

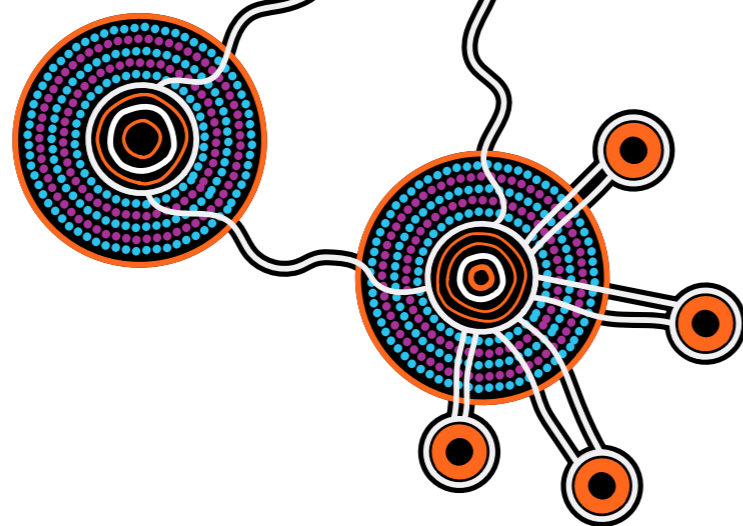
2023
Annual Review



We are better together

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Acknowledgement of Country



Woolworths Group acknowledges the many Traditional Owners of the lands on which we operate, and pay our respects to their Elders past and present. We recognise their strengths and enduring connection to lands, waters and skies as the Custodians of the oldest continuing cultures on the planet.

We remain committed to actively contributing to Australia's reconciliation journey through listening and learning, empowering more diverse voices and working together for a better tomorrow.

Woolworths Group reaffirms our support for the Uluru Statement from the Heart, and its calls for a First Nations Voice to Parliament enshrined in the Constitution.

Disclaimer

This report contains forward looking statements, including, but not limited to statements regarding: trends in consumer preferences; commodity prices; goals, targets, plans, strategies and objectives of Woolworths Group; assumed near and long-term scenarios and transition pathways; potential global responses to climate change; regulatory and policy developments; the development and uptake of certain technologies; and the potential effect of possible future events on the value of Woolworths Group.

The forward looking statements in this report are based on management's good faith, current expectations and reflect judgements, assumptions and estimates and other information available as at the date of this report. They are, by their nature, subject to significant uncertainties, many of which are outside Woolworths Group's control. Actual results, circumstances and developments may differ materially from those expressed in this report and readers are cautioned not to place undue reliance on these forward looking statements. Forward looking statements should therefore be read in conjunction with, and are qualified by reference to the expectations, judgements, assumptions, estimates and other information and risk factors, referred to above.



Accessibility

This PDF has been made accessible for people with visual impairments. It meets the AA standard and has been tagged in full, so it can be transcribed vocally by screen readers using any computer support.

Woolworths Group is purpose-led; our ambition is to create sustainable value for all of our stakeholders

As one of Australia and New Zealand's largest retailers, we recognise the far-reaching impact we have on the communities in which we serve and understand the role we play in driving positive change.

Creating better experiences together for a better tomorrow

About this document

The 2023 Annual Review provides a consolidated summary of Woolworths Group's performance for the financial year ended 25 June 2023, as well as progress against our strategic agenda and Sustainability Plan 2025 to create long-term value for our stakeholders.

This report should be read in conjunction with the other reports that comprise the 2023 reporting suite, including:



2023 Annual Report



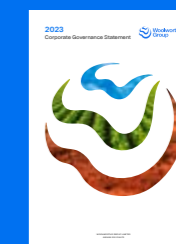
2023 Sustainability Report



2023 Sustainability Data Pack



2023 Modern Slavery Statement



2023 Corporate Governance Statement



The 2023 Woolworths Group reporting suite can be accessed online at: www.woolworthsgroup.com.au/au/en//investors/our-performance/reports.html



F23 highlights

Our reach

Customers

Customers served in store on average per week

24.5 million



- Australian Food 19.6million
- New Zealand Food 2.9million
- BIG W 2.0million

Average weekly digital traffic to Group platforms

23million

Increased by 16.3% from F22

Total Everyday Rewards members¹

14.5million

+750,000 from F22

¹ Total number of members that have joined the program since inception.

Team

Team members

200,364



- Women 108,653
- Men 90,612
- Different term 1,099

Team members <25 years of age

71,310

First Nations team members in Australia

>4,500

Store network

Our network in Australia and New Zealand

1,463



- Australian Food 1,095
- New Zealand Food 191
- BIG W 177

New stores and renewals¹

23 new stores
57 renewals

¹ Includes Woolworths Supermarkets, Metro Food Stores, Countdown Supermarkets and BIG W.

Direct to boot sites²

708

Customer fulfilment centres

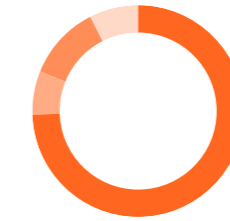
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² Australian Food only.

Our financial performance

Group sales

\$64.3B



- Australian Food \$48,047M
- Australian B2B \$4,324M
- New Zealand Food \$7,240M
- BIG W \$4,785M

Increased by 5.7% from F22

Group eCom sales^{1,2}

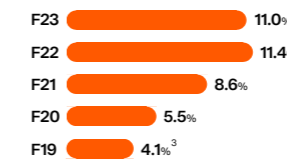
\$6,592M



- Continuing operations.
- F22 and F21 restated to include Woolworths at Work as part of Australian Food.
- Excluding Endeavour Group and normalised to remove the impact of the 53rd week and AASB16 if it had been in place in F19.

eCom sales penetration^{1,2}

11.0%



- F22 and F21 restated to include Woolworths at Work as part of Australian Food.
- Group eCommerce penetration is calculated based on Australian Food, New Zealand Food, BIG W and MyDeal sales only.
- Excluding Endeavour Group and normalised to remove the impact of the 53rd week and AASB16 if it had been in place in F19.

Group EBIT¹

\$3,116M



- Continuing operations before significant items.
- Excluding Endeavour Group and normalised to remove the impact of the 53rd week and AASB16 if it had been in place in F19.

Our sustainability highlights

Voice of Team score for 'sense of belonging'

+4pts

Achieved **Platinum** Employer AWEI status

Awarded **WGEA** Employer of Choice Award for the second year

Maintained **Rainbow Tick** certification for fifth consecutive year

Reduction in scope 1 & 2 emissions¹

¹ Using the market-based method for calculating electricity emissions.

Decreased by **36%** from 2015 baseline

Renewable electricity in SA **100%**

Solar operating or under construction **>60MW**

Food waste diverted from landfill

50,826t

Equivalent of meals donated to food rescue

>34M

Food waste from stores diverted from landfill

80% Woolworths Supermarkets





The value of a better tomorrow

It is a pleasure to introduce to you Woolworths Group's 2023 Annual Report, the first since I assumed the role of Chair at last year's AGM.

The review of F23 confirms that Woolworths Group is performing well across most measures. The most important driver of our performance has been Woolworths Group's team members. Throughout F23, we have seen first-hand how their efforts have supported customers and their fellow team members, despite the various challenges they again faced during the year. I want to start by acknowledging this and thanking every team member for their hard work and dedication in F23.

I am also excited by our prospects. It has been a privilege to have played a part in the successful transformation of the business to date. However, as a result of the decisions we have taken, it is clear we have very real opportunities for sustainable long-term value creation for all our stakeholders.

F23 performance

Woolworths Group's performance in the 2023 financial year benefitted from a return to more stable operating conditions following material disruption from COVID in prior years. The improved profit result for the year reflected robust sales growth, the more stable operating environment, the absence of COVID costs incurred in the prior year, and the benefits from ongoing investment in the business.

Reflecting the strong result, the Board declared a fully franked final dividend of 58 cents per share which was up 9.4% on last year, bringing the total dividend to 104 cents per share, up 13% compared to F22 and in line with earnings growth for the year. This reflects both this year's performance and the long-term confidence in our prospects.

Keeping our team (including contractors) safe when they come to work is our primary objective. Tragically we lost two team members in the last 12 months and the Board

extends its sincere condolences to the families, friends and colleagues of these team members. Investigations into these events are ongoing; however, in the context of these tragic circumstances, the Board determined that there should be a 10% point reduction in the Group STI outcome for F23.

F23 strategic progress

While the overall operating environment for the Group improved in F23 compared to previous years, global and local inflationary impacts have created a new challenge as our customers' household budgets become increasingly stretched.

Amid this backdrop, we responded by delivering even greater value across our Food and Everyday Needs businesses. This included weekly specials and Low Price programs in Food, expanding our loyalty offer, and investing in our Own Brands to provide quality products and more affordable choices. Ensuring that all of our customers 'get their Woolies worth' remains a key priority for F24.

Material investment in the Group's digital and eCommerce assets over many years has established a solid foundation that has enabled the Group to respond to changing customer preferences. This is reflected in Group eCom sales growth of approximately 35% on a 4-yr CAGR as more customers switch to convenient online delivery solutions. This has been further supported by the transformation of the Group's supply chain including the launch of 11 CFCs since 2014 to help optimise online home delivery in key areas for supermarkets.

The Group's multi-year supply chain transformation is a key driver of productivity improvement with the upgraded facilities enabling a wider and fresher range for customers, a material increase in capacity, and improved efficiencies. Major new facilities opened over the last five years include

Melbourne South Regional DC and Melbourne Fresh DC in Victoria; Adelaide Regional DC expansion in South Australia; Palmerston North DC and Auckland Fresh DC in New Zealand and Heathwood Chilled and Frozen DC in Queensland. A new Fresh DC in Christchurch, New Zealand, and Woolworths Group's first automated CFC in Auburn, Sydney, are on track to open in 2024.

Expansion into complementary adjacencies has played an important role in the year to reinforce our cornerstone retail businesses and support growth. Our foodservice business, PFD Food Services, had a strong year with growth of 28%. The acquisition of retail media business, Shopper Media, in September, helped deliver Cartology growth of 29%, despite the challenging advertising market. The acquisition of an equity stake in Petstock Group announced in December 2022, subject to ACCC approval, will also enable more customers to conveniently shop for all their everyday needs across our connected Group.

The value of a better tomorrow

Woolworths Group recognises that operating in a sustainable way, having a positive impact on the communities in which we operate and maintaining the highest levels of governance, will benefit all of our stakeholders.

Progress on our Sustainability Plan 2025 included the launch of our latest innovate Reconciliation Action Plan to drive meaningful progress towards reconciliation with Indigenous Australia. Remediation of the first identified case of modern slavery within our supply chain was completed for 230 impacted workers, and we committed to reducing our transport emissions by 60% in 2030 compared to F22 as part of the Group's transport decarbonisation strategy.

We continued to improve our TCFD-aligned climate and nature disclosures on pages 42 to 59 of this report, to transition towards alignment with the new standards for F24. To provide greater transparency, as part of our F23 reporting suite, we increased coverage of performance reporting against our 2025 Plan and released our first digitised sustainability data pack on our website. There is still much to do to better understand our role within the wider value chain and the positive impact we can have for a better tomorrow.

Board updates

In March of this year, Tracey Fellows and Warwick Bray joined the Woolworths Group Board as non-executive directors.

We are delighted to have Tracey and Warwick's wealth of experience, knowledge and unique perspectives available to the Board and are confident that they will complement the Board's existing skills.

Warwick has become Chair of the Audit and Finance Committee, with Tracey joining the People Committee. Both will stand for election at the 2023 Annual General Meeting.

Looking ahead

As we move into our centenary year in 2024, the Board remains focused on supporting our CEO and management team as we execute our ambitious strategy. While our operating environment remains somewhat uncertain, we are reassured by both the performance and underlying health of the Group and energised by the opportunities ahead of us.

We will be relentless in providing value for our customers and supporting our team across the Group. We will continue to realise the benefits of our investments to date but will also continue to invest, in a disciplined fashion, to strengthen our cornerstone businesses and platforms, grow our adjacencies and evolve the Group to meet the changing needs of our customers.

We will be guided by our values and continue to do what is right for the communities we serve. We will continue to progress our Sustainability Plan 2025 to not only have a positive impact but also make our business stronger and more resilient for the future.

Woolworths Group is at the heart of nearly every community in Australia and New Zealand. We look to the future with a sense of both responsibility and optimism, guided by the potential of working better together for a better tomorrow.

Thank you,

Scott Perkins | CHAIR



Creating value for all of our stakeholders



While the 2023 financial year marked a return to relative stability after several years of material COVID-related disruption, the rising cost-of-living pressures impacting our customers and team has now become our key challenge. To help with this, we have continued to improve our value proposition for our customers and increased support for our teams and this will be an ongoing focus in F24.

F23 reflections

F23 Group sales increased by 5.7% with sales momentum increasing through the year due to cycling COVID impacts in early F22 and inflation. The more stable operating environment, phase out of material COVID-related costs, and ongoing investment in recent years in Group platforms led to Group EBIT growth before significant items of 15.8%. More information on the Group's financial performance can be found on [pages 22 to 40](#).

Group Voice of Customer (VOC) NPS ended F23 at 49 which was in line with the prior year. While we did see some improvement in the second half, customer scores are being impacted by inflation, customers returning to shopping more on weekends and evenings, and product availability challenges (although as I write, these are materially reduced). Pleasingly, Customer Care remains our highest Store-controllable VOC metric across the Group at 80%. We recognise, as ever, we have more to do in F24 to respond to our customer's evolving needs and improve customer advocacy.

Tragically, two of our team members lost their lives at work in the last 12 months. We are deeply affected by this loss, and our thoughts are with their families and friends, and colleagues affected. Investigations into these events are ongoing and we are absolutely committed to ensuring learnings are acknowledged and implemented.

Our latest Voice of Team (VOT) survey has seen team scores improve on previous results, particularly for store team members with an advocacy score of 17 compared to eight in F22. This reflects higher scores relating to psychological health, safety and wellbeing, recognition and us taking action on team feedback.

Across our Food businesses, cost increases in commodities, energy, and labour led to above-trend price increases from suppliers during the year, particularly in packaged products and dairy. The impact of extreme weather events also affected some Fresh categories such as Fruit & Vegetables, although both availability and prices improved in H2. To support our customers to save money and get their Woolies worth, we implemented a number of value mechanics during the year, including a strong weekly promotional program, seasonal Prices Dropped programs, as well as invested in our Own Brands via Low Prices you can Rely On, and our Everyday Rewards program which continues to grow in popularity.

In BIG W, the slowdown in consumer spending has been more pronounced in H2, particularly in Q4. Customers continue to shop BIG W to get great value on their everyday needs; however, increasingly, customers are buying only what they need, which has seen a decline in items purchased compared to the prior year.

Progress against our strategic priorities

During the year, we progressed our Group Strategic Agenda and advanced our Sustainability Plan 2025 to ensure we create value for all of our stakeholders over the medium to long-term.

Living our purpose and staying true to our core values is critical to making the many decisions necessary to meet the expectations of all of our stakeholders. With Woolworths being named Most Trusted Brand by Roy Morgan and Most Valuable Brand by Brand Finance in F23, we continue to receive strong external endorsement of our various efforts.

Sustainability is a core part of living our Better Tomorrow purpose. Key progress on our 2025 Plan included our commitment to transition our home delivery fleet to be entirely electric, enabling a 60% reduction in transport emissions by 2030; the removal of reusable plastic bags nationwide, which at the end of phase out equates to approximately 350 million fewer plastic bags annually combined with the 3.2 billion single-use plastic bags that used to be in circulation; and the first retailer to be recognised with Platinum Status by the Australian Workplace Equality Index.

We have continued to invest in our Australian and New Zealand supermarkets with 22 new stores and 55 renewals completed in the year. Tailoring our stores to the needs of individual communities is also progressing well through our Value, Core and UP store segmentation strategy. To meet the continued demand for convenience, we have expanded our eCommerce offer for customers. Group eCom sales increased by 11.1% in the second half with Same Day and On-Demand in Australian Food growing rapidly compared to last year.

In general merchandise, a strong third party marketplace offering has become a key part of the digital customer experience. To accelerate our capabilities in this area, we completed the acquisition of MyDeal in September 2022 and are well progressed in terms of how we leverage these capabilities, particularly in BIG W.

In terms of our platforms, our supply chain transformation continues to progress as planned with MSRDC now delivering a consistent 2.4 million cartons per week, and our new major facilities in Sydney progressing to plan. Our Auburn eCom fulfilment centre is on track to open in late 2024 and the initial phase of our new Sydney NDC in Moorebank is now complete with an operational launch scheduled before the end of 2024.

Our retail media business, Cartology, continued to grow strongly with sales growth of 29% (including Shopper Media) despite a more challenging advertising market environment, with the business now servicing both New Zealand and BIG W. wiq, the Group's data and analytics platform in partnership with Quantum, is building on the continued success in optimising promotional effectiveness and personalising customer experiences, and has expanded its impact by consolidating over 30 high-impact use cases into platform solutions. Finally, we continue to grow and strengthen Everyday Rewards with a 6% increase in active members and a 7% increase in members accessing Booster offers compared to the prior year.

Investing for the future

Looking ahead, I am energised by the plans we have in place to evolve and grow Woolworths Group for the better. We are committed to continuing to invest for all of our stakeholders to ensure the foundations for the Group's long-term success.

The strong year we have had would not have been possible without the tremendous effort of our team. In July 2023 we increased the retail wage paid to our store teams in Australia by 5.75% and by 7% for our New Zealand store teams. In F24 we are also focused on further enhancing team benefits via Everyday Rewards Plus.

Investing to make sure our customers get their Woolies worth remains a key priority and we have launched a number of ways to help customers spend less on their shopping. We will also continue to invest in renewing our stores in Australia and New Zealand and opening stores in new communities where opportunities arise. From early 2024, Countdown will be rebranded to Woolworths Supermarkets New Zealand. This symbolises our ambition to improve experiences for our Kiwi customers by strengthening our trans-Tasman connections and our proud history in New Zealand, having opened our first store there in 1929.

We continue to look after our communities with an initial investment of \$9 million in F24 as part of our updated goal to reduce hunger and food waste, as announced in August. We also continue to invest in our Group platforms to leverage technology and analytics to provide better and safer experiences for our customers and team, greater end-to-end operating efficiency, and strengthen our supply chain resilience.

In 2024, we celebrate our centenary. As we reflect on the first 100 years, and look forward to the next chapter, we are united and galvanised by our shared purpose of building a better tomorrow.

In closing, I want to say thank you to all of our stakeholders for supporting Woolworths Group and for helping us create better experiences in F23 for today and for a better tomorrow.

Brad Banducci | CHIEF EXECUTIVE OFFICER



How we work together

We are focused on ensuring all of our decisions and actions reinforce our purpose of creating better experiences together for a better tomorrow for our customers, team and the communities we serve.



Our strategic priorities

Our strategic priorities have a Customer 1st, Team 1st approach at their core and align with our connected Group strategic framework:

Living our purpose

Build a better and safer tomorrow for our Customers and Team.

Leverage Everyday Rewards to unlock even more value for our members and team.

Delivering compelling customer propositions

Woolworths Retail: help all customers find their Woolies worth.

Woolworths Food Company: grow brands, products and capabilities unique to Woolworths.

BIG W and Specialty (W Living): help our customers find real value and easy everyday solutions.

Strengthening our foundations

Retail Platforms: scale value delivery in our Group businesses and directly with third parties.

Group Platforms: support Group priorities and focus on E2E productivity.

Our sustainability pillars

→ Access our 2023 Sustainability Report at [woolworthsgroup.com.au/reports](https://www.woolworthsgroup.com.au/reports)

Sustainability is intrinsic to our business and the way we operate, helping us make positive change for a better tomorrow and enabling the creation of sustainable growth.

People

Our People pillar focuses on creating a diverse and inclusive place for our teams to work. It means supporting our communities, building partnerships and working with our suppliers to make sure that workers' rights in our supply chain are protected.

Planet

Our Planet pillar focuses on protecting the world we live in for current and future generations. It means going further than just limiting negative impacts; it means actively finding ways to create positive benefits.

Product

Our Product pillar focuses on evolving the way we do business to embrace circular thinking, which means all waste is a resource. It means making it easy for our customers to choose products that are healthier, sustainably sourced and responsibly packaged.

Our ways-of-working and core values

Ways-of-working

These define how we aspire to work together end-to-end as one team.

Core values

These are the core values we expect everyone at Woolworths Group to role model on an individual and ongoing basis.

Our stakeholders

→ See pages 14 to 21

As one of Australia and New Zealand's largest retailers, we recognise the impact Woolworths Group has across all of our stakeholders. Engaging with our stakeholders helps us to understand and prioritise our strategic agenda for the business to deliver sustainable value for all.



Risk management oversight

→ See pages 60 to 65



Our business model

Our value drivers

Trusted brands and products

Providing the best range and value, freshest produce and everyday needs for our customers in Australia and New Zealand.

Retail businesses, services and adjacencies

Connecting B2C and B2B customers with good food and more every day through stores, convenient services, seamless digital experiences and partnerships, world-class fulfilment, complementary adjacencies and a leading loyalty program.

Team members

Our Team 1st culture is focused on the workplace of the future with a non-negotiable approach to safety, and celebrates inclusion and belonging to reflect the diversity of our communities.

Technology, innovation and data

Harnessing leading technology, leveraging digital tools and analytics-enabled platforms, and investing in innovations to deliver value.

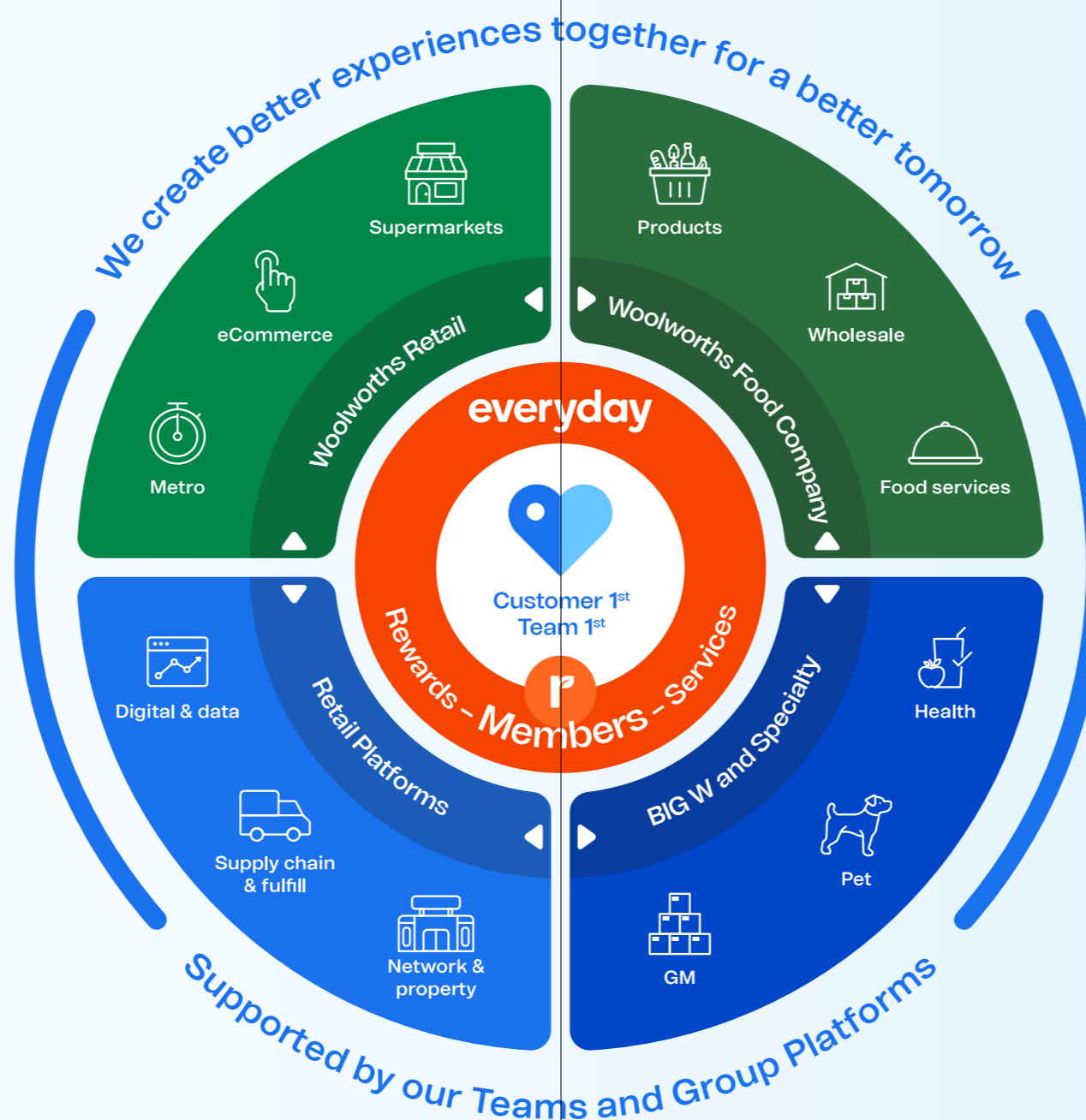
Sustainability

A leader in sustainability focused on creating positive change for current and future generations through our pillars of People, Planet and Product.

