

CORPORATE GOVERNANCE

We have set targets and made commitments to be a responsible and sustainable business. This can only be achieved with the support of our people at all levels of our business.

As any business should, Woolworths gives priority to issues that are material to the business and which align with our strategic pillars. The Destination Zero safety and health strategy and the Corporate Responsibility Strategy 2020 provide the direction and focus for our practices, policies and investment.

GOVERNANCE, THE BOARD AND DIRECTORS

Corporate governance is at the core of Woolworths' and the Board's approach to the enhancement of shareholder value and the protection of shareholder funds. Integral to shareholder value is protecting and enhancing our reputation, which is why the Board oversees the Company's approach to corporate responsibility and sustainability.

The Woolworths Board Sustainability Committee, which meets quarterly, reviews performance on issues of Safety and Health, Sustainability and Community Investment. The Sustainability Committee conducts regular site visits across our businesses.

Information on our Board of Directors and the Board Charter is at:

<https://www.woolworthsgroup.com.au/page/about-us/our-leadership-team/board-of-directors/>

Information on our Sustainability Committee and its charter is at:

<https://www.woolworthsgroup.com.au/page/about-us/our-leadership-team/board-committees/>

More information is in our corporate governance statement:

<https://www.woolworthsgroup.com.au/page/about-us/our-approach/corporate-governance/>

RISK MANAGEMENT FRAMEWORK

The continued growth and success of Woolworths depends on the ability of our Company to understand and respond to the challenges of an uncertain and changing world. As a large, dispersed and complex organisation, this uncertainty generates risk, with the potential to be a source of both opportunities and threats. By understanding and managing risk, the Group provides greater certainty and confidence for all its stakeholders. More information about our approach to risk management is in our risk management policy. See: http://www.woolworthsgroup.com.au/icms_docs/182376_Risk_Management_Policy.pdf

MATERIALITY

Woolworths conducted an independent assessment to identify our key material sustainability issues.

The assessment was based on the AccountAbility AA1000 Assurance Standard (2008) principle of materiality and guided by their Five Part Materiality Test, to identify and prioritise issues relevant to:

- Direct short-term financial impacts
- Policy-related performance
- Business peer-based norms
- Stakeholder behaviour and concerns
- Societal norms.

WOOLWORTHS GROUP MATERIAL SUSTAINABILITY ISSUES

Employee conditions, wellbeing and communications

End-to-end reduction of waste

Energy and emissions

Environmentally responsible sourcing

Labour rights in the supply chain

Low price and value for money model

Partners in the community

Product quality, safety, availability and range

Supplier relationships, communication and collaboration

Understanding and responding to customer needs

The assessment considered all of our business divisions and a broad range of external stakeholders, including consumers, customers, employees, government, investors, peers and suppliers. Inputs included customer insights, employee surveys, strategic priorities and targets, the Advantage Report, traditional and social media reviews and industry sustainability benchmark indices.

The assessment identified the Group-wide material sustainability issues set out in the table on the previous page.

The assessment also identified some division-specific issues, which have been addressed in this report, e.g. local sourcing for supermarkets, responsible service of alcohol for Endeavour Drinks and responsible gaming for ALH Group.

SENIOR MANAGEMENT

The Woolworths Group Executive Committee, chaired by the Chief Executive Officer, provides management oversight of the effectiveness of the Group's implementation of the safety and health vision, principles, policy, standards, strategy and initiatives, risk processes, resources, information, compliance and assurance.

ANTI-CORRUPTION

All our employees commit to our Code of Conduct to maintain the highest legal, moral and ethical standards in our dealings with customers, suppliers, employees and local communities. This code outlines how employees can meet the highest standards through their everyday behaviours and choices.

We are committed to continuous improvement, transparency and accountability. We don't tolerate workplace misconduct under any circumstances and we need our trade partners to work with us to stamp out any and every instance. We have clear, long-standing and accepted procedures for trade partners to report any issues. However we recognise there is always opportunity to strengthen our systems. Our Speak Up service is available for trade partners to use when normal escalation methods have been exhausted or are inappropriate.

POLITICAL DONATIONS

Woolworths participates in policy development and advocacy in a manner that is open, transparent, and compliant with all relevant laws. We do so in a non-partisan manner. Woolworths does not make political donations except through attendance at events, functions and forums organised by parliamentarians and political parties. This is overseen by the Chief Executive Officer and the Head of Government and Industry Affairs in accordance with the Woolworths Political Donations Policy and applicable electoral laws.

TRANSPARENCY AND REPORTING

Woolworths uses the globally recognised reporting framework developed by the Global Reporting Initiative (GRI). The GRI reporting framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance. This report was prepared in accordance with the "core" principles of the GRI Guidelines. More information can be found in the GRI Index starting on page 69.

We continue to report to the Carbon Disclosure Project (CDP), an investor-driven disclosure initiative enabling companies to report on risk identification and mitigation processes related to climate change.

We also participate in the Dow Jones Sustainability Indices (DJSI), a global index that tracks the financial performance of leading sustainability-driven companies.

We are a signatory to the United Nations Global Compact (UNGC). The Index on page 68 shows our approach to the UNGC core values.