurance costs incurred by Woolworths Australia
- Employment related recharges of costs incurred by Woolworths Australia on behalf of overseas subsidiaries
- Revenue and expenditure relating to financing arrangements with New Zealand subsidiaries.

All international related party dealings are conducted in accordance with arm's length principles and methodologies as prescribed by the Australian transfer pricing laws and in accordance with the Organisation of Economic Cooperation and Development ("OECD") guidelines.

Further information

Further information and publications about Woolworths and its operations are available from the Woolworths website www.woolworthsgroup.com.au