Financial

Strong balance sheet and disciplined capital allocation to drive sustainable long-term growth.

Our connected Group



Woolworths Group's value drivers are essential for delivering growth and change for our stakeholders. Our connected Group comprises five key components that work to reinforce each other to deliver sustainable value for the long-term.

Value created for

Customers

Our connected Group enables us to provide all of our customers with great value, a better range of quality products and convenient shopping options.

Team

Our team members are critical to unlock value throughout the Group's value chain. We aspire to be the employer of choice through a focus on creating safe work environments, meaningful hours, inclusion and belonging, and the workplace of the future.

Suppliers and business partners

Maintaining good relationships with our suppliers and business partners is essential to providing the quality goods and services our customers expect from us. We also recognise the important role we play in working together to build a rights-respecting culture across our value chain to do better for workers and their communities.

Communities

We are committed to engaging, sharing and giving back to have a positive impact on the communities we serve. We also want our teams to reflect the diverse communities in which we operate to better understand their needs.

Planet

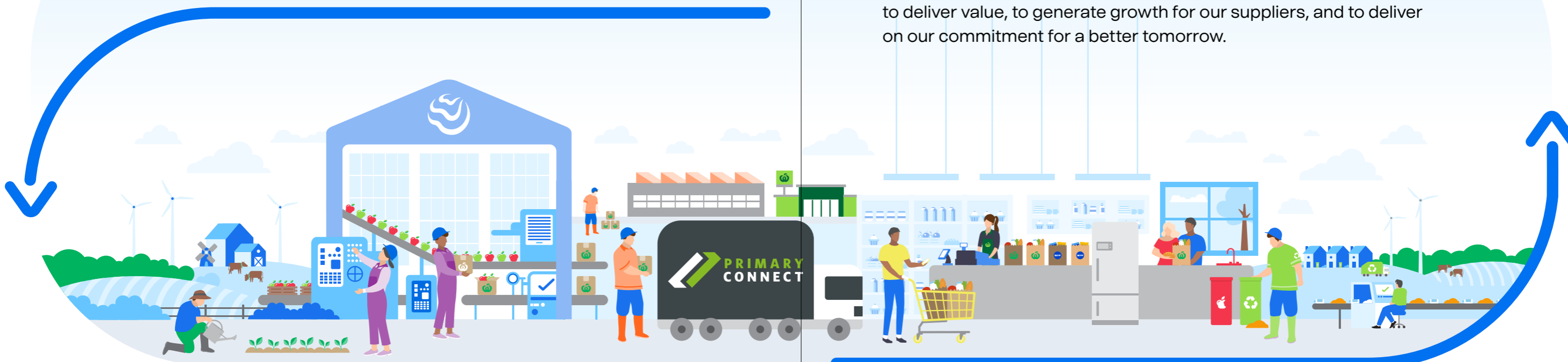
Building a better tomorrow for our planet means we are committed to going beyond just limiting negative impacts. We are actively finding ways to partner across our value chain to drive the transformational change required to transition to a lower carbon future whilst working to protect and regenerate nature.

Investors and shareholders

A focus on investing for the future to deliver sustainable growth whilst maintaining a strong balance sheet and financial flexibility, which sets the foundation for long-term value creation for our shareholders.



Our value chain



Woolworths Group's value chain reflects the connected nature of our operations. As a Group, we are constantly evolving to provide better experiences for our customers and team, to become more efficient to deliver value, to generate growth for our suppliers, and to deliver on our commitment for a better tomorrow.

Agricultural and raw materials

The farming and sourcing of raw materials is fundamental to our promise as Today's Fresh Food people, as well as the production of quality own brand products.

Data and insights

By leveraging data and sharing insights across our entire value chain we continue to shape the Group for the future to meet the ever-evolving needs of our customers.

Suppliers, processors and packaging

Working closely with our suppliers, processors and packaging partners is important to delivering on the range, freshness and sustainability of our products.

Warehouse and distribution

The Group's DC network and supply chain primarily moves products across Australia and New Zealand to support our retail operations.

Retail businesses and services

Our Australian and New Zealand supermarkets and eCommerce businesses are the cornerstone of our retail operations complemented by adjacent businesses.

Team members

The Group employs over 200,000 team members across our value chain and we live our purpose of creating better experiences together for a better tomorrow.

Customers

An average of 24.5 million customers shop across Woolworths Group every week. Customers also engage with us online with 23 million average weekly visits to our digital platforms.

Product stewardship

Programs designed to recover and reuse materials that would otherwise go to landfill at the end of their product life.

ESG considerations

- Regenerative agriculture
- Sustainable sourcing of high-risk commodities
- Animal welfare
- Human rights
- Food waste reduction

- Privacy
- Cyber security
- Code of conduct

- Scope 3 emissions reductions
- Sustainable packaging and plastics reduction
- Health – product reformulations
- Animal welfare
- Human rights
- Supporting First Nations businesses
- Anti-bribery and corruption
- Supplier trading terms

- Scope 1 and 2 emissions reductions
- Renewable electricity
- Transport decarbonisation
- Donations
- Anti-bribery and corruption
- Code of conduct

- Scope 1 and 2 emissions reductions
- Renewable electricity
- Food surplus donations
- Code of conduct

- Meaningful careers
- Holistic wellbeing
- Inclusion and belonging
- Supporting communities
- Code of conduct

- Sustainable sourcing of high-risk commodities
- Responsible packaging
- Animal welfare
- Green deliveries

- Responsible packaging
- Food surplus donations
- Regenerative agriculture



Delivering value for all of our stakeholders



Customers

Customers are at the heart of our strategy; by continuing to create better shopping experiences, we want more Australians and New Zealanders to choose Woolworths Group for all of their food and everyday needs.

Better value for money

Customer feedback in F23 was clear – our customers wanted better value for money as household budgets increasingly came under pressure from inflation. We know value can mean different things to different people. Across our Food businesses, Everyday Rewards platform and BIG W, we provided many ways to help our customers find better value for their individual needs.

For better value across Food, Woolworths Supermarkets introduced a Price Freeze on 200 grocery essentials for six months in the lead up to Christmas in 2022. We also delivered four seasonal and a Christmas Prices Dropped campaign, more than 3,000 products on our Low Price you can Rely On range and maintained over 6,000 weekly specials. Our Own and Exclusive Brands play a key role in providing value for our customers including a wide range of Own Brand products that retail at an average price of less than 30% below the branded equivalents. In addition, price increases across our own brands in F23 were materially below overall store inflation.

Our loyalty program, Everyday Rewards, delivers hundreds of millions in savings to members every year through

access to personalised offers on the items they regularly buy. Members also have the opportunity to boost points on selected items to unlock more savings for their next shop or to bank their savings to spend at Christmas. Our subscription offer, Everyday Extra, moved from pilot to roll out in F23, with subscribers saving approximately \$300 extra for the year. In August 2023, we launched Member Pricing to provide our members with even greater value.

In BIG W, two new own brands, Openook in Home, and Somersault in Toys, were launched with over 1,000 new products to offer more affordable choices for customers. BIG W also provided value for customers during key seasonal events in the year, such as Christmas, Easter, and Mother's Day.

Supporting our most vulnerable communities is especially critical in this environment, particularly to help address food insecurity. We donated over 17,000 tonnes to our food rescue partners in F23, which is the equivalent of approximately 34 million meals as we work towards our goal to reduce hunger and food waste as part of our Sustainability Plan 2025.



Better customer shopping experiences

Customers' behaviours increasingly returned to pre-COVID habits during the year, including more frequent visits to our stores as customer mobility improved. We continued to invest in our supermarkets, opening 22 in the year and renewing a further 55 across Australia and New Zealand to deliver better and more curated experiences for each of our communities. The curation is achieved through the segmentation of stores into Value, Core and UP, with a store's features based on the needs of the local community. We also tested and learnt from a number of store upgrades in the year, including enhanced front of store layouts for a better customer experience through the conversion of express lanes into additional assisted checkouts, expansion of the assisted checkout area for larger trolleys, and a centralised service desk to easily access team support.

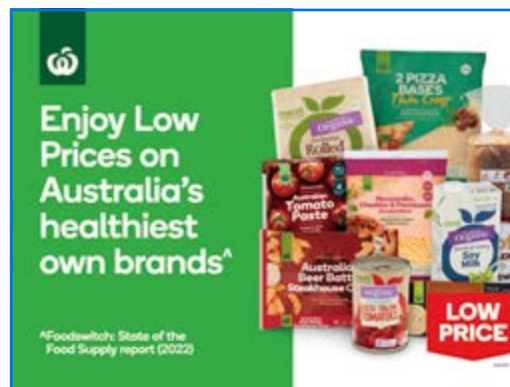
In F23, BIG W updated its latest store blueprint with a focus on a new customer-led in store experience, opening one new store with two renewals completed in the year. BIG W's Kawana Waters store in Queensland was relaunched in May 2023 using the latest blueprint including new service navigational anchors, an enhanced layby and pick up area and team space; as well as an upgraded Direct to boot offer.

We continue to review the accessibility of our stores and have introduced measures such as a low-sensory quiet hour in over 900 Australian supermarkets to reduce anxiety and sensory stress for customers with specific needs, including autism. We will do more in F24 to make our stores accessible for all.

During the year we saw a rapid increase in the demand for our convenient online shopping propositions, particularly for express delivery options such as Same Day and On-Demand delivery within the hour. To support this, we continued to enhance our infrastructure such as Direct to boot with a further 81 stores in F23 and made changes to our Woolworths and Everyday Rewards apps and websites to make it easier for our customers to shop online. To provide additional capacity to meet demand, we also opened CFCs in Caringbah, NSW and Rochedale, Qld, bringing the total number of Australian CFCs to seven at the end of F23.

Growing B2B

Woolworths Group's customers also include business and wholesale customers in Australia and New Zealand. In Australian B2B, F23 sales increased by 17.4%, driven by strong sales growth in PFD Food Services due to higher demand from its customers as the consumer environment normalised and new customer acquisition. PC+, our B2B supply chain business, also performed strongly in F23 driven by strong growth in primary freight services as well as the establishment of offshore consolidation capabilities in India. Looking ahead, we will continue to grow and optimise our B2B offer under the banner of Woolworths Food Company in our connected Group. This will include growing PFD and Australian Grocery Wholesalers' customer base through exceptional customer service and own brand opportunities.



Healthiest Own Brand

In December 2022, Woolworths Supermarkets' Own Brand range was ranked the healthiest of the four major Australian retailers for the fourth year in a row, by The George Institute for Global Health based on Health Star Ratings.

→ For more information access our 2023 Sustainability Report at [woolworthsgroup.com.au/reports](https://www.woolworthsgroup.com.au/reports)



Team

Woolworths Group employs over 200,000 hard working team members in stores, across our supply chain and in our support offices. Our team members are essential to enable the Group to create value and are critical to our long-term success.

Better value for our team

As one of the largest private-sector employers in Australia and New Zealand, providing our team with great value every time they shop with us given the rising cost-of-living pressures is important to us. A key component of our benefits program launched in F23 is Everyday Extra for Team, which includes an extra 5% discount off their shop every month and the ability to earn three times as many Everyday Rewards points on every shop at Woolworths and BIG W. This is in addition to the existing discount of 5% off every shop and additional 5% extra on Woolworths' Own Brand items and BIG W clothing.

Equally important is that over time salaries and wages for our team keep pace with increases in the cost-of-living. In F23, we increased store team member wages by 4.6% in Australia and 12% for New Zealand. For F24, we have committed to a further increase in retail wages for store teams of 5.75% in Australia, in addition to a 0.5% increase in superannuation, and 7.0% in New Zealand. Offering meaningful hours is another key initiative to support our team and their earning potential. This was enabled by the national rollout of a new rostering and store standards

solution, RT3 (right team, right task and right time), across Australian supermarkets in F23. By using individual store data, the software provides a rostering solution that matches the shopping behaviours of customers by store. This will be further enhanced in F24 with the introduction of cross-store working, which allows team members to work across a number of stores. This is supplemented by regular VOT feedback so we know how our team are responding to the changes.

Our teams' mental health and wellbeing is also critically important, and to support this, we partnered with Sonder to provide an app that provides unlimited access to safety, mental health, physical health and wellbeing support. Over 47,000 team members and their families have signed up to Sonder since its launch in 2020, and in F23, team members accessed professional support through the app more than 18,000 times, for help with issues related to medical, stress, acute mental health, anxiety, financial, and safety concerns.

Inclusion and belonging

We recognise the value our teams' diversity brings to our business, our customers, and our communities. To achieve our ambition of being a truly inclusive workplace, our inclusion strategy focuses on five key pillars: gender equity, First Nations inclusion, disability inclusion, cultural inclusion and LGBTQ+ inclusion; recognising the intersectionality of our team. In F23, Woolworths Group achieved platinum status in the Australian LGBTQ+ Inclusion Awards, provided secure employment opportunities for refugees through our refugee employment program, increased employment opportunities for over 4,500 First Nations team members through the Resourcing the Future program, and established a Disability Team Network. However, we recognise there's more to do.



For more information read our 2023 Sustainability Report at [woolworthsgroup.com.au/reports](https://www.woolworthsgroup.com.au/reports)

A better and safer place to work

Woolworths Group's primary objective is the safety of our team across all of our sites. Tragically two team members lost their lives at work in the last 12 months. We are deeply impacted by this loss and our thoughts are with all those affected. Investigations into these events are ongoing but we are committed to ensuring learnings are acknowledged and properly implemented. Aggression towards team members was an increasing area of concern in F23 with more than 3,000 acts of violence, threats and abuse reported in the past 12 months. To help protect our team, we invested in CCTV upgrades, two-way radio headsets, as well as virtual reality violence and aggression training, with further plans to roll out body-worn cameras and personal safety alarms to high-risk stores in F24. We also continued the rollout of Scan Assist to 474 Australian supermarkets to support accurate scanning at assisted checkouts.

Better and safer work experiences is a key priority for our new and renewed stores as well as our supply chain transformation. New features in Woolworths Supermarkets in F23 include the removal of express checkouts and centralising the service desk for simpler front of store operations and supervision, increased team room capacity and optimising Home Delivery and Direct to boot spaces in stores to help simplify processes. As part of our supply chain transformation we are creating better team experiences through 5 Star Green Star-rated sites with modern team facilities and canteens, increased natural light, faith rooms, and improved amenities for visiting drivers.

At Woolworths Group we want our team to have fulfilling careers with opportunities to grow and learn, particularly as the industry evolves with technological advances in automation, predictive analytics, artificial intelligence and cloud computing. In February 2021, we announced plans to invest \$50 million over the next three years in the Woolworths Future of Work Fund to upskill, reskill and redeploy team members impacted by industry disruption and technological change. Since its launch, we have invested \$22.8 million in programs, including new technology to reimagine learning, virtual reality headsets for training, and the Data4All program, completed by 600 senior leaders to date, to build data analytics capabilities.



Refugee Employment Program

Woolworths Group's Refugee Employment Program, delivered in partnership with Community Corporate, is one of the nation's largest employer-led refugee-specific sustainable employment programs. Since 2018, Woolworths Group has welcomed more than 245 refugees into its teams across Woolworths Supermarkets, Metro Food Stores, CFCs, and digital and technology support functions. In June 2022, Woolworths Group also launched a targeted Refugee Digital and Technology Cadetship Program in partnership with Community Corporate and Service Now to create career pathways for refugees who possess technology skills but lack local experience in Australia.

WGEA and AWEI recognition

Woolworths Group was awarded the Workplace Gender Equality Agency Employer of Choice citation for the second time in F23, recognising our active commitment to achieving workplace gender equity. Woolworths Group was also recognised for its support for LGBTQ+ communities in F23, achieving Platinum Employer AWEI status, the first for any retailer, and maintaining Rainbow Tick Accreditation in New Zealand for five years.

External benchmarks



WGEA
Employer of Choice



AWEI
Platinum Status



NZ
Rainbow Tick Accreditation



#1
retailer globally, 2022 Corporate Human Rights Benchmark





Suppliers and business partners

Only through maintaining strong relationships with our suppliers and business partners can we deliver better outcomes for our customers and enable a greater impact for change across our shared value chain.

Better together in partnership

By working closely with our small suppliers, we can deliver a localised and curated range to our customers as well as support the local communities in which we operate. Key initiatives to help them include our Seedlab Australia partnership which helps small suppliers to become retail ready; sharing curated business performance data through our analytics business, wiq; and small supplier payment terms with 14-day terms to support cash flow. Such initiatives have resulted in a four point improvement in our Voice of Supplier score for small suppliers in F23.

Woolworths Group has one of the largest retail supply chains in Australia and New Zealand. We are committed to building a rights-respecting approach across our business where modern slavery risks are identified, managed and mitigated. We work directly with our global trade and non-trade suppliers to embed respect for human rights into our everyday decisions and throughout our value chain. Our Human Rights Program underpins our work with suppliers and defines our approach to managing human rights risks across the Group's supply chain. In F22, Woolworths Group reported its first identified case of modern slavery, and in F23, remediation was completed for 230 (98%) of impacted workers. During the year, 885 supply chain audits across our fresh and own brand supply chains were completed resulting in 238 critical findings, with 67 closed and the remainder being actively monitored. Work is also underway on supplier capacity building

to implement the Priority Industry Principles with all own brand suppliers in Malaysia and Thailand.

→ Further information can be found in our 2023 Modern Slavery Statement at [woolworthsgroup.com.au/reports](https://www.woolworthsgroup.com.au/reports)

The value chain generates most of the Group's scope 3 emissions, which are approximately 15 times greater than our scope 1 and 2 emissions combined, with purchased goods and services covering 80–85%. In 2022, we commenced a pilot engagement program with our suppliers in partnership with The Sustainability Consortium. We invited 55 suppliers across Australia and New Zealand from six categories significantly contributing to emissions across our value chain. We piloted a multi-retailer, science-based decision tool, THESIS on SupplyShift, to capture emissions intensity data and, over time, its trajectory through the value chain. The program aimed to provide the opportunity to share progress as companies work towards their own established goals and support those starting out to understand their own emissions profile and taking action to reduce it.

→ More detailed information can be found in our climate and nature disclosure on pages 42 to 59

Supporting Indigenous suppliers

In 2022, Woolworths Group updated its Procurement Policy, clarifying the definition of an Indigenous supplier while providing greater flexibility in procurement processes to support spend with Indigenous suppliers. In the same year, we launched our internal Indigenous business directory and participated in Supply Nation's connect event as an exhibitor, meeting Indigenous businesses and industry leaders to build relationships and connections. To support the growth of Indigenous businesses we have committed to increasing our influenceable spend with non-trade First Nations suppliers to 3% by 2025 as part of our latest Reconciliation Action Plan.



→ For more information read our Reconciliation Action Plan at [woolworthsgroup.com.au/reports](https://www.woolworthsgroup.com.au/reports)



Communities

Supporting the communities in which we serve is essential to the long-term sustainability of the Group. As one of Australia and New Zealand's largest retailers, we want to have a positive impact on all communities through our expansive retail and wholesale network.

Positive impact today and every day

We are committed to positively impacting our communities by investing the equivalent of no less than 1% of our total Group earnings before tax (EBT) in community partnerships and programs, which totalled 3.61% of EBT on a rolling two-year average in F23.

In February 2023, New Zealand faced devastating weather events, including flooding and Cyclone Gabrielle. Given Countdown's national footprint, we played a crucial role in helping with community recovery. In the first half of 2023, we donated more than NZD\$450,000 in food and funds to our partners on the ground and government organisations to support those affected. With our customers' generous support, Countdown raised over NZD\$252,000 for the Mayoral Relief Funds, New Zealand Red Cross, and local community partners. We also donated more than 80 tonnes of water, meat, fruit, vegetables and other essentials to evacuation centres in Auckland, Gisborne, and Hawkes Bay. In addition, Countdown announced support to help growers recover from the impact, including NZD\$700,000 in cash grants, a NZD\$50,000 donation to Rural Support and other in-kind assistance. In Australia, the Group's Support Through Australian Natural Disasters (S.T.A.N.D.) program helps our communities during times of natural disasters, such as the devastating floods that hit WA, Vic and NSW in F23. Funds raised through our S.T.A.N.D. program this past year, including our annual donation of \$500,000, enabled The Salvation Army to provide immediate relief to affected communities.

Our latest innovate Reconciliation Action Plan, endorsed by Reconciliation Australia, is part of our reconciliation strategy and a call to action to our team, partners, and all Australians to move from 'safe' to 'brave' in regard to reconciliation. The plan details 97 deliverables to increase reconciliation through a number of areas, including First Nations employment, health, education, and sourcing. It also includes key initiatives such as a \$10 million investment in a national First Nations residential college at the University of Technology in Sydney, as well as ongoing commitments with our remote retailer partnerships to ensure the supply of food and essential goods to remote Indigenous communities.



Mini Woolies

This collaborative program between Woolworths Supermarkets and Fujitsu provides hands-on learning experiences for students and job candidates living with disabilities. Since its inception in 2018, it has grown to more than 41 locations and offered experiences to more than 3,000 young Australians.

BIG W partners with the Australian Literacy and Numeracy Foundation (ALNF) to deliver the innovative Breakfast Library program to kids, supporting 30 schools each week. In F23, over \$220,000 was raised for the ALNF during Book Week and the Back to School campaign in H2. The program is focused on First Nations and vulnerable communities, and provides children with a healthy breakfast, a new book each week, and reading sessions to improve literacy outcomes. In 2023, BIG W has helped to provide over 20,000 high quality books for children as part of the Breakfast Library program.



Planet

As committed in our Sustainability Plan 2025, we aim to reduce our emissions, improve our operations and communities' resilience, work to improve food security and reduce waste, and encourage sustainable and regenerative practices for future generations.

Towards a Better Tomorrow

In F23, we made progress on our 2050 ambition to be a net positive carbon emission Group with scope 1 and 2 emissions down 36% from the 2015 baseline. This was achieved through ongoing energy upgrades such as LED lighting, reduced refrigerant losses and overall grid decarbonisation. Underpinning our 2030 target is our commitment to be completely powered by green electricity by 2025. In the year, approximately 500GWh of electricity was from renewable sources and we installed 48MW of solar across 231 systems. To support the Group's next phase towards net positive scope 1 and 2 emissions, a transport decarbonisation strategy was established and we announced our commitment to a fully electric home delivery vehicle fleet by 2030 with 27 electric vehicles on the road by June 2023. We recognise that most of our emissions are generated in our value chain and we are working to improve visibility of our supplier emissions through our value chain program. More detail on our progress against our climate goals can be found on pages 42 to 59 of this report.

This year we implemented a food waste diversion data enhancement program across our Australian and New Zealand supermarkets, Metro Food Stores and CFCs. The program has significantly improved data capture and reporting capability, helping the team select diversion pathways for food waste based on the positive impact such as food rescue. We can now report more accurately on our performance and monitor progress against our goal. In F23, we diverted 80% of food waste from landfill from Woolworths Supermarkets and 69% across the Group. We also achieved a 13% increase in our food rescue donations. In August 2023, we updated our food waste goal, reducing hunger and food waste, to improve explicit mention of its impact on food security, and align with UN Sustainable Development Goals, 2 – Zero hunger and, 12 – Responsible consumption.

