Policy
Risk Management

Purpose
The Woolworths Limited Group ("Woolworths") is committed to the ongoing development of a strategic and consistent enterprise-wide approach to risk management underpinned by a risk-aware culture.

Scope
This Policy applies to every person who works for Woolworths Limited (Woolworths) in Australia, New Zealand and overseas. The Policy is supported by the Enterprise Risk Management Framework.

Policy Principles
1. Risk management must create and protect value for the organisation and is focused on sources of uncertainty which may impact the achievement of objectives.
2. Explicit risk management helps decision-makers make informed choices with an understanding and acceptance of any unintended consequences that may arise.
3. Risk management is tailored to business context and must be dynamic, iterative and responsive to change.
4. Risk management must be transparent and inclusive of all relevant stakeholders to ensure effective management of risk.
5. The effectiveness of risk management is always improving through training, ongoing monitoring, periodic reviews, communication and collaboration.

Woolworths has adopted the risk management process described in the Australian/New Zealand Standard (AS/NZS ISO 31000:2009 Risk management – Principles and guidelines). This process is set out in the Enterprise Risk Management Framework. All risk management systems and methodologies should be consistent with this process.

Responsibilities
Woolworths has adopted a 3 lines of defence model to clarify accountabilities for risk management across the organisation:

First line of defence - Risk Ownership and Management
- The Management Board is accountable for periodic review of the Woolworths risk profile, fostering a risk-aware culture and reporting to the Audit, Risk Management & Compliance Committee (ARMCC) on the effectiveness of the Framework and the organisation’s management of its material business risks.
- Divisional Leadership Teams and Managers own and manage risks and are accountable for actively applying the principles of risk management within their areas of responsibility and for driving a risk-aware culture.
- Divisional Risk Representatives act as risk champions in the business and are responsible for implementing the Enterprise Risk Management Framework on behalf of the Divisional Leadership Teams and Managers.
- All employees (including contractors) have a responsibility to manage risk embedded within the business as they carry out day-to-day operations.

Second Line of Defence - Risk Oversight
Group Risk establishes policies, guidance and business rules, approved by the Board, for effective risk management. Group Risk is responsible for the Enterprise Risk Management Framework and risk specialist frameworks including safety and asset protection, and facilitating the implementation of these frameworks in the business.

Oversight functions including Group Quality Technical Services and IT security provide specialist frameworks and standards, advise on technical risk management practices and monitor performance in specific risk areas of the business.
Third line of defence – Independent Assurance

- **Internal Audit** provides independent assurance to management and the Board on the effectiveness of the internal control environment.
- **External Audit** provides independent assurance over the truth and fairness of the Group’s financial position and performance reported to the market including compliance with accounting standards.

The **Board** is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented an effective risk management framework. Detailed work on this task is delegated to the Audit, Risk Management & Compliance Committee.

The **Audit, Risk Management & Compliance Committee (ARMCC)** assists the Board in overseeing Woolworths risk profile and is responsible for overseeing the effectiveness of management’s actions in the identification, assessment, management and reporting of material business risks.

**Compliance with this Policy**

Processes established and used for the management of risk should demonstrate alignment and consistency with the principles and requirements in this Policy.

Compliance with this Policy will be periodically assessed by Internal Audit.

**Review**

This Policy will be reviewed every two years or earlier if required by a change in circumstances.

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<th>Policy Owner</th>
<th>General Manager Risk &amp; Assurance</th>
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<tr>
<td>Contact</td>
<td>Head of Enterprise Risk Management</td>
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<td>Approval Date</td>
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