We aim to have an influence beyond our operations to help our wider value chain reduce industry and community food waste. We support our farmers to reduce food waste to landfill through initiatives such as Odd Bunch, which has



saved over 300,000 tonnes of fruit and vegetables from landfill since 2015. We're also working to help educate and inspire our customers on methods and benefits of food waste reduction. For example, Reduced in Price, Just as Nice, launched in 2023, helps customers in our Metro Food Stores save money and reduce food waste with allocated space for reduced and short shelf-life items. The Group also invests in new innovations through its W360 business, such as Goterra's black soldier fly larvae technology, rolled out to 90 stores, which turns food waste into sustainable livestock feed; and ReFresh:Food, a digital food marketplace for farmers to sell their excess products to launch in F24.

Addressing soft plastics

REDcycle's consumer soft plastics recycling program was suspended in November 2022 after it came to light that the company had been stockpiling collected soft plastics due to insufficient processing capacity. Pursuant to an ACCC authorisation, Woolworths and other Australian grocery retailers volunteered to manage the REDcycle stockpiles while recycling solutions are being explored. Over the last five months, Woolworths has also been working as part of the Soft Plastics Taskforce to identify potential processing arrangements for the existing stockpiles as well as reestablish an in store soft plastics collection scheme. There is currently relatively limited domestic soft plastic recycling, although further capacity is expected to become available over time. Given the importance of maintaining public trust following the collapse of the REDcycle program, Woolworths and the other Soft Plastics Taskforce members are carefully working through the necessary steps in order to restart an in store soft plastics collection program in a responsible manner.

→ Further information can be found in our 2023 Sustainability Report at [woolworthsgroup.com.au/reports](https://www.woolworthsgroup.com.au/reports)

Investors and shareholders

Ongoing progress against our strategic priorities, and a strong financial performance and balance sheet sets the foundation for a Group that can continue to deliver long-term value creation for our investors and shareholders.

Sustainable returns

The financial performance of the Group in F23 has enabled strong returns for our investors and shareholders. Group NPAT before significant items of \$1,721 million increased 13.7% on last year with the profit growth reflecting the more stable operating environment, the absence of COVID costs, and ongoing investment in the business over many years. Reflecting the higher profit, the Group declared a fully franked final dividend of 58 cents which was up 9.4% on last year, bringing the total dividend to 104, up 13% compared to F22. Total shareholder return for Woolworths Group in F23 of 14.7% was broadly in line with ASX200.

A stronger Group for the future

The material investment in the Group's multi-year supply chain transformation will be a key driver of future growth. In F23 we passed the mid-way point of the transformation with major new facilities opened over the last five years including Melbourne South Regional DC and Melbourne Fresh DC in Victoria; the Adelaide Regional DC expansion in South Australia; Palmerston North DC and Auckland Fresh DC in New Zealand and Heathwood Chilled and Frozen DC in Queensland. The new facilities are providing a wider and fresher range for customers, increased capacity, and improving efficiency as facilities build volume and move from commissioning to operational phases.

A new Fresh DC in Christchurch, New Zealand, and Woolworths Group's first automated CFC in Auburn, Sydney, are on track to open in 2024. The remaining material investments in the transformation are two new DCs in Moorebank, NSW and are progressing to plan with the initial phase of our new Sydney NDC now complete with an operational launch date also planned for late 2024.

Strong free cash flow during the year enables the Group to invest for the future and at the same time maintain strong dividend payments to shareholders. The Group's net debt/EBITDA ratio ended F23 at 2.6x compared to 3.2x in F22, providing ample headroom to execute the Group's strategy, including investing in adjacent opportunities that strengthen the core and deliver growth for the Group.

The acquisition of PFD Food Services in 2021 is an example of an adjacency that is already adding value to the Group with sales increasing 28% in F23. PFD has strengthened our B2B offer as we look to refocus our proposition in F23, including exiting international drinks importer,

Summergate in China, Fresh to Go (part of PFD), as well as winding up our International business. Other acquisitions in the year included out-of-home media company Shopper Media in September 2022 to grow our retail media offer through Cartology, and MyDeal, in the same month, to build our marketplace capability.

In December 2022, we announced our intention to acquire an equity interest in Petstock Group to support our aspiration to better meet the everyday needs of our customers. Subject to ACCC approval, Petstock Group will become part of W Living, which will include BIG W and our other online specialty businesses.

Better for New Zealand

From early 2024, Countdown Supermarkets will be rebranded to Woolworths Supermarkets to strengthen our trans-Tasman connection and to bring the best of the Group to our Kiwi customers. This will include Everyday Rewards to provide more value, an accelerated store renewal program to create better in store experiences and a materially improved fresh offer as we continue our supply chain transformation.



Group financial performance

F23 marked a return to relative stability after several years of material COVID-related disruption, with an improved financial performance driven by the non-recurrence of direct COVID costs, elevated inflation and the benefits of ongoing investment.

Group sales

\$64.3B

Increased by 5.7% from F22

The increase in Group sales in F23 was driven by sales growth across all segments.

Gross margin as a % of sales

26.8%

Increased by 51 bps from F22

The gross margin (%) increase was driven by Australian Food where the absence of COVID costs across the supply chain, mix and growth in new businesses more than offset an increase in stockloss.

Group EBIT

\$3,116M

Increased by 15.8% from F22

Strong EBIT growth in Australian Food, Australian B2B and BIG W in F23 was partly offset by lower EBIT from New Zealand Food and higher net costs in the Other segment.

Final dividend per share

58¢

Increased by 9.4% from F22

Fully franked final dividend of 58 cents per share, an increase of 9.4% reflecting profit growth during the year.

Group eCommerce sales

\$6,592M

Increased by 0.8% from F22

Group eCommerce sales in F23 increased by 0.8% with a strong recovery in H2, growing by 11.1%. eCommerce penetration for the year was 11.0%.

Cost of doing business as a % of sales

21.9%

Increased by 8 bps from F22

Cost of doing business (%) increased marginally with higher costs primarily driven by wage and other cost inflation being somewhat offset by the absence of COVID costs, improved productivity, and sales growth.

Finance costs

\$677M

Increased by 12.7% from F22

Finance costs increased in F23 largely due to the impact of higher interest rates on bank debt and higher average net debt during the year.

NPAT from continuing operations attributable to equity holders of the parent entity after significant items

\$1,618M

Increased by 4.6% from F22

NPAT from continuing operations attributable to equity holders of the parent entity after significant items increased by 4.6% in F23.

F23 sales summary

\$ MILLION	F23	F22 ¹	CHANGE
Australian Food	48,047	45,740	5.0%
Australian B2B ²	4,324	3,684	17.4%
New Zealand Food (AUD)	7,240	7,092	2.1%
<i>New Zealand Food (NZD)</i>	7,912	7,563	4.6%
BIG W	4,785	4,431	8.0%
Other ^{3,4}	(102)	(98)	4.4%
Total Group	64,294	60,849	5.7%
Total Group eCommerce sales	6,592	6,542	0.8%
eCommerce sales penetration (%) ⁵	11.0%	11.4%	(46) bps
Average weekly traffic to Group digital platforms (million) ⁶	23.0	19.8	16.3%

F23 EBIT summary

\$ MILLION	F23	F22 ⁷	CHANGE
Before significant items			
Australian Food	2,865	2,406	19.1%
Australian B2B	63	56	13.0%
New Zealand Food (AUD)	228	296	(22.9)%
<i>New Zealand Food (NZD)</i>	249	316	(21.0)%
BIG W	145	55	165.3%
Other ⁸	(185)	(123)	51.7%
Group EBIT before significant items	3,116	2,690	15.8%
Significant items	(117)	6,388	n.m.
Group EBIT	2,999	9,078	(67.0)%

Note: all references to sales, EBITDA and EBIT are from continuing operations before significant items, unless stated otherwise.

- F22 restated to include Woolworths at Work as part of Australian Food.
- Revenue from the sales of goods and services in Australian B2B includes \$351 million (2022: \$302 million) of freight revenue. However, at a Group level, this is reclassified and recognised as a reduction in cost of sales. As a result, \$351 million (2022: \$302 million) reduction has been recognised in Other. This has not resulted in a change to earnings before interest and tax at a Group level.
- Revenue from the sales of goods and services in Australian B2B includes \$351 million (2022: \$302 million) of freight revenue. However, at a Group level, this is reclassified and recognised as a reduction in cost of sales. As a result, \$351 million (2022: \$302 million) reduction has been recognised in Other. This has not resulted in a change to earnings before interest and tax at a Group level.
- Other comprises Quantum and MyDeal (which are not considered separately reportable segments), as well as various support functions, including property and Group and overhead costs, the Group's share of profit or loss of investments accounted for using the equity method (including Endeavour Group), and consolidation and elimination journals.
- Group eCommerce penetration is calculated based on Australian Food, New Zealand Food, BIG W and MyDeal sales only. F22 restated to include Woolworths at Work as part of Australian Food.
- F22 digital traffic has been restated to include Woolworths Mobile, Healthylife, gift cards, B2B and PetCulture digital platforms. F23 includes MyDeal.
- F22 restated to include Woolworths at Work as part of Australian Food.
- Other comprises Quantum and MyDeal (which are not considered separately reportable segments), as well as various support functions, including property and Group and overhead costs, the Group's share of profit or loss of investments accounted for using the equity method (including Endeavour Group), and consolidation and elimination journals.

Group financial performance

Group profit or loss for the 52 weeks ended 25 June 2023

\$ MILLION	F23	F22	CHANGE
Group			
EBITDA before significant items	5,694	5,051	12.7%
Depreciation and amortisation ¹	(2,578)	(2,361)	9.2%
EBIT before significant items	3,116	2,690	15.8%
Finance costs	(677)	(600)	12.7%
Income tax expense	(707)	(566)	24.9%
NPAT before significant items	1,732	1,524	13.7%
Non-controlling interests	(11)	(10)	6.8%
NPAT attributable to equity holders of the parent entity before significant items	1,721	1,514	13.7%
Significant items after tax	(103)	33	n.m.
NPAT from continuing operations attributable to equity holders of the parent entity after significant items	1,618	1,547	4.6%
NPAT from discontinued operations attributable to equity holders of the parent entity after significant items	-	6,387	n.m.
NPAT attributable to equity holders of the parent entity after significant items	1,618	7,934	(79.6)%

MARGINS - CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS

	F23	F22	CHANGE
Gross margin (%) ²	26.8	26.2	51 bps
Cost of doing business (CODB) (%) ³	21.9	21.8	8 bps
EBIT (%)	4.8	4.4	43 bps

SUSTAINABILITY

	F23	F22	CHANGE
Scope 1 & 2 emissions (tonnes) ⁴	1,941,581	2,117,157	(8.3)%

EARNINGS PER SHARE AND DIVIDENDS

	F23	F22	CHANGE
Closing fully paid ordinary shares outstanding (million) ⁵	1,214.7	1,209.1	0.5%
Weighted average number of ordinary shares used in basic EPS (million)	1,214.3	1,221.5	(0.6)%
Total Group basic EPS (cents) before significant items	141.7	124.0	14.3%
Total Group basic EPS (cents) after significant items	133.3	649.6	(79.5)%
Total Group diluted EPS (cents) after significant items	132.3	644.8	(79.5)%
Basic EPS (cents) - from continuing operations before significant items	141.7	124.0	14.3%
Basic EPS (cents) - from continuing operations after significant items	133.3	126.7	5.2%
Diluted EPS (cents) - from continuing operations before significant items	140.7	123.1	14.3%
Diluted EPS (cents) - from continuing operations after significant items	132.3	125.7	5.2%
Final dividend per share ⁶ (cents) - fully franked	58	53	9.4%
Total dividend per share (cents) - fully franked	104	92	13.0%

1 Depreciation of \$269 million is included in cost of sales (F22: \$229 million).

2 F22 gross margin and cost of doing business restated primarily to reflect the reclassification of distribution centre costs from CODB to gross margin and reclassification of eCom support costs and overheads from gross margin to CODB.

3 F22 gross margin and cost of doing business restated primarily to reflect the reclassification of distribution centre costs from CODB to gross margin and reclassification of eCom support costs and overheads from gross margin to CODB.

4 F23 & F22 emissions data reflect market-based scope 2 electricity reporting. F22 has been restated to also reflect new guidance from the Clean Energy Regulator for treatment of Australian Carbon Credit Units. Further details of the emissions profile are available in the 2023 Sustainability Data Pack.

5 Includes the fully paid ordinary shares on issue of 1,218.7 million (F22: 1,213.9 million), net of shares held in trust of 4.0 million (F22: 4.8 million).

6 The 2023 final dividend is payable on or around 27 September 2023.

Group balance sheet as at 25 June 2023

\$ MILLION	25 JUNE 2023	26 JUNE 2022	CHANGE
Inventories	3,698	3,593	105
Trade payables	(5,621)	(5,216)	(405)
Net investment in inventory	(1,923)	(1,623)	(300)
Trade, other receivables and prepayments	1,319	1,203	116
Other creditors, provisions and other liabilities	(4,559)	(4,358)	(201)
Fixed assets, investments, loans to related parties and convertible notes	10,082	10,000	82
Net assets held for sale or distribution	250	266	(16)
Intangible assets	5,693	5,278	415
Lease assets	9,467	9,995	(528)
Other assets	413	425	(12)
Total funds employed	20,742	21,186	(444)
Net tax balances	1,248	1,325	(77)
Net assets employed	21,990	22,511	(521)
Cash and borrowings	(2,620)	(3,260)	640
Derivatives	(60)	(46)	(14)
Net debt (excluding lease liabilities)	(2,680)	(3,306)	626
Lease liabilities	(11,980)	(12,471)	491
Total net debt	(14,660)	(15,777)	1,117
Put option over non-controlling interest	(765)	(630)	(135)
Net assets	6,565	6,104	461
Non-controlling interests	140	124	16
Shareholders' equity	6,425	5,980	445
Total equity	6,565	6,104	461

KEY RATIOS - BEFORE SIGNIFICANT ITEMS

	F23	F22	CHANGE
Closing inventory days (based on cost of sales) ¹	28.6	29.2	(0.6)
Closing trade payable days (based on cost of sales) ²	(43.6)	(42.3)	(1.3)
Group ROFE (%)	14.9	13.7	1.2 pts

1 F22 restated to reflect the reclassification of DC costs from CODB to gross margin and reclassification of eCom overheads from gross margin to CODB.

2 F22 restated to reflect the reclassification of DC costs from CODB to gross margin and reclassification of eCom overheads from gross margin to CODB.

Group financial performance

Inventories of \$3,698 million increased by \$105 million compared to the prior year due to inflation on the cost of goods, better availability as supply chains recovered, and higher PFD inventory driven by revenue growth. BIG W inventory was marginally higher than the prior year. Closing inventory days decreased 0.6 days reflecting the gradual reduction in inventory holdings as supply chains normalise but average inventory days increased by 1.1 days due to inflation and increased investment in inventory over the year.

Trade payables of \$5,621 million increased by \$405 million driven by inflation on goods purchased across all businesses, partly offset by a reduction in BIG W payables from reduced inventory purchases in Q4 to reflect lower sales.

Trade, other receivables and prepayments of \$1,319 million increased by \$116 million largely driven by the timing of receipts and revenue growth in PFD and Quantum as well as growth in Everyday Insurance receivables.

Other creditors, provisions and other liabilities of \$4,559 million increased by \$201 million driven mainly by an increase in employee-related accruals due to timing and team salary and wages growth.

Fixed assets, investments, loans to related parties and convertible notes of \$10,082 million was largely in line with the prior year. Investment in new stores, property development, and refurbishments of existing stores was partly offset by a reduction in the Group's investment in Endeavour Group by \$630 million following the sale of a 5.5% stake in December 2022.

Intangible assets of \$5,693 million increased by \$415 million following the recognition of intangibles assets on the acquisitions of MyDeal and Shopper Media.

Lease assets of \$9,467 million decreased by \$528 million driven by lease asset depreciation of \$1,066 million, partially offset by lease asset additions and remeasurements of \$559 million.

Total funds employed decreased by \$444 million, due to higher payables and a decrease in lease assets, partly offset by an increase in inventory and intangible assets driven by the acquisitions of MyDeal and Shopper Media.

Net debt (excluding lease liabilities) of \$2,680 million decreased by \$626 million compared to F22 driven by higher operating cash flows and the proceeds from the sale of shares in Endeavour Group, partially offset by the cash outflow associated with acquisitions.

Lease liabilities of \$11,980 million decreased by \$491 million due to lease payments of \$1,609 million, partially offset by interest expense of \$542 million and new leases and remeasurements of \$556 million.

Put option liabilities of \$765 million increased by \$135 million mainly driven by the recognition of a put option liability on acquisition of MyDeal of \$79 million, and an upward revaluation of \$41 million driven by higher than forecast earnings.

Group ROFE was 14.9%, an increase of 1.2 pts compared to F22 largely due to higher Group EBIT from continuing operations.

Group cash flows for the 52 weeks ended 25 June 2023

\$ MILLION	F23	F22	CHANGE
Group EBITDA – continuing operations	5,577	5,052	10.4%
Group EBITDA – discontinued operations	–	6,387	n.m.
Group EBITDA	5,577	11,439	(51.2)%
Working capital and non-cash			
(Increase) in inventories	(119)	(343)	(65.3)%
Increase in trade payables	371	165	124.8%
(Decrease)/increase in provisions	(37)	175	n.m.
Net change in other working capital and non-cash	224	(232)	n.m.
Net change in working capital and non-cash – discontinued operations	–	(6,387)	n.m.
Cash from operating activities before interest and tax	6,016	4,817	24.9%
Interest paid – leases	(542)	(542)	–
Net interest paid – non-leases	(133)	(59)	125.4%
Tax paid	(587)	(838)	(30.0)%
Total cash provided by operating activities	4,754	3,378	40.7%
Proceeds and advances from the sale of property, plant and equipment, subsidiaries and investments, net of cash disposed	1,020	385	165.2%
Payments for the purchase of property, plant and equipment and intangible assets	(2,519)	(2,416)	4.3%
Payments for the purchases of businesses net of cash acquired	(373)	(425)	(12.2)%
Other	28	(1)	n.m.
Total cash used in investing activities	(1,844)	(2,457)	(24.9)%
Repayment of lease liabilities	(1,067)	(1,019)	4.7%
Dividends paid (including to non-controlling interests)	(1,031)	(1,012)	1.9%
Proceeds from loan to related party	–	1,712	n.m.
Payments for share buy-backs	–	(2,000)	n.m.
Payments for shares held in trust	(110)	(125)	(12.0)%
Net cash flow	702	(1,523)	n.m.
Cash realisation ratio (%)	113	86¹	

¹ F22 adjusted for non-cash gain on demerger of Endeavour Group of \$6,387 million. F22 unadjusted CRR was 33%.

Group financial performance

EBITDA from continuing operations increased 10.4% to \$5,577 million reflecting higher EBITDA from Australian Food, BIG W and Australian B2B, offset by lower EBITDA from New Zealand Food and the Other segment.

Increase in inventories of \$119 million was due to higher inventory holdings across the Group reflecting the impact of inflation. The increase was lower than the prior year increase of \$343 million where inventory holdings were increased in Australian Food and New Zealand Food to better manage supply chain disruption.

Increase in trade payables of \$371 million reflects higher purchases largely driven by inflation.

Decrease in provisions of \$37 million reflects the cash remediation of team members as well as the BIG W onerous contract provision reversal. In the prior year, the increase of \$175 million reflected remediation costs and self-insurance.

Net change in other working capital and non-cash was an increase of \$224 million primarily due to the non-cash revaluation of put option liabilities, a decrease in other receivables and an increase in the impairment of non-financial assets.

Cash from operating activities before interest and tax was \$6,016 million, an increase of 24.9% or \$1,199 million on the prior year, driven by increased EBITDA and favourable net working capital movements.

Interest paid – leases of \$542 million was in line with the prior year.

Net interest paid – non-leases was \$133 million, an increase of \$74 million compared to the prior year due to the higher floating interest rates and higher average net debt during the year.

Tax paid decreased 30.0% compared to the prior year primarily driven by lower taxable income for F22, paid in F23.

Proceeds and advances from the sale of property, plant and equipment, subsidiaries and investments, net of cash disposed was \$1,020 million. The increase in proceeds compared to the prior year was largely because of the sale of 5.5% of Endeavour Group in December.

Payments for the purchase of property, plant and equipment and intangible assets of \$2,519 million increased by 4.3% compared to the prior year primarily due to an increase in property development expenditure and stay-in-business capital expenditure.

Payments for the purchase of businesses, net of cash acquired of \$373 million relates mainly to the acquisition of an 80.2% equity interest in MyDeal and 100% interest in Shopper Media.

Dividends paid (including to non-controlling interests) of \$1,031 million increased by 1.9% compared to the prior year primarily due to an increase in the interim dividend per share, partially offset by a decline in shares on issue for the final dividend payment.

The cash realisation ratio for F23 was 113% (F22: 86%¹) with favourable net working capital movements and lower cash tax paid compared to the current year's tax expense.

Capital management

Capital management objectives

The Group manages its capital structure with the objective of enhancing long-term shareholder value through funding its business at an optimised weighted average cost of capital.

The Group remains committed to solid investment grade credit ratings. The Group's credit ratings are BBB (stable outlook) according to Standard & Poor's and Baa2 (stable outlook) according to Moody's.

Financing transactions during F23

During F23 the Group refinanced or extended \$1.9 billion of bilateral and syndicated bank debt facilities to new tenors ranging from 12 months to five years. These facilities are used to manage the Group's short term cash flow requirements and support its liquidity position.

Upcoming maturities and transactions

The Group has \$400 million of domestic medium-term notes maturing in April 2024, which will be refinanced or repaid from existing committed undrawn bank facilities before maturity.

Non-IFRS Financial information

The 2023 Annual Report for the 52 weeks ended 25 June 2023 contains certain non-IFRS financial measures of historical financial performance, balance sheet or cash flows.

Non-IFRS financial measures are financial measures other than those defined or specified under all relevant accounting standards and may not be directly comparable with other companies' measures but are common practice in the industry in which Woolworths Group operates. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, or more important than, IFRS measures. The presentation of non-IFRS measures is in line with Regulatory Guide 230 issued by the Australian Security and Investments Commission in December 2011 to promote full and clear disclosure for investors and other users of financial information and minimise the possibility of being misled by such information.

These measures are used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments. The directors also believe that these non-IFRS measures assist in providing additional meaningful information on the underlying drivers of the business, performance and trends, as well as the financial position of the Woolworths Group. Non-IFRS financial measures are also used to enhance the comparability of information between reporting periods (such as comparable sales), by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Woolworths Group's performance. Consequently, non-IFRS measures are used by the directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with the prior year. Non-IFRS measures are not subject to audit or review.

¹ F22 adjusted for non-cash gain on demerger of Endeavour Group of \$6,387 million. F22 unadjusted CRR was 33%.

Sales

\$48,047MIncreased by
5.0% from F22

EBIT

\$2,865MIncreased by
19.1% from F22

ROFE

29.0%Increased by
4.1 pts from F22

Australian Food

The performance of Australian Food in F23 reflects a return to a more normal post-COVID operating environment and improving stability across our supply chain.

Trading performance

Australian Food sales increased 5.0% in F23 to \$48.0 billion (4-yr CAGR: 5.8%) driven by an increase in Woolworths Food Retail sales of 4.8% (4-yr CAGR: 5.7%), with H2 growth reflecting inflation, items returning to modest growth from Q3, and eCom sales growth. WooliesX sales increased 3.9% with Direct to boot and Same Day propositions driving online growth. Accelerators revenue grew 236.5% compared to the prior year largely reflecting the growth in sub-60 minute delivery.

Gross margin (%) increased 76 bps to 28.1% (H1: +78 bps; H2: +73 bps). Excluding COVID costs in the prior year, gross margin increased 54 bps (H1: +51 bps; H2: +55 bps). Growth was driven by category mix benefits, including a 16% decline in Tobacco sales which contributed 16 bps to the increase; improved promotional effectiveness supported by the Next Gen Promotions decision tool; and growth from Cartology and Shopper Media. This was partly offset by stockloss driven by higher rates of theft and increased Everyday Rewards

investment. To address rising stockloss, Scan Assist, technology to support accurate scanning, has been rolled out to 474 supermarkets by the end of the year.

CODB (%) increased 6 bps to 22.1%. Excluding direct COVID costs incurred in the prior year, CODB increased 29 bps (H1: +43 bps; H2: +15 bps). H2 CODB % (excluding COVID costs) reflects a return to a more consistent operating rhythm, improved unit-based productivity combined with the benefit of higher sales growth. This was offset by inflation in team wages, depreciation and amortisation, energy prices as well as business growth initiatives.

Depreciation and amortisation increased 9.0% driven by new stores, renewals, supply chain and shorter-life digital investments.

F23 EBIT increased 19.1% to \$2.9 billion (4-yr CAGR: 8.4%). Excluding direct COVID costs incurred in the prior year of \$211 million, EBIT increased 9.5%.

Funds employed decreased 4.6% compared to F22 largely due to an increase in trade payables driven by inflation, offset by investment in new stores, renewals, eCom, supply chain and Shopper Media. ROFE increased by 4.1 pts to 29.0% reflecting the EBIT increase.

\$ MILLION	F23	F22 ¹	CHANGE
Total sales	48,047	45,740	5.0%
EBITDA	4,651	4,044	15.0%
Depreciation and amortisation	(1,786)	(1,638)	9.0%
EBIT	2,865	2,406	19.1%
EBIT excluding direct COVID costs	2,865	2,617	9.5%
Gross margin (%)	28.1	27.4	76 bps
CODB (%)	22.1	22.1	6 bps
EBIT to sales (%)	6.0	5.3	70 bps
Funds employed	9,647	10,117	(4.6)%
ROFE (%)	29.0	24.9	4.1 pts
Scope 1 & 2 emissions (tonnes) ²	1,546,804	1,687,757	(8.4)%

- 1 Prior period restated to reflect Woolworths at Work.
- 2 F23 & F22 emissions data reflect market-based scope 2 electricity reporting. F22 has been restated to also reflect new guidance from the Clean Energy Regulator for treatment of Australian Carbon Credit Units.



Continuing to strengthen our own brand range

Throughout the year, Woolworths Food Company (WFC) continued to evolve and differentiate its portfolio to provide customers with great value through affordable, quality products. WFC is organised into three key portfolios with quality and value at the centre of product innovation. These portfolios include, Woolworths Fresh Solutions (fresh brands such as COOK, BBQ, Thomas Dux), Woolworths Food & Exclusive Brands (long life and grocery brands), and Macro Wholefoods (health brand). In F23, WFC launched 1,500 products that were redesigned, reformulated or new to the market and was ranked Australia's healthiest own brand for the fourth consecutive year. As customers continue to be impacted by cost-of-living pressures, more customers are turning to own brand products to improve the value of their basket, with Pantry, Drinks and Baby products showing strong growth in F23.

Woolworths Food Retail (Stores and eCom)

Trading performance

Customer metrics improved compared to Q3 with VOC NPS (Store and Online) improving three points to 49, and Store-controllable VOC improving two points to 78%. Higher scores reflect improved availability in store and online, and improved Fruit & Vegetables supply. Value for Money scores also stabilised compared to Q3. Compared to F22, VOC NPS was flat and Store-controllable VOC was up three points reflecting improved availability as stock flows stabilised and higher Fruit & Veg scores reflecting lower prices and quality.

Woolworths Food Retail sales in F23 increased 4.8% (6.3% ex Tobacco) or 5.7% on a 4-yr CAGR (6.8% ex Tobacco) with comparable sales for the year increasing 4.2% (5.6% ex Tobacco). After an increase of 2.5% in H1 (3.8% ex Tobacco) impacted by cycling COVID-driven in-home consumption and supply challenges in Fruit & Vegetables; sales increased by 7.4% (9.1% ex Tobacco) in H2 with strong growth nationally across all store segments (Value, Core, UP) with volume growth strongest in UP stores. H2 sales growth was driven by sustained inflation associated with elevated levels of supplier cost increases and total items returning to growth from mid-January. Shelf price inflation moderated in Q4 compared to Q3 but remained elevated due to industry-wide cost pressures.

Woolworths Supermarkets (store-originated) sales for the year were \$41.4 billion, an increase of 4.7% (6.3% ex Tobacco) on the prior year. eCom sales increased 2.9% to \$5.1 billion with sales penetration of 10.7%.

Woolworths Supermarkets (store-originated) sales

Healthier choices at our checkouts

As part of our commitment to making healthy eating easier we have removed kids confectionery from all checkouts nationally to help customers access healthier options. Customers will now see healthier and more affordable food choices at checkouts with at least 80% of products having a Health Star Rating of 3.5 stars or above on the Government's Health Star Rating system. This initiative is part of our broader program to help make healthier alternatives more prominent across the store, including featuring healthier products on promotional aisle ends, in addition to Health Star Ratings on own brand products, as well as Free Fruit for Kids across all of our stores.



growth increased by 6.3% (8.0% ex Tobacco) in H2 and eCom sales returned to strong growth of 13.2%.

Average prices in Q4 increased by 5.2% compared to the prior year, below the Q3 increase of 5.8%. Lower prices were passed on to customers as growing conditions improved in Fruit & Vegetables, and lower beef and lamb livestock prices, contributed to the moderation with both Fruit & Vegetables and Meat in deflation in the quarter.

Metro Food Stores (store-originated) sales increased by 21.6% to \$1,156 million assisted by the opening of five new Neighbourhood stores and a recovery in customer mobility supporting On the Go stores.

\$ MILLION	F23	F22 ¹	CHANGE
Total sales	47,648	45,445	4.8%
EBITDA	4,550	3,982	14.3%
Depreciation and amortisation	(1,712)	(1,583)	8.1%
EBIT	2,838	2,399	18.3%
EBIT to sales (%)	6.0%	5.3%	68 bps
Sales per square metre (\$) ²	18,921	18,364	3.0%

¹ Prior period restated to reflect Woolworths at Work.

² Prior year sales per square metre has been restated to conform to the current year's presentation of sales channel.

Woolworths Food Company's own and exclusive sales grew 5.4% in F23 with a strong sales increase in H2. H1 growth was impacted by availability issues in Fruit & Vegetables and Meat with H2 growth of 9.1% driven by strong item growth of 3.2% particularly across protein, chiller, and pantry categories; and inflation. Customers increasingly traded into own brand to improve the value of their basket with Pantry essentials, Drinks such as long life milk, and baby products showing particularly strong growth. On a 4-yr CAGR, own and exclusive brand sales increased by 8.3%.

Woolworths Food Company's Retail business introduced over 1,500¹ new products in the year including further rollout of the Macro protein range, Macro carbon neutral eggs, and new bakery products to provide value to customers. Fresh meal solutions brands such as COOK and BBQ also continued to resonate with customers.

As cost-of-living pressures continued to impact customer budgets, we continued to deliver value through the Get your Woolies worth platform. This included four seasonal and a Christmas Prices Dropped campaign; a Christmas price freeze, more than 3,000 products on Low Price; and personalised member offers and benefits through Everyday Rewards. At the end of the year, categories that account for half of Woolworths Supermarkets sales were curated by Value, Core and UP with an increased emphasis on value ranges and fresh categories.

Woolworths Food Retail's sales per square metre increased by 3.0% with sales growth higher than average space growth of 1.9%. During the year 10 net new stores were opened, 43 renewals were completed and 28 Mini Woolies opened. At the end of the year, the total fleet comprised 1,002 Woolworths Supermarkets, 93 Metro Food Stores, 708 Direct to boot locations, seven CFCs, two eStores and 41 Mini Woolies.

Woolworths Food Retail EBIT increased by 18.3% to \$2,838 million with the EBIT margin increasing 68 bps to 6.0%.

During the year, Woolworths continued to tackle food waste with 80% of food waste diverted from landfill in F23 and over 300,000 tonnes of food waste saved by our Odd Bunch program since its launch in 2015. Kids confectionery was removed from checkouts in all supermarkets with 80% of snacks at checkouts with a Health Star Rating of 3.5 or above to help make it easier for customers to access healthier food choices

¹ Includes redesigned, reformulated, and new to market.



Launch of new in store Proactive Services business

In September 2022, Woolworths Supermarkets and Woolworths 360 launched Proactive Services, which brings in-house a team dedicated to store cleaning, trolley collection and waste management. Proactive Services, now rolled out to 69 stores, aims to create better experiences for customers through improvements to the quality of services in store, as well as provide more career opportunities for our team to grow their skills. Since its launch, the Proactive Services team employed more than 800 new team members in F23, with a further 3,000 new team members expected in F24, and around 10,000 new team members once the program has been rolled out across the Group. To date, the program has delivered improvements to VOC store presentation and trolley availability metrics, as well as an improvement in VOT advocacy scores in the relevant stores.

WooliesX (including eCom)

WooliesX comprises three platform businesses – eCom (B2C eCom & Woolworths at Work), Digital & Media including owned digital assets and media (Cartology and Shopper Media) and Rewards & Services. Rewards & Services includes Everyday Rewards, Everyday Insurance, wPay and Everyday Mobile. eCom's operating profit is measured using DAP which includes costs directly-attributable to the eCom business. DAP includes costs such as picking, packing and delivery; marketing costs; all eCom support costs; and variable DC costs. DAP does not include an allocation of costs that are not directly attributable to the eCom business and would exist regardless of eCom activity. EBIT is used to measure the profitability of the other businesses in WooliesX.

Trading performance

WooliesX total sales increased 5.6% in F23 to \$6,432 million, driven primarily by growth in Digital & Media and Rewards & Services. DAP & EBIT increased 23.1% to \$181 million reflecting strong sales growth and improvements in productivity across all platforms with the DAP & EBIT margin increasing by 40 bps to 2.8%.

eCom sales increased 2.9% in F23 to \$5,079 million, with eCommerce penetration reaching 11.4% in Q4, an increase of 97 bps on the prior year. Strong demand for convenience in H2 with sales growth of 13.2% more than offset lower H1 sales due to cycling the COVID-impacted prior year. Woolworths at Work sales increased 29% on the prior year and was strong across all quarters driven by increased customer acquisition.

B2C VOC NPS ended the year at 60, up four points on Q3 and two points on the prior year, with customer scores improving across all propositions reflecting improvements in on-time deliveries, order completeness and increased care for Pick up orders (Direct to boot and in store). Active eCom customers also grew 9% on the prior year to 0.9 million, above peak COVID levels and with a higher share of loyal shoppers.

B2C customer demand for convenience continued to increase with significant growth in Same Day and on-demand delivery propositions. In June, over 80% of orders were fulfilled within 24 hours of order placement, an increase of eight points compared to the prior year enabled by improved fulfilment capabilities.

eCom DAP declined marginally on the prior year with a 43.6% reduction in H1 offset by a strong recovery in H2 with DAP growth of 68.9%. The H2 increase was driven by sales growth, and efficiencies unlocked by productivity initiatives including order pick optimisation and delivery truck route efficiency.

Direct to boot is now available in 708 stores with a further 81 sites added during the year, and two new CFCs opened in Rochedale, Qld and Caringbah, NSW. The Group's commitment to an electric home delivery fleet by 2030 was further progressed with 27 electric vehicles added to the fleet in F23.

In **Digital & Media**, digital engagement continued to grow with average weekly traffic to the Food and Everyday digital platforms reaching 16.3 million weekly visits in Q4, up 21.3% on the prior year. The increased engagement was largely driven by the Everyday Rewards and Woolworths apps with weekly active users increasing by 42% and 36% respectively. Weekly average traffic to Group digital platforms reached 23.7 million in Q4, up 21.1% on the prior year also due to growth in apps. Customers are increasingly using digital platforms to save by accessing personalised specials and using shopping lists to manage their budgets with shopping list users up 26% on prior year. Our new Real Time Loyalty Platform, launched in September, has materially increased the number of offers and content in real time as well as enabling faster analysis of campaigns to support more targeted member engagement.

Despite a more challenging environment for marketing investment in F23, Cartology revenue increased by 29% (including Shopper) supported by strong momentum in the Food business and the launch of Cartology in BIG W.

Rewards & Services platform sales increased by 12.9% in F23. Everyday Rewards members reached 14.5 million by the end of the year, reflecting the continued focus on delivering personalised value, real time loyalty improvements and enhancements to the Everyday Rewards app. Member engagement and app usage reached record levels in F23 with scan rates and tag rates increasing 1.7 and 2.0 pts respectively. Other highlights include the rebranding of Everyday Insurance (from Woolworths Insurance) in February 2023 with the rebranding of Everyday Mobile taking place in Q1 F24.

\$ MILLION	F23	F22	CHANGE
Total sales	6,432	6,090	5.6%
DAP & EBIT before depreciation and amortisation	340	261	30.0%
Depreciation and amortisation	(159)	(114)	38.9%
DAP & EBIT	181	147	23.1%
DAP & EBIT to sales (%)	2.8	2.4	40 bps

DAP & EBIT performance by platform

\$ MILLION	F23	F22	CHANGE
eComX DAP	89	93	(4.9)%
Digital & Media (idX/ Cartology), Rewards & Services (EverydayX) and TechX & Support EBIT	92	54	70.9%
WooliesX DAP & EBIT	181	147	23.1%

eCom metrics

\$ MILLION	Q4'23	Q3'23	Q2'23	Q1'23
Customer metrics				
B2C Online VOC NPS	60	56	59	60
eCommerce sales metrics¹				
eCommerce sales (\$ million)	1,248	1,300	1,214	1,316
eCommerce sales growth	17.2%	9.7%	(1.3)%	(9.6)%
eCommerce penetration	11.4%	10.6%	10.0%	10.8%
Pick up mix (% of eCommerce sales)	39.4%	38.6%	37.4%	36.3%

¹ eCom includes B2C and Woolworths at Work.

Digital metrics

\$ MILLION	Q4'23	Q3'23	Q2'23	Q1'23
Food and Everyday digital platforms				
Average weekly traffic (million)	16.3	15.7	16.1	14.0
Average weekly traffic growth (year on year)	21.3%	28.4%	22.4%	4.0%
Group digital platforms				
Average weekly traffic (million)	23.7	23.1	25.3	20.2
Average weekly traffic growth (year on year)	21.1%	27.6%	19.8%	(0.5)%

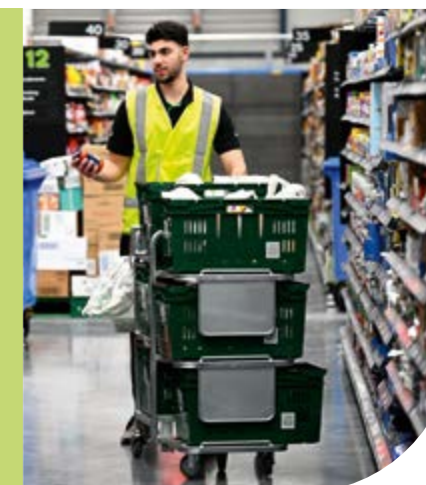
Everyday Rewards metrics

\$ MILLION	Q4'23	Q3'23	Q2'23	Q1'23
Total Everyday Rewards members (million) ²	14.5	14.3	14.1	13.9
Scan rate (% of transactions)	55.7	54.9	54.5	53.9
Tag rate (% of sales)	69.2	68.8	68.2	67.1

² Total number of members that have joined the program since inception.

Continued investment in our eCom network

Two new customer fulfilment centres (CFCs) were opened in F23 in Rochedale, Qld and Caringbah, NSW, as part of our multi-year expansion plan of our eCommerce network. Both CFCs are located within 30 kilometres of both Sydney and Brisbane CBD and aim to service the growing demand for online grocery shopping within these inner-city areas. Rochedale was the first CFC within the national network to offer Direct to boot, with the service also launched at Caringbah CFC in July 2023, supporting increased capacity for Same Day delivery, Pick up, and delivery windows for growing online demand.





Sales

\$4,324M

Increased by
17.4% from F22

EBIT

\$63M

Increased by
13.0% from F22

ROFE¹

5.0%

Increased by
83 bps from F22

¹ F22 ROFE has been calculated based on the average of mid and closing funds employed.

Australian B2B

B2B Food and B2B Supply Chain continued to deliver growth in F23.

Australian B2B comprises B2B Food and B2B Supply Chain. B2B Food reflects the third-party sales and profit of Woolworths Food Company which includes PFD, Australian Grocery Wholesalers and Greenstock. B2B Food does not include the sales and EBIT contribution from Woolworths Food Company's own and exclusive retail brands and Greenstock's internal meat sales as this is reported in the Australian Food segment. B2B Supply Chain comprises the Primary Connect 3rd party business (PC+) which primarily provides transport services to Woolworths suppliers and Endeavour Group, and Statewide Independent Wholesalers (SIW) in Tasmania. B2B Supply Chain only includes the sales and EBIT contribution for third-party supply chain services and not for supply chain services provided to Woolworths Group businesses.

\$ MILLION	F23	F22 ¹	CHANGE
Total sales	4,324	3,684	17.4%
EBITDA	176	154	14.8%
Depreciation and amortisation	(113)	(98)	15.8%
EBIT	63	56	13.0%
EBIT to sales (%)	1.5%	1.5%	(6) bps
Funds employed	1,286	1,280	0.5%
ROFE (%) ²	5.0	4.2	83 bps
Scope 1 & 2 emissions (tonnes) ³	73,585	78,483	(6.2)%

Sales performance by business

\$ MILLION	F23	F22 ¹	CHANGE
B2B Food	3,126	2,599	20.3%
B2B Supply Chain	1,198	1,085	10.4%
Total Australian B2B sales	4,324	3,684	17.4%

- 1 Prior period restated to exclude Woolworths at Work which has moved to Australian Food.
- 2 F22 ROFE has been calculated based on the average of mid and closing funds employed.
- 3 F23 & F22 emissions data reflect market-based scope 2 electricity reporting. F22 has been restated to also reflect new guidance from the Clean Energy Regulator for treatment of Australian Carbon Credit Units.

Trading performance

Australian B2B total sales increased by 17.4% to \$4,324 million in F23 with B2B Food and B2B Supply Chain both delivering strong sales growth.

EBITDA, which excludes the impact of the amortisation of PFD intangibles, increased by 14.8% to \$176 million. Strong profit growth from PFD was offset by higher losses and sale and exit costs related to Summergate in China and the wind down of Woolworths International.

Depreciation and amortisation increased 15.8% and was impacted by \$7 million of accelerated depreciation related to the wind down of Woolworths International and higher depreciation on PC+ supply chain assets.

EBIT increased by 13.0% to \$63 million at an EBIT margin of 1.5%. EBIT includes \$42 million of losses (F22: \$(6) million) and one-off costs associated with the exit of Summergate, Woolworths International and Fresh to Go. Excluding these costs in both years, the EBIT margin would have increased from 1.9% in F22 to 2.7% in F23.

B2B Food sales increased by 20.3% to \$3,126 million driven by strong PFD sales growth. PFD's sales momentum continued throughout the year due to higher demand from its customers as the consumer environment normalised,

new business wins, and the impact of inflation. PFD growth was somewhat offset by lower AGW sales which declined due to a reduction in unprofitable wholesale meat sales. The sale of Summergate was completed in April 2023 and the International business received final sales orders from customers in Q4.

B2B Supply Chain sales increased by 10.4% to \$1,198 million with growth largely driven by new customers and fuel price increases. PC+ delivered strong sales and EBIT growth in F23.

Primary Connect's multi-year supply chain transformation program is progressing to plan. During the year, Auckland Fresh DC continued to ramp up since its launch in June 2022, and MSRDC and Melbourne Fresh DC in Victoria saw improved performance as the sites mature, achieving consistent cartons per week of 2.4 million and 1.4 million respectively. In Q4, PC+ opened three cross dock locations to create an east coast temperature controlled commercial network to support new customers into the network with an emphasis on chilled and freezer capacity.

Development of key projects remain on track, including the Moorebank precinct, which is transitioning to commissioning and testing phase, with the National DC on track for launch in H1 F25. The Auburn eCom fulfilment centre is also on track to open in late 2024.



AGW partnership

A new partnership agreement was signed in F23 between our food wholesale business, Australian Grocery Wholesalers, and remote store operator Community Enterprise Queensland (CEQ) to better serve remote local communities. Under the agreement, the partnership brings Woolworths products to CEQ's extensive network of remote stores across Far North Queensland, the Torres Strait and Palm Island.

Sales

\$7,912M

Increased by
4.6% from F22

EBIT

\$249M

Decreased by
21.0% from F22

ROFE

5.2%

Decreased by
1.8 pts from F22

New Zealand Food

The performance of New Zealand Food in F23 reflects a more challenging operating environment. Despite this, the business made good progress on laying the foundations for the future.

Trading performance

New Zealand Food's customer metrics ended F23 up on the prior year despite a dip in Q3 due to adverse weather events affecting availability, and the impact of market-wide inflation and cost-of-living pressures on value perception. A recovery in availability as H2 progressed led to the highest Availability score since July 2021 with improvements in the customer experience also contributing. VOC NPS (Store and Online) increased two points on Q3 and the prior year to 39. Store-controllable VOC increased three points on Q3, and one point compared to the prior year.

New Zealand Food's total sales increased by 4.6% in F23 to \$7,912 million (4-yr CAGR: 4.8%). H1 total sales increased 1.3% despite cycling elevated sales driven by COVID lockdowns in the prior period with a decline in items offset by higher inflation. In H2, sales increased by 8.4% with Q4 total sales increasing by 8.3% (comparable sales: 7.2%). Item declines during the half were more than offset by inflation with item declines moderating in Q4 as availability began to improve. Average prices in Q4 increased by 9.2% compared to Q4 F22, a small reduction on the 9.5% increase in Q3.

FreshChoice and SuperValue sales increased by 0.8%, with sales growth impacted by cycling COVID in the prior year where sales benefitted from more customers shopping locally. On a 4-yr CAGR, franchise store sales have increased by 4.9%.

eCommerce sales declined 2.8% in F23 with penetration decreasing 96 bps to 12.7% as customers returned to in store shopping. On a 4-yr CAGR, eCommerce sales have increased by 21.7% with penetration up 5.7 pts from 7.0% in F19. Online VOC NPS ended the year at 54, up four points on Q3 and in line with the prior year. By the end of F23, Drive solutions and eLockers had been rolled out to 104 stores with Pick up at 42% of eCommerce sales. Other digital highlights in F23 include strong growth in Cartology, an increase in unique app users of 16.3% and growth in Delivery Saver subscriptions, with 33,000 subscribers at the end of F23.

Sales per square metre increased by 1.8% reflecting sales growth of 4.6%, offset by an increase in average space of 2.7%. During the year three new stores and one replacement store were opened, 12 renewals were completed, two stores were permanently closed and one replacement store was closed. At the end of the year, the total store network of 263 stores comprised 191 Countdown stores, and 35 SuperValue and 37 FreshChoice franchise stores.

Gross margin (%) decreased by 9 bps in F23 to 23.1%. In H1, gross margin was impacted by an increase in costs primarily driven by freight, online delivery charges and an increase in distribution centre costs, partly due to the opening of the Auckland Fresh DC. Gross margin in H2 increased by 26 bps to 23.4% driven by a focus on promotional effectiveness, category mix benefits, and an improvement in distribution centre cost management and lower COVID costs. This was partially offset by stockloss.

CODB (%) increased by 94 bps primarily driven by higher team member wages following the 12% increase in store team wages in July 2022. H2 CODB (%) increased by 20 bps with productivity initiatives, lower COVID costs and stronger

\$ MILLION (NZD)	F23	F22	CHANGE
Total sales	7,912	7,563	4.6%
EBITDA	572	611	(6.3)%
Depreciation and amortisation	(323)	(295)	9.5%
EBIT	249	316	(21.0)%
Gross margin (%)	23.1	23.2	(9) bps
CODB (%)	20.0	19.0	94 bps
EBIT to sales (%)	3.2	4.2	(102) bps
Sales per square metre (\$)	18,208	17,881	1.8%
Funds employed	4,745	4,635	2.4%
ROFE (%)	5.2	7.0	(1.8) pts
Scope 1 & 2 emissions (tonnes)	62,255	63,782	(2.4)%



Transformation of Woolworths New Zealand

In July 2023, Countdown announced its plans for a multi-year transformation program, reaffirming the Group's long-term commitment to its New Zealand customers. As part of the transformation, Countdown will be rebranded to Woolworths Supermarkets. The program also includes a refreshed loyalty offer through the roll out of Everyday Rewards in early 2024, investment in the store network, and a materially improved fresh offer to create better experiences for New Zealand customers and team. The Bethlehem store in Tauranga was the first to be rebranded in August 2023

sales momentum helping to partially offset the increase in team wages. Other material cost increases included a 9.5% increase in depreciation and amortisation arising from investment in the store network, including spend to facilitate eCommerce growth, investment in digital capability and innovation, and supply chain transformation.

F23 EBIT declined 21.0% on the prior year to \$249 million with the EBIT margin down 102 bps to 3.2%. In H2, EBIT returned to growth of 10.3% on the prior year with the EBIT margin increasing 6 bps to 3.3%. Excluding direct COVID costs of \$61 million in the prior year, F23 EBIT declined by 34%.

ROFE declined 1.8 pts to 5.2%, primarily due to lower EBIT and higher average funds employed due to investment in the store network and the opening of the Auckland Fresh DC in F22.

Initiatives supporting our sustainability agenda included fundraising support for communities impacted by adverse weather events, including a support package of \$750,000 for fruit and vegetable growers impacted by Cyclone Gabrielle, as well as the removal of approximately 50 million plastic produce bags from circulation. During the year we launched Sonder, a comprehensive health, safety and wellbeing app for team members, and were proud to be awarded with the New Zealand Safeguard Workplace Health and Safety Wellbeing Award in recognition for our mental health and wellbeing initiatives over the last two years.

BIG W

Sales

\$4,785M

Increased by
8.0% from F22

EBIT

\$145M

Increased by
165.3% from F22

ROFE

11.1%

Increased by
6.5 pts from F22

BIG W

The trading environment for BIG W changed significantly between the halves, impacting financial performance. However, BIG W continued to make good progress on its strategic agenda.

Trading performance

BIG W's customer metrics remained broadly stable in F23 with Store-controllable VOC at 83% – in line with Q3 and the prior year. VOC NPS (Store and Online) ended the year at 62, down three points on Q3 and down two points on the prior year driven by a decline in eCom NPS. Improving product availability and wait times for Pick up and Home Delivery orders remains a priority. Despite the pressure on consumer discretionary spend during the year, BIG W's continued focus on providing value to customers, including the launch of new own brand ranges (Openook and Somersault), resulted in Product and Price VOC improving by one point compared to the prior year.

BIG W's total sales were up 8.0% in F23 to \$4,785 million (4-yr CAGR: 6.5%). Sales growth in H1 of 15.3% (4-yr CAGR: 6.9%) was driven by cycling the prior year's temporary store closures and customers returning to shop in store more frequently. In H2, sales growth of -0.3% was broadly flat on prior year (4-yr CAGR: 6.0%) with the decline in Q4 of 5.7% due to a notable softening in discretionary spend and to a lesser extent by the timing of Easter. Everyday Essentials including Health, Beauty & Baby and Pet Care categories; and Leisure including Books, Electronic Gaming and Travel Goods continued to see item growth but discretionary areas including Clothing and Home were impacted by the rising cost of living on households.

eCommerce sales decreased 22.2% in F23 to \$482 million, largely driven by a 31.4% decline in H1 as customers returned to shopping in store and cycling of COVID-driven online purchasing behaviour. eCommerce sales declined 3.3% in H2 with penetration of 10.1%. The launch of a select BIG W range on MyDeal in August has seen consistent sales growth on the platform since launch.

The BIG W store network grew by one store during the year to 177 stores following the opening of a new BIG W in Q1 alongside a new Woolworths Supermarket at Town Hall in Sydney. Sales per square metre increased by 7.9% due to the strong sales growth in H1.

Gross margin (%) increased 9 bps in F23 to 31.6% driven by an increase in H1 due to cycling higher markdowns in the prior year and lower delivery costs due to the decline in eCommerce sales. H2 gross margin (%) decreased 87 bps with higher stockloss and increased promotional activity being partly offset by mix and category management changes.

COB (%) declined by 170 bps due to higher sales growth, the absence of direct COVID costs incurred in the prior year, and key productivity measures returning to pre-COVID levels. In H2, COB (%) was broadly flat despite higher wage rate increases due to strong item-based cost control.

\$ MILLION	F23	F22	CHANGE
Total sales	4,785	4,431	8.0%
EBITDA	348	245	41.6%
Depreciation and amortisation	(203)	(190)	6.2%
EBIT	145	55	165.3%
Gross margin (%)	31.6	31.5	9 bps
COB (%)	28.6	30.3	(170) bps
EBIT to sales (%)	3.0	1.2	180 bps
Sales per square metre (\$)	4,756	4,409	7.9%
Funds employed	1,424	1,247	14.2%
ROFE (%)	11.1	4.6	6.5 pts
Scope 1 & 2 emissions (tonnes) ¹	103,061	125,533	(17.9)%

¹ F23 & F22 emissions data reflect market-based scope 2 electricity reporting. F22 has been restated to also reflect new guidance from the Clean Energy Regulator for treatment of Australian Carbon Credit Units.

Despite a more challenging H2, F23 EBIT increased 165.3% to \$145 million at an EBIT margin of 3.0% with H2 EBIT declining 63.7% to \$11 million. Excluding direct COVID costs of \$16 million in the prior year, F23 EBIT increased by 104%.

Closing inventory was higher than the prior year with cost inflation more than offsetting a reduction in units. Despite the higher inventory, inventory health was strong with the proportion of aged and quit stock below the prior year.

ROFE increased 6.5 pts to 11.1% due to higher EBIT more than offsetting an increase in average funds employed.

During the year, BIG W continued its partnership with the Australian Literacy and Numeracy Foundation to grow the Breakfast Library program, supporting 30 schools each week, with over \$220,000 raised in customer donations during Book Week and the Back to School campaign. In partnership with Good360, BIG W launched a national fundraising campaign to support recovery efforts for Victorian communities impacted by flooding through donations of essential items to those in need. BIG W's commitment to a better tomorrow also saw its Toys for Joy recycling program prevent an estimated 130 tonnes of toys going to landfill in F23.



Two new own brand ranges

In F23, BIG W launched two new own brands, Openook in Home, and Somersault in Toys. The new Somersault range is FSC certified with a great range of toy products at entry level pricing. All products in the range are designed with diversity in mind and developed with recyclable packaging and the use of FSC timber. In F24, BIG W will expand the Somersault brand into further categories, such as kids stationery and craft.

Addressing climate change and nature together

Our approach to reporting and TCFD alignment

Woolworths Group will begin reporting in line with the International Sustainability Standards Board (ISSB) from F24 to reflect our commitment to transparency and the positive direction of upcoming regulations. Our F23 reporting aligns with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), providing insight into our strategy, governance, performance and risk management. As we continue to evolve our reporting, we will leverage TCFD as a basis to transition to the recently released ISSB. We also intend to align to the upcoming Taskforce on Nature-related Financial Disclosures (TNFD).

→ For how we are aligning with the TCFD recommendations, see the Reports and Data page at woolworthsgroup.com.au/reports.

Australia and New Zealand are not immune to climate change. As we experience extreme weather events and natural disasters, our business is feeling the impacts of this first-hand, such as food and supply chain disruptions from severe weather events.

Woolworths Group supports the Paris Agreement, which aims to pursue efforts to limit the global temperature increase to 1.5°C above pre-industrial levels. We aspire to reduce our emissions in line with the Science Based Target Initiative (SBTi) and be a net positive business by 2050 – partnering to remove more carbon than we emit. The scale of our supply chain has a material impact on climate and nature due to the resources used to produce the food our customers require. We are actively considering nature-based solutions to help support our supply chain and communities' long-term viability.

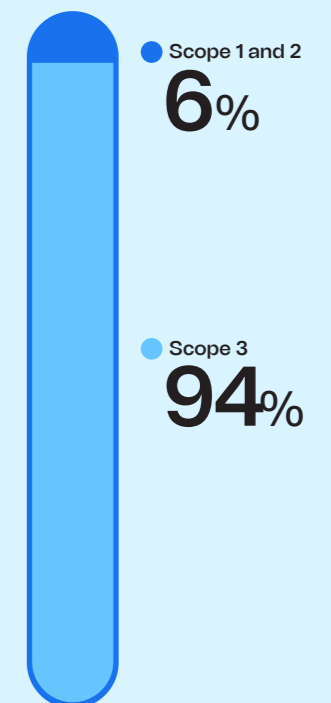
Summary of our progress towards net positive

Woolworths Group's scope 1 and 2 emissions make up 6% of the emissions in our end-to-end value chain. Over the last 12 months, this has reduced by 8% through ongoing grid decarbonisation, energy efficiency and refrigeration work, resulting in a cumulative reduction of 36% from our 2015 baseline. We are on track to deliver 100% renewable electricity by 2025 which will facilitate full decarbonisation of our scope 2 purchased electricity emissions. The bulk of our residual scope 1 emissions is transport and fuel. To address this, in F23 we developed a transport decarbonisation strategy to reduce our transport-related scope 1 emissions, underpinned by our commitment to fully electrify our home delivery fleet by 2030 (see [page 50](#)).

Our scope 3 emissions are approximately 15 times greater than our scope 1 and 2 emissions. This makes up 94% of total emissions in our end-to-end value chain – the largest being purchased goods and services. In F23, we adopted a test-and-learn approach to better understand how we navigate the complexity of scope 3 emissions, and to understand how nature and emissions interact in our value chain (detailed in case studies on [pages 52–54](#)). Through these learnings, we recognise that our pathway to net positive will require collective action spanning industries, government and our supply chain network.

As emissions reduction opportunities evolve and our own maturity in this space grows, we acknowledge that neither our footprint nor our current SBTi reduction targets, which were set in 2020, are static. In F24, we intend to update our SBTi target to reflect emissions related to Forestry, Land and Agriculture Guidance (FLAG). This will see our emissions pathway align to a 1.5°C reduction pathway.

Scope 1, 2 and 3 emissions in our end-to-end value chain



Our governance framework

The Woolworths Group Board is responsible for appraising and approving the Group’s sustainability-related strategies, targets and material investments to manage actual or potential impacts and opportunities on the Group.

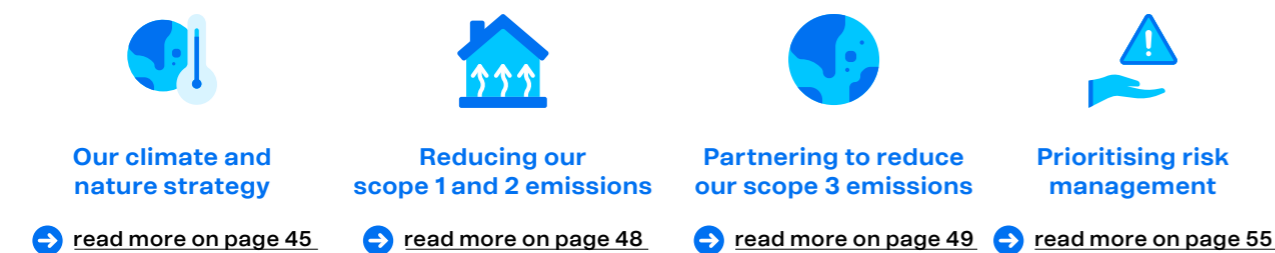
The Board does so based on recommendations from the Board Sustainability Committee (SUSCO). The committee reviews and monitors performance against the Woolworths Group Sustainability Plan 2025 (2025 Plan), and related strategies, including climate and nature. It oversees the effectiveness of the Group’s frameworks and policies and provides external perspectives on matters within the investment landscape. The CEO and Group Executive Committee, including the Chief Sustainability Officer, have accountability for implementing our sustainability-related strategies and report progress to SUSCO three times a year.

The Group Sustainability platform includes a dedicated general manager responsible for our climate and nature strategies supported by robust processes for measuring and tracking progress.



Our net positive commitment actions

Woolworths Group’s ability to meet net positive commitments is dependent upon the actions we take today to embed climate and nature considerations into strategy, risk and opportunity management. As the majority of our carbon footprint lies in our scope 3 emissions, this will require purposeful partnerships and collaboration throughout our value chain.



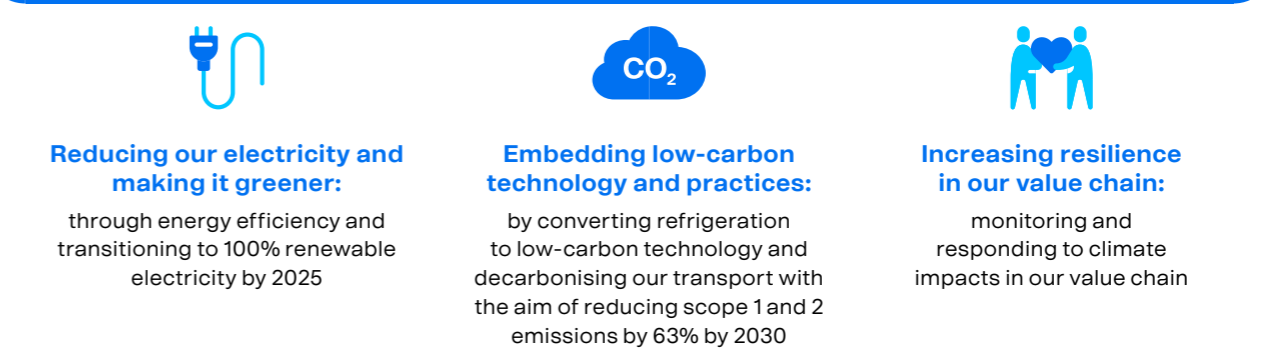
Our climate and nature strategy

Woolworths Group’s climate and nature strategy guides our actions to limit the potential impacts of climate change and nature on and by our business and value chain. Our approach to climate and nature is complementary, and we will continue to integrate these material areas as our understanding of their interrelationship matures.

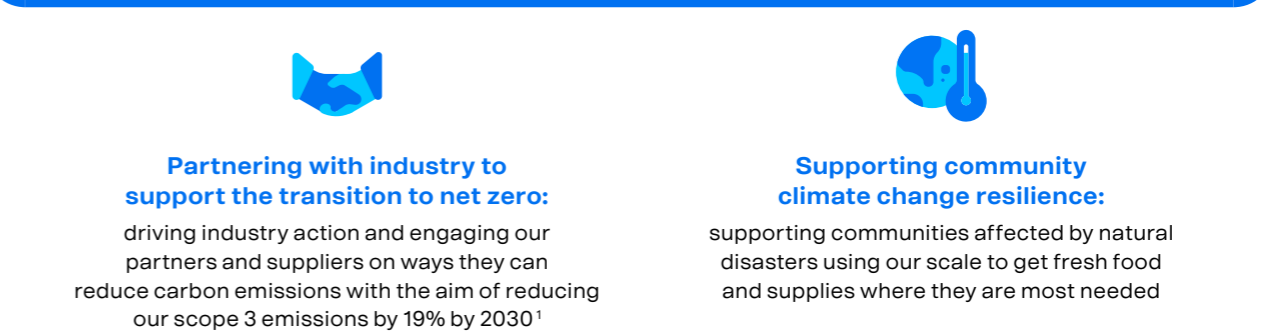
Our strategic framework

Driving tangible action and effectively managing risk requires an end-to-end approach, considering implications across our value chain and impacts on our stakeholders. Our climate and nature strategy focuses on reducing our emissions and managing climate-related risks across our business and communities. It also details our approach to reduce our impact on nature through the responsible stewardship of natural resources and the sustainable sourcing of commodities, including protein in our supply chain. The strategy is approved by the Woolworths Group Board.

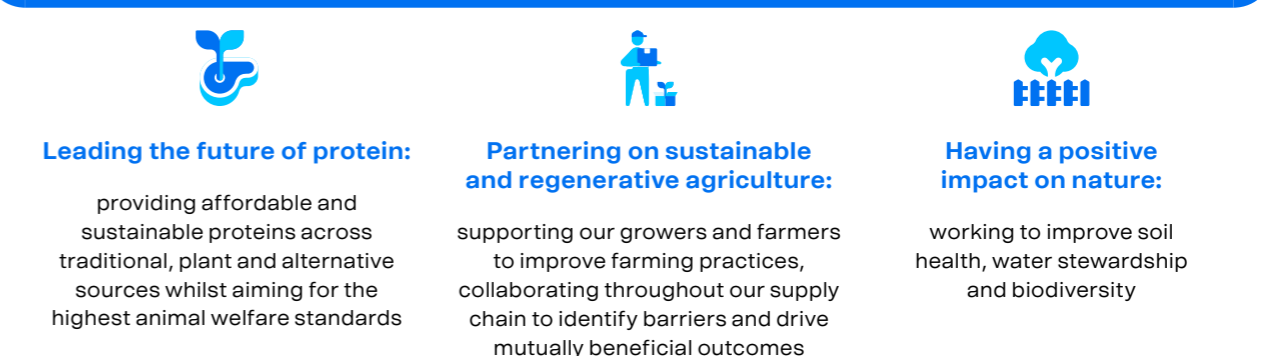
Managing climate impacts across our business



Supporting industry and community action



Nurturing nature across our supply chain



¹ In F24, we intend to update our scope 3 SBTi target to align with 1.5°C in line with SBTi’s FLAG Guidance.

Our pathway to net positive

What we've achieved so far:

SCOPE 1 & 2 OPERATIONAL EMISSIONS TRAJECTORY

▼ **36%**
scope 1 and 2 emissions reduction since 2015

We are here

- ✔ >60MW of solar operating or under construction
- ✔ 100% renewable electricity in SA
- ✔ Commenced a value chain emissions measurement program
- ✔ 80% food waste in Woolworths supermarkets diverted from landfill
- ✔ 100% of own brand tea and coffee now sustainably sourced
- ✔ Piloted the Taskforce on Nature-related Financial Disclosure framework on beef and salmon supply

Short term

Accelerating action across our operations

42% scope 1 and 2 emissions reduction by 2025

100% renewable electricity by 2025

- Value chain emissions reduction aligned to a 1.5°C pathway
- All new property developments will achieve a minimum 4 star Green Star rating
- Understand the impact of priority fresh supply chains on nature and increase supplier adoption of sustainable and regenerative practices in these categories
- All high-impact own brand commodities sourced from net zero-deforestation supply chains
- Source our animal, and alternative protein sources in a sustainable manner through minimising our impact on the environment
- Aim for zero food waste to landfill from our supermarkets
- Woolworths own brand packaging widely recyclable, reusable or compostable

Medium term

Leading the change across our value chain

63% scope 1 and 2 emissions reduction by 2030¹

¹ Our 2030 SBTi emissions reduction goals will be achieved without the use of carbon offsets.

- Zero emissions home delivery fleet
- Scope 1 operational transport emissions reduced by 60% by 2030
- 19% scope 3 emissions reduction by 2030^{1,2}
- Set nature related targets and approaches that support resilient food and fibre production and help mitigate impacts of climate change

¹ Our 2030 SBTi emissions reduction goals will be achieved without the use of carbon offsets.

² In F24, we intend to update our scope 3 SBTi target to align with 1.5°C in line with SBTi's FLAG Guidance.

Long term

Delivering on our net positive aspiration

We know we have more to do and will invest in new technologies, sustainable and regenerative practices and make meaningful changes to our products and operations. We will work towards complete value chain decarbonisation.

By 2050, we aim to reach **net positive emission**^{1,2}

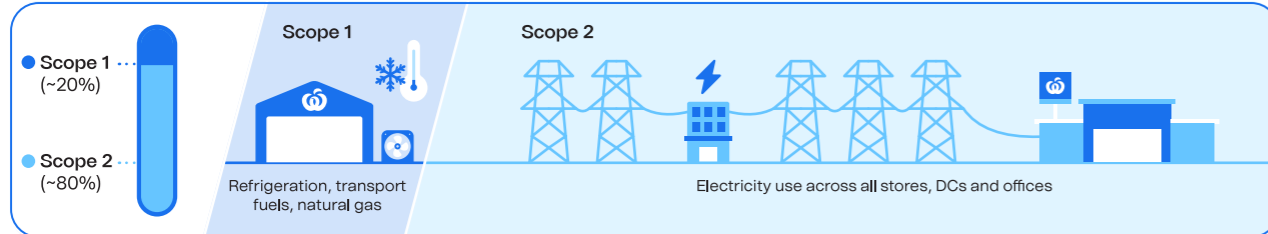
¹ Covers emissions from our own operations (scope 1 and 2 emissions).
² We note that maintaining our science-based ambition may require obtaining and surrendering carbon offsets to cover any residual emissions once we reach our net positive target in 2050.

This is Woolworths Group's approach to drive decarbonisation across scope 1, 2 and 3 across our value chain. As of today, our pathway has quantified how we will reach net positive scope 1 and 2 emissions. Next year we will integrate our scope 3 pathway which considers nature-based solutions.

2015 2023 2025 2030 2050

Reducing our scope 1 and 2 emissions

Scope 1 and 2 emissions are those directly within Woolworths Group’s operational control. Our material scope 1 emissions sources include fugitive synthetic refrigerants, transport fuel for fleet cars and home delivery trucks, and natural gas. Our scope 2 emissions comprise the largest part of our operational footprint which is the electricity we use across our store network, distribution centres and offices.



Woolworths Group is committed to working towards achieving a 63% reduction in emissions from our operations (scope 1 and 2) by 2030, a commitment ratified by the SBTi¹ in 2020. F23 marks a transition to include market-based scope 2 electricity reporting.² This methodology enables us to account for the investment we are making in renewable electricity and helps us track progress against the reduction trajectory shown on [pages 46–47](#).

Over the past 12 months, our scope 1 and 2 emissions have reduced 8% due to ongoing grid decarbonisation, energy efficiency work and ongoing transcritical refrigeration upgrades. Our cumulative emissions reduction since 2015 is now up to 36%. This year, we launched our first transport decarbonisation strategy giving us a clear emissions trajectory to address all material scope 1 and 2 emissions.

In November 2022, the Clean Energy Regulator (CER) provided new guidance on the treatment of Australian Carbon Credit Units issued for projects registered with the Emissions Reduction Fund (ERF). Since 2016, Woolworths Group has registered projects in the ERF, delivering emissions reductions through energy efficiency and waste reduction. We have adjusted our F22 and F23 emissions to reflect the new guidance from the CER. Full details of our emissions footprint, including these adjustments, can be found in the 2023 Sustainability Data Pack.

1 The SBTi assesses and approves companies’ targets through a scientific lens, ensuring alignment with the Paris Agreement goal of limiting climate change to an increase of 1.5°C above pre-industrial levels.
 2 Market-based reporting reflects emissions based upon the amount of renewable electricity a company procures. Location-based reporting reflects the average emissions intensity of grids in which energy consumption occurs. It is best practice to report on both methods.

Actions completed to date contributing to our emissions reductions:

- ✔ installed 231 solar systems across Australia and New Zealand, totalling 48MW, with a further >16MW under construction. Also signed renewable energy contracts in SA (100%), WA (50%), and a pathway secured in NSW for 100%
- ✔ spent over \$30 million on energy initiatives in F23 covering refrigeration and lighting upgrades and improving our ability to monitor and control energy use
- ✔ delivered 15 Green Star ratings with another 22 underway across the Group
- ✔ formalised our transport decarbonisation strategy, which includes the commitment of a 100% EV last-mile delivery fleet in Australia and New Zealand, helping reduce our transport emissions by 60% in 2030 vs F22.

Partnering to reduce scope 3 emissions

Woolworths Group’s scope 3 represents the majority of our emissions – at 29.7 million tonnes, these are approximately 15 times greater than our scope 1 and 2 emissions combined, with purchased goods and services representing 80–85% of this. Our current aim under the SBTi, ratified in 2020, is to reduce scope 3 emissions by 19% by 2030, which we acknowledge is not aligned with a 1.5°C pathway. In F24, we intend to update our SBTi target to reflect emissions related to FLAG Guidance.

Achieving reductions across the value chain presents a new set of challenges that requires a total systems-based approach. In addition to leveraging existing emissions reduction solutions, we continue to seek out different and innovative solutions to define a path forward.

In F23, we applied a test-and-learn approach focused on partnerships and pilots to learn about our suppliers’ emissions footprints. Given the proportion of our footprint related to land use and agriculture, adoption of sustainable and regenerative agriculture practices – as part of implementing broader nature-based solutions – will be crucial to our decarbonisation strategy. This approach enables us and our suppliers to identify and implement targeted interventions that both reduce emissions and improve our natural resources stewardship. Both our suppliers and our customers are crucial to enable scope 3 emissions reductions, with supply and demand levers offering significant emissions reduction opportunities.¹

Following the first disclosure of our scope 3 emissions footprint in F22, we have continued to improve our approach. We introduced confidence ratings against our reported categories which acknowledges that we have differing levels of visibility over our footprint. The development of an end-to-end scope 3 strategy – a key priority during F24 – will allow us to forecast future emissions reductions across our whole value chain and work with our partners to realise these reductions going forward.

1 IPCC AR6 Mitigation of Climate Change *Demand-side mitigation options by 2050*.

		Million tonnes CO ₂ -e			
CATEGORY		F23	YOY CHANGE	SCOPE 3 PROPORTION	EMISSIONS CONFIDENCE
Scope 3 (Upstream)	1 Purchased goods and services	24.2	-2%	81.3%	Medium
	2 Capital goods	0.3	-9%	1.0%	Medium
	3 Fuel- and energy-related activities	0.2	+12%	0.6%	High
	4 Upstream transportation and distribution	0.3	+18%	1.1%	Medium
	5 Waste generated in operations	0.1	-5%	0.4%	High
	6 Business travel	<0.1	+54%	<0.1%	High
	7 Employee commuting	0.3	+5%	0.9%	Low
	8 Upstream leased assets	0.3	-15%	1.1%	Medium
Scope 3 (Downstream)	9 11 12 14 15 Downstream transportation and distribution, use of sold products, end-of-life treatment of sold products, franchises, investments	4.0	+6%	13.5%	Low
TOTAL		29.7	-1%	-211,000 tonnes	

Emissions confidence legend

- High** – supplier-specific emissions factors, or other calculations based on direct measurement
- Medium** – spend-based emissions factors, typically updated annually to reflect sectoral emissions reductions
- Low** – indirect estimates or calculations based upon industry/geographic averages, updated irregularly

Decarbonising our transport – a material shift in our scope 1 and 3 emissions

Global transport activity is expected to more than double by 2050¹, yet emissions in this sector need to decrease at least 3% annually to align with net zero by 2050. Transport is Australia's third largest emissions source, and government projections forecast an emissions increase of approximately 5–10% in this sector by 2030.²

The challenges and opportunities of a large, complex transport fleet

Woolworths Group's transport network is one of the largest business supply chains in Australia and New Zealand, with approximately 1.6 billion cartons moved annually through Primary Connect, and 19% growth in online delivery volumes in the past year. Our directly managed fleet – scope 1 transport emissions – comprises some 3,500 assets, from light vehicles to semi-trailers.

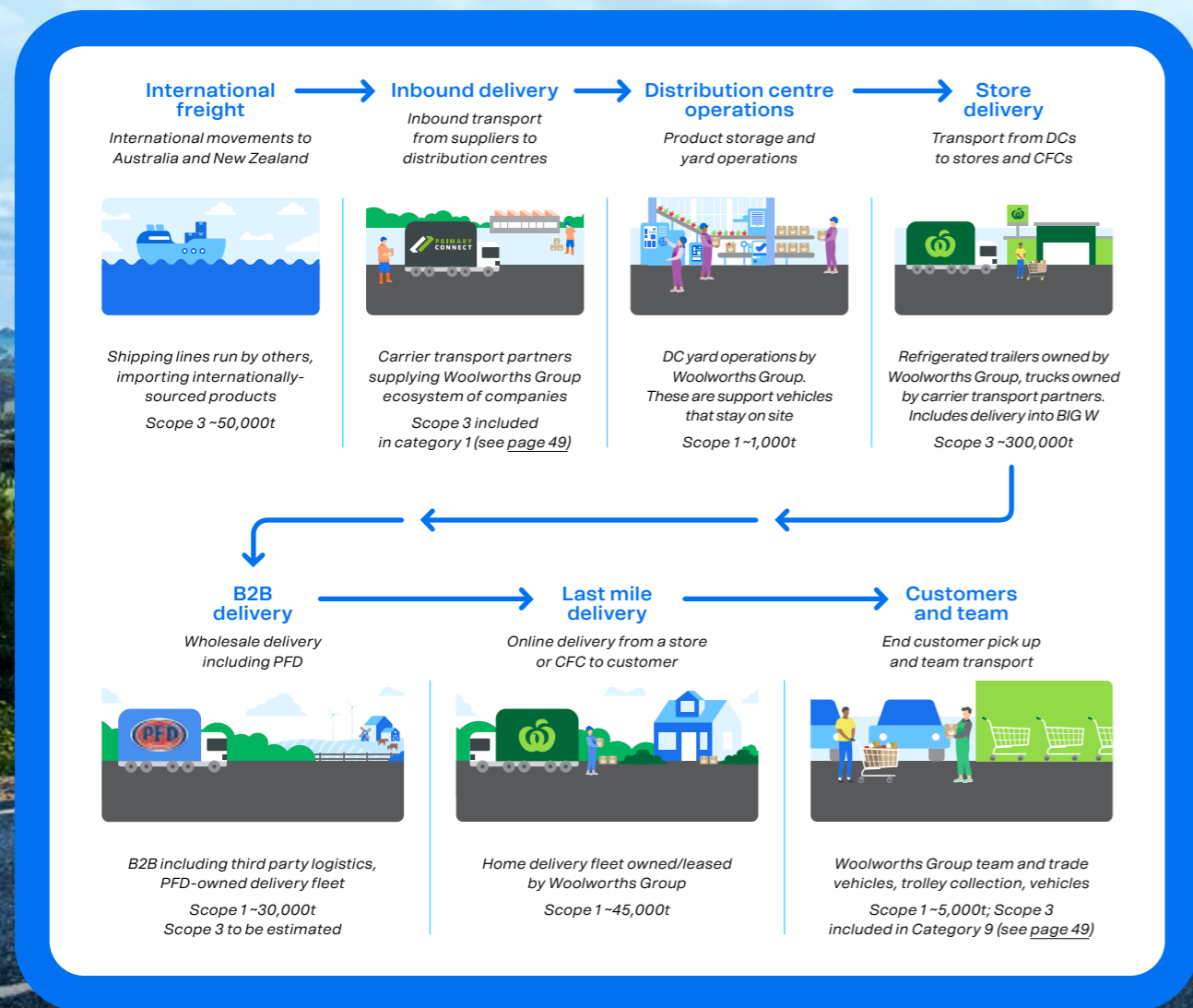
As with the rest of our value chain (described below), scope 3 emissions represent the larger part of our transport footprint, which is outside of Woolworths Group's direct control. Tackling transport decarbonisation will therefore require significant effort due to the size and complexity of our own fleets and those of our logistics partners. We work with existing partners to drive efficiency, and explore new industry solutions (e.g. hydrogen).

Our transport fleet

Delivering food to our customers every day is made possible through international freight movements via air and sea, interstate connections via rail and road, and movements between DCs and stores. These emissions vary between direct scope 1 and indirect scope 3 emissions.

1 OECD International Transport Forum.

2 Commonwealth of Australia (Climate Change Authority) 2022. First Annual Progress Report, November 2022.



Our transport decarbonisation strategic priorities

Transport currently makes up less than 5% of the Group's scope 1 and 2 emissions which is the equivalent of approximately 100,000 tonnes of carbon dioxide. However, our internal modelling shows that following our transition to renewable electricity by 2025, if no action is taken, transport emissions will represent approximately 40% of our scope 1 and 2 emissions by 2030.

In light of this, we launched Woolworths Group's transport decarbonisation strategy in F23. This is anchored in our commitment that by 2030, we aim to convert our Australian and New Zealand home delivery fleet to zero-emissions vehicles. This goal, alongside changes to zero emissions technology in our heavy vehicle fleet, will reduce our scope 1 transport emissions by approximately 60% compared to a 2023 baseline.

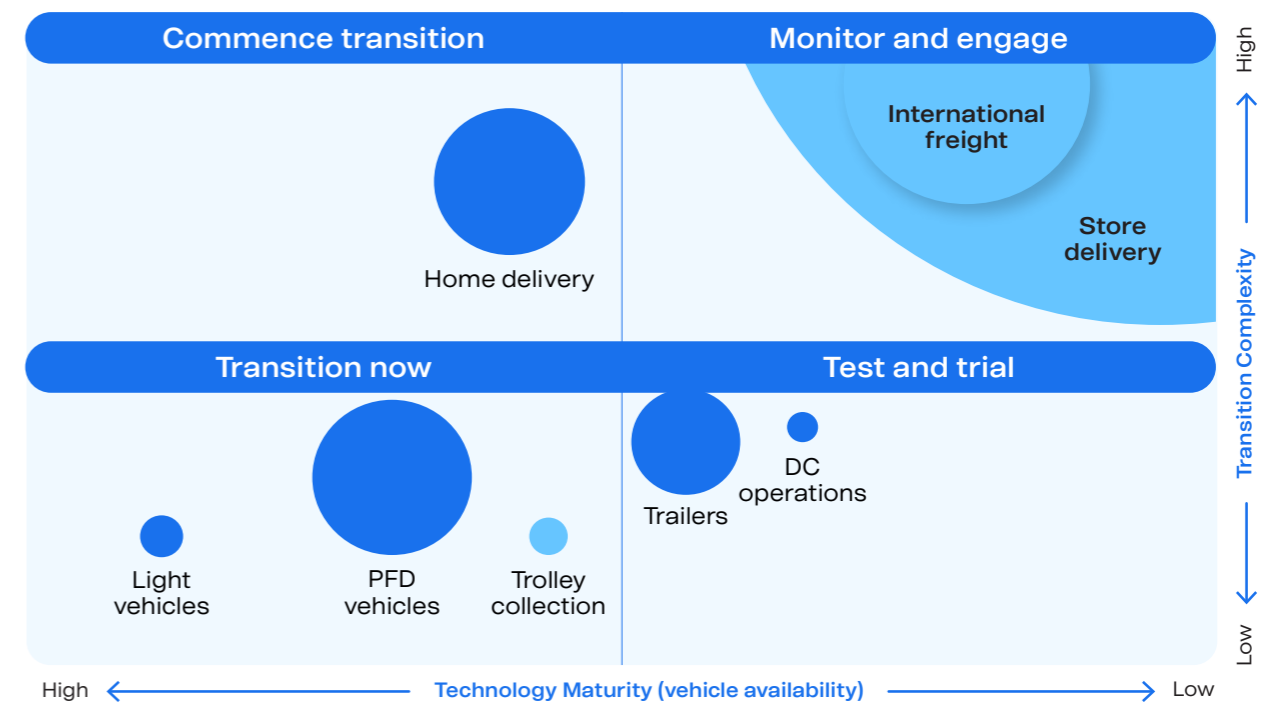
It has three pillars:

1. transitioning to a zero-emissions fleet and delivering cleaner, quieter neighbourhoods
2. leading low-carbon practices through efficient operations, such as offering customers the choice of Green Delivery windows that minimise grocery delivery emissions
3. developing zero emissions transport infrastructure (e.g. EV chargers) across our network.

Transition readiness assessment for decarbonisation (F23)

With the limited current availability of zero-emissions vehicles for a fleet of our size and operational complexity, we have gained valuable insights through trialling and testing a small number of low-carbon vehicles. In June 2023 Woolworths Supermarkets added 27 electric vehicles to its home delivery fleet. The new electric vehicles will start delivering groceries to customers in Sydney and will operate out of the Mascot and Caringbah customer fulfilment centres, which are dedicated to picking and packing online supermarket orders. Over 1,000 electric vehicles will be added to the existing fleet over the next seven years as part of this commitment with the aim of reducing overall transport emissions by around 60% by 2030.

Across international shipping and national logistics, we are exploring where we can support trials of lower emissions fuels. These have the same challenges as our own fleets, requiring a combination of improved fuel, new propulsion technology, and supporting infrastructure.



Key:

- Scope 1 emissions
- Scope 3 emissions
- Size of circle = size of emissions

Update on our scope 3 value chain emissions program

In 2022, Woolworths Group commenced a pilot engagement program in partnership with The Sustainability Consortium.

We invited 55 suppliers to participate across Australia and New Zealand from six categories that significantly contribute to emissions across our value chain. We piloted a multi-retailer, science-based decision tool, THESIS on SupplyShift, to capture emissions intensity data and, over time, its trajectory through the value chain. The program aims to meet suppliers on their journey, providing both the opportunity to share progress as companies work towards their own established goals and support those starting out to understand their own emissions profile and the actions to reduce it.

The pilot provided an encouraging start with:

- 79% of participants working towards their own scope 1 and 2 goals
- 87% of participants able to provide information on climate-specific KPIs
- 56% of participants with scope 3 emissions goals in place.

Woolworths Group's value chain emissions program will continue to expand, with all suppliers now welcome to participate. In partnership with our suppliers, industry and government, we will continue to identify, quantify and support implementation of emissions reduction opportunities.



Climate Leaders Coalition Scope 3 Collaboration

In 2022, we joined the Australian Climate Leaders Coalition (CLC), demonstrating our intent to approach scope 3 collaboratively, and to work as part of a group of cross-sectoral companies supporting the Paris Agreement. In the past 12 months, we led a working group to support the development of the CLC scope 3 roadmap, designed 'by CEOs for CEOs' to encourage more companies to take action on scope 3 emissions and collaborate to find practical solutions.

We looked at emissions specifically in our beef value chain with our partners at Ampol Australia, Elders, Hilton Foods Asia Pacific, Teys Australia, and Microsoft. We reviewed the impact of 25 potential interventions, including nature-based solutions as a critical enabler to achieving a 1.5°C-aligned pathway for the beef industry. The Group also acknowledged the risks associated with these types of solutions, such as reversal, leakage, weak additionality and verification of baselines.

We will continue our association with the CLC by participating in its Nature and Circularity working groups to build members' knowledge of nature-based risk in their operations and supply chains. We will also develop mitigation plans to improve natural ecosystems while working to understand nature-related investment to deliver both private (e.g. emissions reduction, improved productivity and resilience) and public (e.g. ecosystems services, improved waterway health) benefits.

Improving our understanding of nature-based risk

Agriculture is the backbone of our business and we aim to collaborate and encourage supplier adoption of sustainable and regenerative practices. This, together with the responsible stewardship of natural resources, supports the resilience of food and fibre production systems, helps to mitigate the impact of natural disasters and contributes to the reduction of our scope 3 emissions.

This year, we continued our work on two key areas to drive nature-positive outcomes in our value chain:

- understanding the impact and dependencies of priority fresh categories¹ on nature and their adoption of sustainable and regenerative practices. In F23, we surveyed over 120 suppliers across these categories, identifying those adopting one or more of our principles of sustainable and regenerative practices, as evidenced by independent certification. We will increase this engagement in F24 to capture the efforts of our suppliers and identify improvement opportunities
- sourcing high-risk commodities (e.g. pulp, paper, timber, palm oil, cocoa, tea, coffee, soy, fresh beef) in own brand products from net zero-deforestation supply chains – traced back to land that has not been deforested since 2020.

➔ **Access our 2023 Sustainability Report at [woolworthsgroup.com.au/reports](https://www.woolworthsgroup.com.au/reports) for more information**

¹ Includes red meat, poultry and seafood, and fruit and vegetables.

Collaborating on sustainable and regenerative agriculture

Partnerships are critical to delivering impact in our value chain. Our active involvement in industry forums and pilots enables us to understand drivers for change and test the value propositions for applying new frameworks and practices.

We have joined the Australian Sustainable Agriculture Initiative Platform (SAI Platform) to improve our understanding of Australian and global sustainable agriculture best practices and identify opportunities to increase their adoption in our supply chains. We will work with SAI to build our teams' and suppliers' capabilities in the coming year.

In New Zealand, we progressed the Regenerative Management Systems for New Zealand Vegetable Production project co-funded by the Ministry of Primary Industries' Sustainable Food and Fibre Futures Fund. The project is conducted in partnership with produce supplier LeaderBrand Produce and Crown Research Institute, Plant and Food Research. It aims to understand and validate the feasibility of incorporating regenerative practices into intensive vegetable production through on-farm trials. The project's findings will inform our approach to regenerative agriculture across Australia and New Zealand.



Sustainably sourcing our protein and high-risk commodities

In the past year, we have performed our first deforestation risk assessment, focusing on Queensland and Northern New South Wales as it is a considerable source of Woolworths Supermarkets' fresh beef. Our analysis approximated sourcing distances based on transport guidelines detailed in our Animal Welfare Policy. As a result, the assessment captured a broad geographic region and did not assess specific properties, identifying that 98% of areas assessed exhibited no or less than 1% of primary forest loss and eight areas had over 1% of primary forest loss in 2021 (based on publicly available data).

This is a complex space and we are working to improve our understanding. In F24, we will use our baseline study to continue to assess and understand our footprint, the extent of our interface with areas of primary loss and the drivers of land use change in those areas (e.g. clearing for grazing, approved land management practices, fire, drought and other land uses). This will enable us to implement targeted actions that deliver on our climate and nature-related commitments in relation to beef.

TNFD pilot on nature-related risks in the food value chain

We participated in the Department of Climate Change, Energy, the Environment and Water's pilot of the TNFD framework, applied across five sectors of national significance, including the food value chain.

Our pilot focused on beef and salmon; identifying that most nature-based risk in our value chain occurs in primary production. The pilot reinforced that our suppliers' dependency on nature and capability to measure their impact varied significantly. The measurement of biodiversity in particular was a challenge that required a consistent and location appropriate approach. Definition aside, many of our suppliers and value chains are already measuring the likes of waterway and soil health that can be used or adapted to report against the TNFD.

In F24, we will incorporate insights from the pilot to identify and manage nature-based risk. We will focus on priority impact hotspots and dependencies to help us develop and implement solutions to mitigate and restore nature loss in our value chain.

We will also participate in the Natural Capital Investment Initiative (NCII) convened by the Climateworks Centre. Our involvement in the NCII will inform our approach to measuring natural capital in our supply chain, focused initially on red meat. Measurement allows us to assign value to natural capital and consider ways to incentivise improved natural resource stewardship and decarbonisation outcomes.



Prioritising risk management

As part of our alignment with TCFD, we commenced climate scenario analysis in 2020. We have since evolved our approach in response to the latest climate information, better coverage of Group operations, and feedback from the business. The insights from scenario analysis arise from a stress test of our existing strategic priorities against different, yet plausible futures to identify and assess material risks and opportunities.

Nature is an emerging focus area for Woolworths Group. In F24, enabled by the TNFD framework, we will work to understand and report on our approach and management of nature-related risks and opportunities.

Scenario selection and focus areas¹

As part of this report we have included four physical climate scenarios selected based on plausible warming pathways referenced by the IPCC.² These are bounded by a low warming pathway representing a 1.5°C world and a high warming pathway representing a 4.5°C world. The in-between scenarios represent trajectories closer to the current rate of emissions, existing global policy commitments and the Nationally Determined Contributions (NDCs) of Australia and New Zealand (2–3°C warming).

When considering climate risk and opportunity, we build on a mix of physical and transition risks across our operations. We also consider risks related to food security. This comprises a mix of physical and transition elements impacting the food and products we sell.

- Building upon last year's findings, our transition risks are now more effectively mitigated through inclusion of our transport decarbonisation strategy ([page 50](#)).
- Across physical infrastructure risk, there has been no significant increase in our exposure to losses associated with extreme weather. Flooding remains the key physical risk across all property types. We will incorporate the potential increase of future flood risk into existing site selection and design procedures.
- Food security remains the most material challenge, with both low and high warming scenarios presenting significant costs to be borne across the value chain. Under low warming scenarios, food security costs are associated with the required decarbonisation of the food supply chain and the potential carbon liability of residual emissions. Under high warming scenarios, food security costs are mainly driven by reduced crop productivity and availability, and associated price increases. How food security costs, under all scenarios, might be absorbed across the value chain is yet to play out and remains unclear.

¹ A scenario describes a plausible, but hypothetical, path of development leading to a particular future outcome. Scenarios are not forecasts or predictions – they are 'what if' narratives designed to inform and challenge strategic thinking.




² IPCC, Climate Change 2021, The Physical Science Basis.



Climate risks and opportunities

The following table summarises the outcomes of our climate scenario modelling which presents an assessment of climate risks and opportunities across our three themes – physical, transitional and food security. We also note under which scenario the risk is most material, and the time horizon over which the risk applies. In future years, this modelling work will enable us to quantify impacts.

IN WHICH SCENARIO IS THE RISK MOST MATERIAL	RISK	MITIGATION AND OPPORTUNITY	TIME HORIZON		
			Short <i>now-2025</i>	Medium <i>2026-2030</i>	Long <i>2031-2050</i>
Physical — Operations					
Higher 4.5°C	In our review of physical risk across more than 1,400 locations looking at flood, heat, fire, wind and soil movement, flooding represents the most material risk of asset damage. This is due to the fact that major flooding events usually require a complete rebuild of the internal store. We reviewed costs of cleaning and store replacement and extrapolated this to future expenditure under different scenarios. The most common event is likely to be extreme heat that could affect product safety. This could occur three to four times more often by 2050. Substantial growth in online shopping will likely change the mix of asset types requiring climate-resilient design. We have more responsibility and control over online CFCs than supermarkets within leased shopping centres.	We work to improve our assets' resilience through backup power generation, flood barriers, rainwater harvesting and roof strengthening. To cater to extreme heat, we will review and continue to adjust refrigeration system designs to mitigate impacts on product safety. Most of our resilience work has so far focused on supermarkets, but it will expand to cover all assets at risk. We will incorporate the potential increase of future flood risk into existing site selection and design procedures. New developments targeting Green Star ratings will also target the Climate Change Resilience credit. This credit requires all high risks to be addressed during design, providing climate-resilient buildings from day one. We also incorporate heat resilient design through appropriate roof selection, landscaping and refrigeration designed for higher than typical ambient temperatures.	Short <i>now-2025</i>	Medium <i>2026-2030</i>	Long <i>2031-2050</i>
Transition — Policy and legal					
Lower 1.5°C	Until we reach zero emissions, we are exposed to costs related to increased regulation of greenhouse gases.	We now have mitigation plans for all material scope 1 and 2 emissions representing approximately 80% of our current footprint by 2030, and approximately 99% of our footprint by the time we reach net positive emissions by 2050.	Short <i>now-2025</i>	Medium <i>2026-2030</i>	
Lower 1.5°C	Our latest scenario modelling accounts for potential value chain financial risks made up of (1) commodity price impacts, and (2) scope 3 carbon liability. We now see impacts in lower-warming scenarios due to the potential cost associated with industry-wide emissions reductions alongside any residual carbon liabilities of the goods we sell.	The financial risk associated with a carbon liability in our value chain poses a shared challenge of investing in decarbonisation. We aim to mitigate this potential liability through various approaches, with two examples provided below. For upstream emissions related to the products we sell, our supplier value chain emissions program continues to grow, helping us and our suppliers understand and quantify opportunities to support emissions reductions (page 52). From F24, we will begin incorporating internal carbon shadow pricing into material areas of capital expenditure.		Medium <i>2026-2030</i>	Long <i>2031-2050</i>

Key:
 Short: Centres around 2025 strategy
 Medium: Centres around 2030 climate horizon and most likely policy changes
 Long: Centres around 2050 climate horizon where physical change is clearer

IN WHICH SCENARIO IS THE RISK MOST MATERIAL	RISK	MITIGATION AND OPPORTUNITY	TIME HORIZON		
			Short <i>now-2025</i>	Medium <i>2026-2030</i>	Long <i>2031-2050</i>
Transition — Technological					
Lower 1.5°C	Delayed adoption of new low emissions technologies could reduce our competitiveness. Developing our transport decarbonisation strategy (page 50) has highlighted the challenges to decarbonise transport in the short-medium term.	We continue rolling out onsite renewables and low-Global Warming Potential (GWP) refrigeration. Traditionally this has been difficult to design in high-humidity areas. However, we continue to expand locations where we can install low-GWP refrigerants. Our transport decarbonisation strategy aims to enable reductions in scope 1 transport carbon liability of ~60% by 2030.	Short <i>now-2025</i>	Medium <i>2026-2030</i>	
Transition — Reputational					
Lower 1.5°C	Customer expectations for sustainable products continue to build, as do investor expectations for corporate behaviour. Being seen as a laggard can impact both sales and investment. This expectation is broader than just climate, also covering animal welfare, deforestation, and other natural impacts.	We continue engaging with our stakeholders, including investors and customers, through the Voice of Customer survey, team, and supplier channels to improve sustainability outcomes. To provide truly sustainable products, we need to reduce emissions along all of our value chain. This is discussed in more detail in our section on Partnering to reduce scope 3 emissions. In addition, the continued improvements we're making on animal welfare and deforestation contribute to providing customers with more sustainable products (see our 2023 Sustainability Report for further detail).	Short <i>now-2025</i>	Medium <i>2026-2030</i>	
Transition — Market					
Lower 1.5°C	Consumer preferences could affect our mix of product sales and revenue.	Customer surveys suggest a growing momentum towards less carbon intensive products and more diverse protein options. This implies a need to decarbonise across all products, starting with high emissions livestock-based commodities. While there is currently a difference between stated preferences and sales data, we continue to monitor evolving trends globally, and are working on how to both better communicate the emissions footprint of our products and to ensure we provide a product mix that aligns to consumer preferences across emissions and other sustainability indicators. We will continue to improve our animal welfare practices.	Short <i>now-2025</i>	Medium <i>2026-2030</i>	

IN WHICH SCENARIO IS THE RISK MOST MATERIAL	RISK	MITIGATION AND OPPORTUNITY	TIME HORIZON		
			Short now-2025	Medium 2026-2030	Long 2031-2050
Lower 1.5°C					
Higher 4.5°C	<p>Food security</p> <p>Food security represents the most material and uncertain risk for the Australian grocery sector. Our prices are tightly linked with global markets. The agricultural system will likely evolve into one where the areas harvested increase, but yields decrease due to climate-related factors.</p> <p>While we will be able to maintain our existing product range, if not managed proactively, this could result in lower productivity, and potentially higher costs to us and our customers.</p>	<p>The more specific commodity insights we gained will help us prioritise where to focus our sourcing efforts to mitigate climate-related risks.</p> <p>Rapid decarbonisation of the food supply chain is needed, through a combination of supply and demand-side initiatives. Nature-based solutions that simultaneously contribute to carbon sequestration as well as improve agricultural productivity will play a big part, such as tree planting to provide shelterbelts and incorporation of perennial pastures in livestock production.</p> <p>As food security is such a broad challenge, there is an opportunity to partner across industry and government to achieve the most effective outcome. By proactively identifying where we can take action to strengthen the resilience of our supply chain, both through agricultural productivity as well as diversity of supply, we can continue to provide value to our customers over the long term.</p>			Long 2031-2050

Methodology for scenario analysis

Our key policy and development assumptions are drawn from the Shared Socioeconomic Pathways (SSPs) used in the IPCC Sixth Assessment Report, and adapted to Australian trajectories where possible. These adaptations include the latest Australian Energy Market Operator (AEMO) Integrated Service Plan 2022 for local insights about grid electricity emissions. We drew further national parameters from the CSIRO’s Australian National Outlook. Climate scenario analysis before 2022 considered varied population metrics according to the SSPs. This variation dominated all financial modelling because population heavily influences the Group’s financial outcomes. Because of that, we have retained a consistent population forecast across all scenarios. Woolworths Group-specific inputs were standard across all scenarios. Material inputs included applying our current climate and nature strategy, a consistent market share, store growth and store mix forecasts. Costs of store-closure impacts relating to previous weather events were extrapolated for the different scenarios. This year, a significant addition included our transition to zero-emissions transport, guided by our recently endorsed transport decarbonisation strategy, rather than relying on national assumptions.

SCENARIO	1.5°C SCENARIO	2.0°C SCENARIO	2.7°C SCENARIO	4.5°C SCENARIO
IPCC reference and socioeconomic pathway	SSP1-1.9 Sustainability	SSP1-2.6 Sustainability	SSP2-4.5 Middle of the Road	SSP5-8.5 Fossil-fuelled Development
Population growth	SSP2			
AEMO (2022 Integrated System Plan)	Step change	Progressive change	Slow change	Slow change
Australian National Outlook (CSIRO)	Green and Gold	Thriving Australia	Slow Decline	Slow Decline
Woolworths Group inputs	As these relate to business strategy they are the same across all scenarios: <ul style="list-style-type: none"> Existing emissions transition plans (e.g. green electricity, lower emissions refrigerants, Group transport decarbonisation) Store growth as well as product mix integrated with business forecasts Consistent market share Revenue impacts to stores based on extreme weather-related closures 			

Way forward in F24

Governance

With the launch of the ISSB Climate-related disclosure framework, we are preparing for how we best report against this whilst also aiming to align with the TNFD. We will assess climate and nature risks, potential impacts and controls as part of the Group’s material risks.

Strategy

The scope 3 value chain emissions pilot has provided many learnings and insights that will inform the development of a scope 3 emissions reduction strategy that integrates climate and nature. This strategy will set out how we work across our value chain to enable the implementation of emissions reduction solutions, including those that have co-benefits in nature.

Commencing in F24, we will also pilot shadow carbon pricing across critical business areas to accelerate our decarbonisation journey beyond the goods we sell.

Risk management

The development of climate change resilience plans for our physical assets and logistics network will continue with mandated resilience measures for new builds and renewals. We will track site-level progress to demonstrate our physical assets’ growing resilience.

In the coming year, we will use the insights from our climate scenario modelling, and findings from TNFD and natural capital pilots, to explore opportunities offered by nature-based solutions. These learnings can enable us to report on nature-related risks and opportunities.

Metrics and targets

SBT’s recent release of guidance for forestry, land and agriculture sector (FLAG) organisations requires us to reset our baseline and targets. We anticipate finalising the process in F24. This will see our scope 3 emissions align to a 1.5°C reduction pathway.

Our material risks

We continue to operate in a challenging macroeconomic environment characterised by elevated inflation, global supply chain disruptions, severe weather events and regulatory reform. A key challenge in F23 was rising cost-of-living pressures which impacted our customers and communities, and resulted in increased levels of theft and violence towards our team.

As recent events have shown, sophisticated cyber attacks and data breaches have added layers of complexity to our risk landscape and, as a result, there has been a heightening of our data management and privacy risk. We continue to monitor evolving threats and refine our processes and controls as the digital environment grows.

Our risks are becoming increasingly interconnected and complex, requiring a practical and straightforward risk management approach that is consistently reviewed, assessed, and where necessary, adjusted through the appropriate governance forums. Our risk management framework guides our approach to managing risks and we continue to refine by listening and learning to our customers, team, and communities.

As the shape of our Group continues to change, we have embedded our risk management approach within each of our businesses and throughout the acquisition lifecycle.

We are focused on equipping our teams with practical tools and frameworks that allow them to confidently make risk-informed choices, leading to better outcomes for our customers, teams, shareholders, and communities.

This year we updated our Board approved risk appetite statements to better align to our strategy, operational environment and our purpose and ways-of-working. Each risk appetite statement has a Group executive sponsor (RAS Lead) who determines whether we are meeting our risk objective.

We think about our risks in the following way:

- Operational – risks we manage as part of our daily business activities
- Strategic – risks that should they materialise could impact our ability to deliver our strategic goals
- Emerging – risks that could materialise over time that we would need to respond to.

Our most significant risks, those that if not managed effectively would have material consequences, form our material risks. For our material risks, we have taken a consistent approach to how we implement, monitor and test the effectiveness of controls, including response plans. These risks are monitored formally by one of our governance committees. For other risks, our response is determined by our risk appetite posture, taking into consideration the changing shape of the internal and external environment.

Our risk approach and material risks reported have not changed compared with our disclosures contained within the 2022 Annual Report; however, there has been a heightening of our outlook with regards to data management and privacy, commensurate with the increasing reliance on technology and the digitisation of our operations. The material risks faced by our Group and the risk management approach to each of them are outlined on pages 62 to 65.

➔ Further information in relation to risk management can be found throughout the Annual Report and in the Corporate Governance Statement at woolworthsgroup.com.au/reports.

Macro risk factors

Macro risk factors are attributes, characteristics or exposures that increase the likelihood of a risk occurring. These are closely monitored as they are a cause of many of our material risks, examples include:

Climate

The material risks impacted by climate include: strategy and transformation; customer; legal, regulatory and governance; product safety; supply chain and operational resilience; and sustainability.

Cyber

The material risks impacted by cyber include: technology; customer; supply chain and operational resilience; privacy and data management; financial; legal, regulatory and governance; and safety, health and wellbeing.

Risk management oversight

Below is an overview of Woolworths Group’s risk governance and management. This also includes the key responsibilities of the Board and Board Committees, the Group Executive Committee, the risk community, internal audit and business leaders. The Group applies a three lines of accountability model approach to managing risk and compliance obligations.

RISK LEADERSHIP

The Board of Directors

(with input from Audit and Finance Committee, People Committee, Risk Committee, Sustainability Committee and Nomination Committee)

Sets and communicates expectations for risk management	Approves Woolworths Group ways-of-working, core values and code of conduct to underpin the desired culture	Satisfies itself that Woolworths Group has in place an appropriate risk management framework	Sets risk appetite and provides oversight of material risk exposures and risk-taking	Monitors the effectiveness of Woolworths Group governance practices
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Group Executive Committee

Sets business direction and resolves significant enterprise risk issues	Provides recommendations to the Board on risk policy, frameworks and risk practices	Manages material risks and reporting on material risk matters	Implements effective risk management in the business units
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THREE LINES OF ACCOUNTABILITY

1ST LINE OF ACCOUNTABILITY

Business

Owns and manages risk

Group businesses
Group platforms

2ND LINE OF ACCOUNTABILITY

Oversight functions

Oversees and sets frameworks and standards. Independently monitors and provides analysis and reporting on risks and controls

Group Risk Enablement
People team
Group Safety, Health & Wellbeing
Group Legal & Compliance
Group Finance
Group Sustainability

3RD LINE OF ACCOUNTABILITY

Independent assurance

Provides independent assurance of frameworks and controls effectiveness

Internal Audit
External Audit





Product safety

Risk movement: No change

We consider the safety of our customers to be paramount. Unsafe products may result in injury, harm or illness to our customers. If we are unable to meet the requirements of our product safety frameworks, we will be subject to regulatory impacts, claims, and reputational damage.

Our risk management approach includes:

- dedicated product and food safety teams across the Group who lead our response to customer complaints and the withdrawal or recall of products when required
- clear end-to-end procedures and processes for managing product safety in our supply chain from design, manufacturing, transport, and storage to customer purchase
- ongoing review and monitoring of controls throughout the product lifecycle to confirm compliance with mandatory and internal safety requirements
- using diverse data sources and analytics to identify product safety issues.

Committee: Board, Risk Committee, Group Executive Committee

RAS Lead: Managing Director, Woolworths Food Company



Pay and entitlements

Risk movement: Decrease

Paying our team correctly and rewarding them fairly is critical to maintaining trust, team member engagement, reputation and living our values of caring deeply and doing the right thing. We acknowledge our historical challenges in this area. We remain focused on repaying pay shortfalls, while bolstering our internal processes and governance so we are confident we are paying our team correctly.

Our risk management approach includes:

- clear leadership and accountability for our pay program across the Group
- significant focus and investment in understanding our obligations and enhancing our pay processes
- ongoing review and monitoring of controls across our end-to-end pay processes, including changes to our business, systems, and external environment
- proactive reviews of our industrial instruments (including over 30 enterprise and collective agreements in Australia and New Zealand) to confirm appropriate system configuration
- continuing our remediation programs, including making repayments to current and former team members
- a range of governance and oversight mechanisms, including specific management forums and regular reporting.

Committee: Board, People Committee, Group Executive Committee

RAS Lead: Chief People Officer



People

Risk movement: No change

Our team is critical to our success. We must attract, retain, and develop team members with diverse skills, capabilities and backgrounds. We know that building a great team experience is core to achieving this goal.

Our risk management approach includes:

- attracting and retaining a diverse workforce that reflects the communities in which we operate, with clear targets and inclusive hiring program striving for an inclusive, safe, and caring work environment through deliberate steps to address bullying, harassment and discrimination
- building a Customer 1st, Team 1st culture which aims to provide a sense of belonging and inclusion, giving everyone an equal opportunity for growth and development
- investment in dedicated people risk management initiatives to understand and build confidence across a range of team-related risks (including pay, resourcing, conduct and behaviour, industrial action, data, privacy, and safety, health and wellbeing)
- listening to our team members through Voice of Team surveys and other mechanisms to adapt and refine our existing people strategies and continuously improve team experience
- embracing agile and flexible working, including refreshed physical spaces in many of our support offices and a 'work from anywhere' policy (including internationally) within certain guardrails
- focused attention on proactive talent management and strategic workforce planning to confirm that we have the skills we need today and for the future.

Committee: Board, People Committee, Group Executive Committee

RAS Lead: Chief People Officer



Safety, health and wellbeing

Risk movement: No change

Providing a safe and healthy workplace for our teams (including contractors) and customers is one of our foundational objectives, ensuring all return home safely, every day. We maintain high standards of control to reduce the likelihood of serious injury and fatality risk. Along with physical health and safety, we are committed to managing the risk of psychosocial hazards in the workplace, which could cause harm to our teams' mental health and wellbeing, such as bullying, harassment (including sexual harassment, workplace violence, aggression, and mental stress).

Our risk management approach includes:

- ensuring all leaders are accountable and provide active leadership, along with their teams, for creating a safe and healthy workplace
- a dedicated safety, health and wellbeing team who provide technical expertise and support; regular safety, health and wellbeing training provided to all team
- an independently verified safety management system that proactively manages both occupational injury and illness; along with material events that may lead to serious harm
- ongoing review and monitoring of controls, supported by independent assurance activities to assess their effectiveness
- Board, management and business-unit specific health and safety governance to oversee the key metrics and monitor the effectiveness of related controls
- offering Good Shepherd, a financial wellbeing program, to provide support and solutions for team members
- utilising Sonder proactive wellbeing, alongside support during challenging times or after an incident.

Committee: Board, People Committee, Group Executive Committee

RAS Lead: Chief People Officer



Privacy and data management

Risk movement: Increase

Quality data is one of our most important organisational assets which positively impacts how we make investment, strategic, and operational decisions. The misuse of customer and team data has the potential to result in significant brand and reputational damage, adverse regulatory outcomes, financial impacts, and loss of customer trust.

Our risk management approach includes:

- dedicated privacy, data ethics, data stewards and risk experts embedded across the business to provide specialist support
- the establishment of a comprehensive set of frameworks to manage privacy, data ethics, and data management risk
- regular training and awareness programs to provide our teams with an understanding of privacy and data management commensurate to their role and responsibilities
- launching the Woolworths Group Privacy Centre to provide increased transparency to our customers on how we manage their personal information
- the Woolworths Group Data Governance Council establishes best practices on how data is managed across our business
- processes to respond to data or privacy-related incidents or complaints should they occur.

Committee: Board, Risk Committee, Group Executive Committee

RAS Lead: Managing Director, WooliesX; Chief Information Officer & Director, Group Enablement



Customer

Risk movement: No change

Changing customer expectations requires us to continually evolve our business model to meet their needs and preferences, with impacts to brand, reputation and market share if not managed effectively. Our ability to respond to our customers' needs and expectations has been particularly important in the context of rising cost-of-living pressures in Australia and New Zealand caused by a high-inflationary environment and rising interest rates.

Our risk management approach includes:

- dedicated customer strategy, marketing, and insight teams working closely together to monitor trends and developments both locally and globally to assist in a cross-functional and holistic response to our customer propositions across the Group
- listening and engaging with our customers through Voice of Customer surveys and adopting learnings into existing strategies
- sharing qualitative and quantitative customer feedback from our stores, customer hub, and online channels with our teams to improve our customer proposition in our stores and online.

Committee: Board, Group Executive Committee

RAS Lead: Chief Transformation Officer; Chief Marketing Officer; Director of Government Relations and Industry Affairs





Sustainability

Risk movement: No change

Our commitment to sustainability is a core part of living our purpose, values, and ways-of-working. We are also committed to protecting the rights of workers across our global supply chain. By focusing on how we manage our environmental impacts, our contribution to a healthier and more inclusive society, how we source our products, and how we protect the rights of workers; we will maintain our position as a responsible and trusted retailer.

Climate change-related risks such as transition risk, physical infrastructure risk, and food security risk could impact our business operations and fall short of stakeholder and societal expectations if not managed appropriately.

Our risk management approach includes:

- monitoring our commitments within our Group Sustainability Plan 2025 and reporting our progress to our governance forums to demonstrate that we are accountable, maintaining our leadership intent and effectively integrating sustainability across our businesses and platforms
- annual review of the human rights program, including assessment against key external benchmarks and stakeholder feedback for continuous program improvement and refinement of our controls. Our programs include due diligence requirements for specific suppliers, plus self-assessments, audits, and contractual requirements
- assessment and modelling of climate change scenarios which feeds into our operational resilience planning and decision making.

Further detail on our material sustainability-related risks can be found on pages 42 to 59 as well as our Sustainability Report.

Committee: Board, Sustainability Committee, Group Executive Committee

RAS Lead: Chief Sustainability Officer



Technology

Risk movement: No change

Our technology footprint continues to grow in size and complexity due to changing business or regulatory requirements. Associated with this is the increasing threat of cyber and risk. As a result, we continue to evolve our cyber and risk related capabilities to strengthen operational and data security.

Our risk management approach includes:

- continually enhancing our critical technology processes, and cyber control frameworks and standards supported by investment in technologies, systems, infrastructure, and capabilities to provide secure, stable and available platforms
- regular review and monitoring of our information technology infrastructure and applications to assess security threats, supported by full incident response and management programs
- engagement of independent parties to provide assurance over the adequacy and strength of our cyber and security processes and controls
- replacing obsolete technology assets and/or keeping our technology assets current
- ongoing review and monitoring of controls, supported by independent assurance activities to assess their effectiveness
- governance and oversight mechanisms to adapt to the ever-changing threats and regulatory requirements that support decisions and investment towards technology enablement, system availability, and information security.

Committee: Board, Risk Committee, Group Executive Committee

RAS Lead: Chief Information Officer & Director, Group Enablement



Supply chain and operational resilience

Risk movement: No change

Minimising interruption in our international and domestic supply chain means that we are able to maintain the availability of products and services to the customers and communities we serve. This includes understanding the physical impacts of climate change on our assets and operations. Over the past 12 months the resilience of our supply chain has been tested as we responded to post pandemic-related absenteeism, extreme weather events, and geopolitical tensions.

Our risk management approach includes:

- review and approval of the Group's supply chain strategy and network plans by the Board with capital investment to build network resilience by optimising our distribution and customer fulfilment centres, transport operations, and last-mile deliveries
- business resilience frameworks, standards and tools to provide guidance on how we prevent, prepare, respond to, and recover from key events
- maintaining our critical infrastructure risk management program to meet our requirements under the SOCI Act
- monitoring and responding to key events that threaten the continuity of our operations through crisis and emergency management teams and protocols
- working closely with our supply chain and transport partners to respond to changes in our environment internally and externally, including the impacts of climate change
- forward-looking scenario and business continuity planning to manage the flow and distribution of product and maintain operations for natural disasters or pandemic-related events.

Committee: Board, Group Executive Committee

RAS Lead: Managing Director, Primary Connect & Chief Supply Chain Officer; Chief Information Officer & Director, Group Enablement



Financial

Risk movement: No change

We are committed to providing accurate, timely and transparent financial disclosures whilst building financial strength and optimising our financial performance. We are exposed to adverse movements in foreign exchange, interest and inflation rates that could impact profitability and the availability of liquidity. Liquidity management, including making timely payments to team members and suppliers, is an important operational requirement and necessary to support growth initiatives.

Our risk management approach includes:

- managing specific treasury risks, interest rates, foreign currency, and counterparty risks in line with our treasury policy
- regular monitoring of financial performance, including key performance metrics, and revision to short-term and longer-term financial targets to incorporate changes to the external market. Results are subject to external audits
- conducting sensitivity analysis and scenario planning to assess the adequacy of our funding and long-term liquidity position, including our ability to deliver strategic initiatives
- establishing dedicated cross-functional working groups to monitor and respond to areas of emerging risk. For example, the impact of inflationary pressures
- an insurance program that protects us against accidents, natural disasters, and other events. We have a range of externally placed insurance policies and self-insured programs which we monitor to help us manage our risk exposure. We consider our insurance program to be sufficient in the context of the nature and scale of our business
- ongoing monitoring of new accounting, financial and tax regulations and implementing required changes to enable compliance.

Committee: Board, Audit and Finance Committee, Group Executive Committee

RAS Lead: Chief Financial Officer



Strategy and transformation

Risk movement: No change

We aspire to create better experiences for our customers, teams, communities, and other stakeholders. Our Group businesses and platforms come together to deliver on our purpose and strategic objectives in a competitive retail environment.

Failure to execute our strategy may impact our ability to remain competitive and deliver our growth plans. As such, we manage strategy and transformation risks by working with agility and end-to-end as one team.

Our risk management approach includes:

- dedicated strategy teams, transformation teams and change management capabilities that partner with the business to assist with evaluating and mitigating the impact of continued and significant change on our operations and our team
- considering risks in the operational and strategic planning rhythms, quarterly delivery cycles, and through our M&A activities. Review and approval of our strategies by the Board and regular updates on progress against agreed metrics
- consideration of risks when developing significant projects through our project risk framework
- assigning accountability of our strategic objectives to key management in the annual strategy and quarterly delivery cycles
- key management and governance forums to review and analyse key metrics and trends with regards to customer buying patterns, supplier metrics, team results, the competitive landscape, regulatory changes, future sales propositions, promotions, and marketing activities to monitor and adjust priorities.

Committee: Board, Group Executive Committee

RAS Lead: Chief Executive Officer; Chief Transformation Officer



Legal, regulatory and governance

Risk movement: No change

We are subject to a wide range of legal and regulatory requirements, in relation to health and safety, product safety, employment, competition and consumer, and corporate regulation.

Failure to comply with any legal and regulatory requirements could negatively impact our team, customers, operations, shareholders and reputation, and expose the Group to investigations, litigation or prosecution which may adversely impact our financial performance and licence to operate.

Our risk management approach includes:

- dedicated legal compliance and risk teams who partner with our businesses and other operations to advise on and monitor legal, regulatory, and public policy changes and issues and support innovative opportunities
- our code of conduct which provides clear guidance to all of the Woolworths Group team on our compliance and behavioural expectations, and includes a clear statement of our core values
- having a compliance risk framework, business-specific operational compliance plans, and assurance programs, which support effective operations and identifying any emerging or changing regulatory impact
- new starter and annual compliance training programs which are required to be completed by all team members
- our ethics reporting service (Speak Up), which encompasses a formal whistleblowing process through which we actively encourage current and former team members, suppliers, and their families to report, anonymously or otherwise, any wrongdoing or breaches of the law.

Committee: Board, Risk Committee, Group Executive Committee

RAS Lead: Chief Legal Officer



Governance

Our purpose of creating better experiences together for a better tomorrow guides us to better meet the needs of our customers, teams, shareholders, and other key stakeholders. Woolworths Group is committed to a high standard of corporate governance. Good governance goes beyond legal compliance; we see it as central to our approach to creating sustainable growth and enhancing long-term shareholder value.

The Board program is formulated each year to achieve an appropriate balance between governance and oversight, continuous learning focused on relevant industry developments, awareness of emerging risks, and market conditions. The program comprises formal meetings, business briefings, presentations from internal and external specialists and advisors, site visits, engagement with team, and meetings with key stakeholders.

Board meetings are structured to balance recurring items, such as strategy, team, customer and community, business performance, financial and other reporting, sustainability, financial and non-financial risks, legal, regulatory, government and policy developments, with other material matters arising from time to time. The Board actively monitors performance against our strategic priorities, our purpose and our values.

The Board Committees have an annual program of deep dives, with 14 topics considered across F23.

Business engagement beyond formal meetings included showcases on topics such as health, logistics and store operations, and site visits in various locations across the east coast of Australia and the North Island of New Zealand.

Woolworths Group has also followed each of the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) throughout the reporting period. Further details of the key corporate governance policies and practices of Woolworths Group during the year are set out in the Corporate Governance Statement, which is available on the Woolworths Group website: www.woolworthsgroup.com.au.

The members of the Board of Directors and the current composition of the Board Committees are set out in the Board of Directors section.



➔ Further information about their skills and experience is set out on pages 67 to 70.

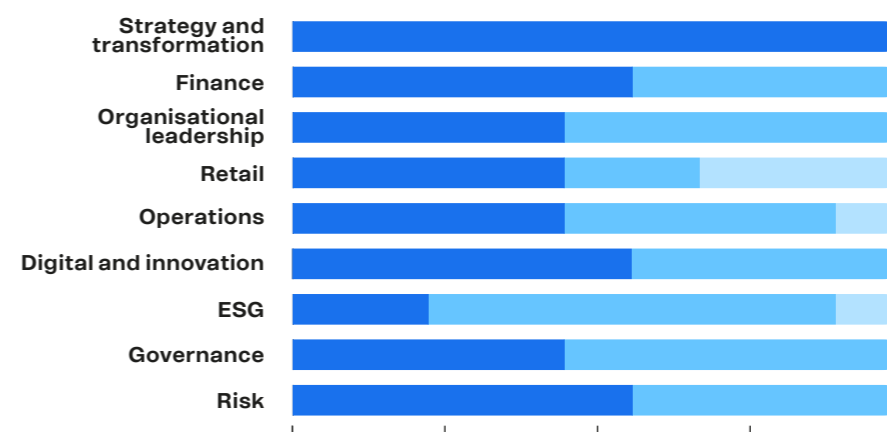
Board capability, composition and tenure

The Board is composed of a majority of independent non-executive directors with the skills and capabilities to fulfil their duty to act in the best interests of Woolworths Group. The effective application of those skills and capabilities enables the Board's contribution to the decision making and governance of the Group. The Board is comprised of individuals with both relevant skills and capabilities, and diversity of thinking. When combined with management, this leads to Woolworths Group fulfilling its potential through living its purpose, observing its values and executing on its strategy.

As part of the ongoing succession planning for the Board, the Nomination Committee reviewed the Board capability matrix, which took into consideration the skills and capabilities that the Board currently requires, together with those needed in the future. An assessment of the optimum mix of these capabilities takes place at least once a year. This also informs the identification and assessment of suitable future candidates for the Board.

A summary of the key skills and capabilities of directors is set out below:

Capability



Key: ● Extensive ● Practiced ● Low

Strategy and transformation: Identifying and critically assessing strategic opportunities and threats and associated business plans; overseeing successful transformation execution in large, complex organisations to create sustained, resilient business outcomes.

Finance: Effective oversight of capital, financial accounting and corporate reporting, including understanding key business financial drivers and the ability to evaluate the adequacies of internal financial controls and systems.

Organisational leadership (including people): Developing and assessing organisational structures and culture and its adherence to the Woolworths Group core values; people management and succession planning; setting strategy linked remuneration frameworks; and promoting inclusion and belonging.

Retail: Implementing customer-led transformation in the food, drinks or general merchandise sectors in large complex organisations, including global experience.

Operations (including supply chain and property): Overseeing physical and digital operations in large, complex organisations.

Digital and innovation: Evaluating and implementing new digital and physical technologies, including in depth understanding of the use of data and data analytics to continue to accelerate business transformation and meet evolving customer needs and expectations.

Environmental sustainability and governance: Developing and overseeing environmental sustainability and governance initiatives and strategies, including climate change, nature, carbon emissions reduction, human rights and responsible sourcing.

Governance (including regulatory and public policy): Identifying and managing governance, legal, regulatory, public policy and corporate affairs issues, including experience working or interacting with government and regulators.

Risk: Anticipating, identifying and managing key risks, including, financial, non-financial and emerging risks; monitoring the appropriateness and effectiveness of risk management frameworks and controls.

Board gender diversity



● Female 56%
● Male 44%

Board tenure



● 0-3 years 44%
● 3-6 years 12%
● 6-10 years 44%



Board of Directors



Scott Perkins BCom, LLB (Hons)

INDEPENDENT CHAIR

Background and experience: Scott is an experienced public company director and has extensive Australian and international experience as a leading corporate advisor on strategy, mergers and acquisitions, and capital market matters. He held senior executive leadership positions at Deutsche Bank from 1999 to 2013, including; Managing Director and Head of Corporate Finance for Australia and New Zealand, membership of the Asia Pacific Corporate and Investment Bank Management Committee and Chief Executive Officer of Deutsche Bank New Zealand.

Other roles: Chair of Origin Energy since October 2020 (Director since September 2015) and Director of Brambles (since June 2015).

Appointed Chair: 26 October 2022 **Appointed Director:** 1 September 2014

Committees: Member of Audit and Finance Committee, Member of Risk Committee, Member of People Committee, Member of Sustainability Committee, Chair of Nomination Committee



Brad Banducci MBA, LLB, BComm (Acc)

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Background and experience: Brad was appointed Managing Director and Chief Executive Officer in February 2016. Prior to this appointment, Brad was Managing Director of Woolworths Food Group from March 2015, and was Director of the Group's Drinks business between 2012 and 2015. Brad joined the Group in 2011 following the acquisition of the Cellarmasters Group, where he was Chief Executive Officer of Cellarmasters from 2007 to 2011. Prior to this, he was the Chief Financial Officer and Director at Tyro Payments and a Vice President and Director with The Boston Consulting Group, where he was a core member of their retail practice for 15 years.

Appointed: 26 February 2016



Warwick Bray BSci (Hons), MBA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Background and experience: Warwick has extensive finance and strategy expertise, bringing decades of experience from the international telecommunications, technology and media sectors. He was the former Chief Financial Officer of Telstra, and held various senior roles at Telstra, including Group Managing Director Mobile and Wireline Products, and Executive Director, Head of Corporate Strategy. Earlier in his career he was a Partner with McKinsey in Europe and was Managing Director and Head of Telecommunications Equity Research with JP Morgan and Dresdner Kleinwort Wasserstein.

Other roles: Non-executive director of Spark New Zealand Limited since 2019.

Appointed: 1 March 2023

Committees: Chair of Audit and Finance Committee, Member of Nomination Committee



Maxine Brenner BA, LLB

INDEPENDENT NON-EXECUTIVE DIRECTOR

Background and experience: Maxine has extensive corporate advisory experience, particularly in mergers and acquisitions and corporate restructures. She is a former Managing Director of Investment Banking at Investec Bank Limited Australia. She also practised as a corporate lawyer with Freehill Hollingdale & Page (now Herbert Smith Freehills) and spent several years as a lecturer in the Faculty of Law at both the University of NSW and the University of Sydney. She was previously a Director of Orica Limited (April 2013 to December 2022) and Growthpoint Properties Australia Limited (March 2012 to November 2020).

Other roles: Director of Qantas Airways Limited (since August 2013), Origin Energy (since November 2013), Telstra Group Limited (since February 2023) and a member of the University of NSW Council.

Appointed: 1 December 2020

Committees: Member of Audit and Finance Committee, Member of Risk Committee, Chair of People Committee, Member of Nomination Committee



Jennifer Carr-Smith BA Economics, MBA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Background and experience: Jennifer is a seasoned board director and online retail executive with experience across organisations undergoing rapid growth and transformation in a number of sectors, including consumer packaged goods, apparel and grocery. Jennifer has over 25 years' experience with diverse organisations from start-ups to large global companies. She is currently Chief Operating Officer of Athena Consumer Acquisition Corporation. She has previously held roles as Senior Vice President, General Manager of North America Local at Groupon, President and CEO of Peapod, an online grocery delivery service and director of Full Harvest (January 2020 to December 2022).

Other roles: Chair of Blue Apron since September 2021 (Director since October 2020), Local Bounty Corporation (since April 2023) and Perdue Farms (since February 2019).

Appointed: 17 May 2019

Committees: Member of Risk Committee, Member of Sustainability Committee, Member of Nomination Committee



Philip Chronican BCom (Hons), MBA (Dist), GAICD, SF Fin

INDEPENDENT NON-EXECUTIVE DIRECTOR

Background and experience: Philip has extensive strategic, financial and management expertise. He was responsible for the Retail and Commercial business of the Australia and New Zealand Banking Group Limited (ANZ) in Australia. Prior to joining ANZ, Mr Chronican had a long career at Westpac Banking Corporation (Westpac), including the roles of Group CFO of Westpac and Group Executive of its institutional business consecutively. He also served as NAB Interim Group CEO from March to November 2019. Philip also has broad experience in M&A activity and post-merger integration, and has taken an active and public role in advocating for greater transparency and ethics in banking and promoting workforce diversity.

Other roles: Chair of NAB since November 2019 (Director since May 2016).

Appointed: 1 October 2021

Committees: Member of Audit and Finance Committee, Chair of Risk Committee, Member of Nomination Committee



Board of Directors



Tracey Fellows BEc INDEPENDENT NON-EXECUTIVE DIRECTOR

Background and experience: Tracey is an experienced global technology and digital media executive. She was previously President of Global Digital Real Estate for News Corp, responsible for driving the strategy and growth of News Corp's digital real estate interests, and Chief Executive Officer of REA Group for over four years leading its growth within Australia and expansion into southeast Asia and India. Prior to this, Tracey was Executive General Manager of Australia Post leading transformation and integration for delivery of physical and digital mail for customers, President of Microsoft Asia Pacific, and CEO of Microsoft Australia.

Other roles: Director of REA Group Ltd (since August 2014) and Hemnet Group AB (since November 2020).

Appointed: 1 March 2023

Committees: Member of People Committee, Member of Nomination Committee



Holly Kramer BA (Hons), MBA INDEPENDENT NON-EXECUTIVE DIRECTOR

Background and experience: Holly is an experienced non-executive director and chief executive with extensive experience in retail and consumer markets across a range of industries. She is the former CEO of Australian retailer, Best & Less, and has more than 25 years' experience in general management, marketing and sales, including roles at the Ford Motor Company (in the US and Australia), Telstra Corporation and Pacific Brands. Holly was previously Deputy Chair of Australia Post, Chair of Lendi Group and director of Abacus Property Group (2018 to 2022) and AMP Limited. In her role as Chair of the Board Sustainability Committee, Holly is engaged with numerous sustainability activities. Holly is a director of agtech start-up Nbryo Pty Ltd, the Goodes-O'Loughlin Foundation and a Senior Advisor to climate investment firm Pollination.

Other roles: Director of Fonterra Co-operative Group Limited (since May 2020), ANZ Group Holdings Limited (since 1 August 2023), Endeavour Group Limited (since June 2021 retiring on 30 August 2023), and Pro Chancellor of Western Sydney University.

Appointed: 8 February 2016

Committees: Member of Risk Committee, Chair of Sustainability Committee, Member of Nomination Committee



Kathryn (Kathee) Tesija BSRMM (Fashion Merchandising) INDEPENDENT NON-EXECUTIVE DIRECTOR

Background and experience: Kathee has extensive retailing experience in the US market, particularly in merchandising and supply chain management. During a 30-year executive career with Target Corporation in the US, she served as Chief Merchandising and Supply Chain Officer and Executive Vice President. Kathee continued her involvement in Target as a Strategic Advisor until 2016. Ms Tesija was previously a Director of Verizon Communications, Inc.

Other roles: Director of the Clorox Company (since May 2020) and a senior advisor and consultant for Simpacful, a retail consulting agency in the US.

Appointed: 9 May 2016

Committees: Member of People Committee, Member of Sustainability Committee, Member of Nomination Committee

Group Executive Committee



Brad Banducci MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Biography available in Board of Directors, refer to page 68.



Amanda Bardwell MANAGING DIRECTOR, WOOLIESX

Amanda was appointed Managing Director of WooliesX in May 2017. Amanda joined the Group in 2011 and has held a number of roles across both the Food and Drinks businesses. Amanda holds an MBA from the University of New South Wales and a Bachelor of Business from the University of Technology, Queensland and is a member of Chief Executive Women.



Guy Brent MANAGING DIRECTOR, WOOLWORTHS FOOD COMPANY

Guy was appointed Managing Director, Woolworths Food Company in 2019. Prior to this, Guy was Director of BWS. Guy joined Woolworths Group in April 2011 after the acquisition of the Cellarmasters Group. Guy is a Chartered Accountant and has a BSC from the University of Bristol. Guy is also a non-executive director of OzHarvest.



Jane Danziger CHIEF TRANSFORMATION OFFICER

Jane was appointed Chief Transformation Officer in December 2022. Prior to joining Woolworths Group, Jane was a Partner and Managing Director at the Boston Consulting Group. Jane holds an MBA from Harvard Business School and a Bachelor of Engineering (Chemical) from the University of Sydney. Jane is also a member of Chief Executive Women.



Natalie Davis MANAGING DIRECTOR, WOOLWORTHS SUPERMARKETS

Natalie was appointed Managing Director, Woolworths Supermarkets in October 2020. Prior to this, Natalie was Managing Director, Woolworths New Zealand. Natalie joined the Group in 2015 as Director of Customer Transformation, Food Group. Prior to this, she was a Partner at McKinsey & Co. Natalie holds an MBA from INSEAD and a Bachelor of Commerce and Law degrees from the University of Sydney. She is also a member of Chief Executive Women.



Dan Hake MANAGING DIRECTOR, BIG W

Dan was appointed Managing Director, BIG W in November 2022. Prior to this, he held a number of senior roles within Woolworths Supermarkets and WooliesX. Prior to this, Dan joined the Group from the Boston Consulting Group. Dan holds a Master of Management Science from the Vienna University of Business and Economics.



Group Executive Committee



Stephen Harrison CHIEF FINANCIAL OFFICER

Stephen was appointed Chief Financial Officer in August 2019. Prior to his appointment, Stephen held the role of Finance Director for Australian Food from 2015. Prior to this, Stephen worked for a number of leading FMCG businesses in Australia and New Zealand and holds a Bachelor of Economics, Accounting and Finance from Macquarie University and is a Chartered Accountant.



Andrew Hicks CHIEF MARKETING OFFICER

Andrew was appointed Chief Marketing Officer in June 2019. Andrew joined Woolworths Group in 2008 and has held a number of leadership roles within the Food and Drinks businesses. Andrew has a Bachelor of Social Science and Marketing Honours degrees from the University of KwaZulu-Natal.



Alex Holt CHIEF SUSTAINABILITY OFFICER

Alex was appointed Chief Sustainability Officer in June 2021. Prior to this, Alex oversaw the Group's sustainability portfolio as General Manager of Sustainability, Health and Quality from 2016. Alex joined Woolworths Group in 2011 from Tesco and is also a non-executive director of Foodbank Australia.



John Hunt CHIEF INFORMATION AND REPLENISHMENT OFFICER

John was appointed Chief Information and Replenishment Officer in September 2021. An experienced retailer, prior to joining Woolworths Group in 2017 as Chief Information Officer, John spent over 25 years at Woolworths Holdings, South Africa, holding a number of senior positions including Senior Executive Replenishment Officer and Chief Information Officer.



Von Ingram MANAGING DIRECTOR, W LIVING

Von was appointed Managing Director, W Living in September 2022. Von joined Woolworths Group in July 2018 as Chief Transformation Officer. Prior to this, Von was Managing Director and Partner at The Boston Consulting Group. Von holds an MBA from Melbourne Business School and a Bachelor of Commerce from the University of Western Australia.



Annette Karantoni CHIEF SUPPLY CHAIN OFFICER AND MANAGING DIRECTOR, PRIMARY CONNECT

Annette was appointed Chief Supply Chain Officer and Managing Director, Primary Connect in February 2022. Prior to this, Annette was Director of the B2C eCommerce business within WooliesX and has held a number of leadership roles across the Group.



Caryn Katsikogianis CHIEF PEOPLE OFFICER

Caryn was appointed Chief People Officer in November 2016. Prior to this, Caryn held a number of leadership roles within People and Culture across the Group. Caryn holds a Bachelor of Commerce degree from the University of South Africa and is a member of Chief Executive Women.



Jaimie Lovell DIRECTOR OF GOVERNMENT RELATIONS AND INDUSTRY AFFAIRS

Jaimie was appointed Director of Government Relations and Industry Affairs in March 2023. Prior to joining the Group, Jaimie was at Westpac Group as the Head of Government Affairs and Public Policy. In addition to her corporate, industry and government experience, Jaimie holds a Ph.D. from the University of Sydney and is a graduate of the AICD.



Amitabh Mall CHIEF ANALYTICS OFFICER AND MANAGING DIRECTOR, WIQ

Amitabh was appointed Chief Analytics Officer in July 2021 and is the Managing Director of wiq. Prior to joining the Group, Amitabh was a Senior Partner & Managing Director at Boston Consulting Group. Amitabh holds an MBA from the Indian Institute of Management, Bangalore and a Bachelor of Commerce from Osmania University.



Rob McCartney MANAGING DIRECTOR, WOOLWORTHS 360

Rob was appointed Managing Director of Woolworths 360 in July 2020. Prior to this, Rob held the role of Format Development Director for Australian Food. Rob is an experienced retailer and has held a number of leadership roles within 7-Eleven, Coles and Target prior to joining Woolworths Group in 2015.



Bill Reid CHIEF LEGAL OFFICER

Bill joined Woolworths Group as Chief Legal Officer in October 2019. Prior to his appointment, Bill was a Senior Partner at Ashurst, leading the firm's Competition team. Bill holds an MBA from Melbourne Business School and a Bachelor of Laws from the University of Adelaide.



David Walker CHIEF RISK OFFICER

David was appointed Chief Risk Officer in November 2020 and is also the Chair of the Woolworths Group First Nations Advisory Board. Prior to this he was the Managing Director, BIG W from 2016. David is a member of Chartered Accountants Australia and New Zealand.



Spencer Sonn MANAGING DIRECTOR, WOOLWORTHS NEW ZEALAND

Spencer was appointed Managing Director, Woolworths New Zealand in March 2021. Prior to this, Spencer held the role of Managing Director, Food at Woolworths Holdings Limited, South Africa. Spencer completed the General Management Program at Harvard Business School in 2015.



Shareholder information (as at 1 August 2023)

The shareholder information set out below was applicable as at 1 August 2023.

Distribution of shares

Analysis of numbers of shareholders by size of holding:

RANGE OF SHARES	NUMBER OF SHAREHOLDERS	PERCENTAGE OF ISSUED CAPITAL %
1-1,000	248,845	6.75
1,001-5,000	102,157	18.01
5,001-10,000	9,915	5.67
10,001-100,000	4,375	6.94
100,001 and over	92	62.63
Total	365,384	100.00

All shares above are fully paid ordinary shares. Each fully paid ordinary share carries one voting right.

There were 7,841 holders of less than a marketable parcel of shares based on the closing market price on 1 August 2023 of \$39.09.

Top 20 largest shareholders

	NAME	NUMBER OF SHARES	PERCENTAGE OF ISSUED CAPITAL
1	HSBC Custody Nominees (Australia) Limited	297,019,686	24.37
2	JP Morgan Nominees Australia Pty Limited	206,138,629	16.91
3	Citicorp Nominees Pty Limited	102,634,544	8.42
4	BNP Paribas Nominees Pty Ltd	67,392,717	5.53
5	National Nominees Limited	29,823,573	2.45
6	Pacific Custodians Pty Limited	9,952,334	0.82
7	Netwealth Investments Limited	6,682,670	0.55
8	Australian Foundation Investment Company Limited	6,667,000	0.55
9	Woolworths Custodian Pty Ltd	4,233,917	0.35
10	Custodial Services Limited	3,984,037	0.33
11	Argo Investments Limited	3,479,526	0.29
12	IOOF Investment Services Limited	2,483,487	0.20
13	Washington H Soul Pattinson & Company Limited	2,113,271	0.17
14	Mutual Trust Pty Ltd	1,754,724	0.14
15	BNP Paribas NOMS (NZ) Ltd	1,488,142	0.12
16	Neweconomy.com.au Nominees Pty Ltd	1,399,092	0.11
17	Navigator Australia Ltd	1,355,439	0.11
18	The Senior Master of the Supreme Court	1,170,020	0.10
19	BKI Investment Company Limited Ltd	1,159,906	0.10
20	Nulis Nominees (Australia) Limited	991,055	0.08

Shareholder information (as at 1 August 2023)

Substantial shareholders

As at 1 August 2023, Woolworths Group Limited had been notified of the following substantial shareholdings:

HOLDER	NOTICE	HELD AT DATE OF NOTICE %	DATE OF NOTICE
BlackRock Group	80,972,196	6.43	29/05/2019
State Street Corporation	61,386,532	5.06	08/11/2021
Australian Super Pty Ltd	60,880,107	5.00	30/03/2023

Shares held at date of percentage of shares

Unquoted equity securities

As at 1 August 2023, there were 10,889,922 rights over unissued ordinary shares.

Dividend

The final dividend of 58 cents per share is expected to be paid on or around 27 September 2023 to eligible shareholders. No discount will apply to the dividend reinvestment plan for the 2023 final dividend. There is currently no limit on the number of shares that can participate in the dividend reinvestment plan. The Company intends to issue new shares to satisfy its obligations under the dividend reinvestment plan.

Stock exchange listings

Woolworths Group Limited ordinary shares are listed on the Australian Securities Exchange (ASX) under code: WOW.

Woolworths Group Limited shares may be traded in sponsored American Depository Receipts form in the United States.

Corporate Governance Statement

The Corporate Governance Statement is located on our website. Visit www.woolworthsgroup.com.au

Shareholder calendar ¹

2023

SEPTEMBER	1	Record date for final dividend
SEPTEMBER	27	Payment date for final dividend
OCTOBER	25	Announcement of first quarter sales results
OCTOBER	26	Annual General Meeting

2024

FEBRUARY	21	Announcement of 2024 half-year financial results
FEBRUARY	29	Record date for interim dividend
APRIL	11	Payment date for interim dividend
MAY	2	Announcement of third quarter sales results
AUGUST	28	Announcement of 2024 full-year financial results

¹ Dates are subject to change.

Glossary

Active eCom customer	Customers that have made a purchase online in the last four weeks
AGW	Australian Grocery Wholesalers Pty Limited
B2B	Business to business
B2C	Business to customer
Cash realisation ratio (CRR)	Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation
Comparable sales	Measure of sales excluding stores that have been opened or closed in the last 12 months and existing stores where there has been a demonstrable impact from store disruption because of store refurbishment or new store openings/closures
Cost of doing business (CODB)	Expenses relating to the operation of the business
Customer fulfilment centre (CFC)	Dedicated online distribution centre
DAP	Directly-attributable profit only includes costs directly attributable to the B2C eCommerce business, such as picking, packing and delivery costs; CFC and variable DC costs; marketing costs; eCommerce support costs; and CFC and eCommerce-specific asset depreciation
Delivery Unlimited	Subscription service that gives customers access to free delivery on any Next and Same Day Delivery windows, or reduced fees for quicker delivery options (Delivery Now), free shipping at Everyday Market and 2x Everyday Rewards points on all online orders
DC	Distribution centre
Direct to boot	Where a customer places an order online and drives to a dedicated area where a team member places the order directly in the customer's boot
eStore	Dedicated store for the fulfilment of online orders sometimes incorporating automation
Everyday Market	An integrated online marketplace that allows customers to shop products from other Woolworths Group brands and partners alongside their groceries
4-yr CAGR	Four-year compound annual growth rate. F23 results have been compared to normalised F19 results which have removed the impact of the 53rd week and if AASB 16 had been in place in F19
FSC	Forest Stewardship Council
Funds employed	Net assets employed, excluding net tax balances
GMV	Gross merchandise value
HSR	Health star rating
MSRDC	Melbourne South Regional Distribution Centre
Net assets employed	Net assets, excluding net debt and put option liabilities over non-controlling interests
Net cash flow	Cash flow generated by the Woolworths Group after equity related financing activities including dividends, repayment of lease liabilities and proceeds from related party
Net Promoter Score (NPS)	A loyalty measure based on a single question where a customer rates a business on a scale of zero to 10. The score is the net result of the percentage of customers providing a score of nine or 10 (promoters) less the percentage of customers providing a score of zero to six (detractors)
n.m	Not meaningful
PC3	Primary Connect third-party logistics
Pick up	A service which enables collection of online shopping orders in store or at selected locations
PPE	Personal protective equipment

Company directory

Registered office

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Company Secretaries

Kate Eastoe
Michelle Hall

Investor relations

Paul van Meurs

Auditor

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Five Year Summary

The Five Year Summary is available on the Woolworths Group website.

