



20 August 2018

ASX Market Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Sustainability Report

Attached is a copy of the Woolworths Group Sustainability Report which was released today.

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Tomorrow. Together.

2018 SUSTAINABILITY REPORT




Contents

1	PERFORMANCE HIGHLIGHTS	
	Chief Executive Officer's message	2
	Our Group Purpose	3
	Woolworths Group 2020 commitments	4
	Our journey	6
	Materiality	8
	Our business	10
2	PEOPLE: ENCOURAGING DIVERSITY	12
3	PLANET: FOR A HEALTHY ENVIRONMENT	24
4	PROSPERITY: FOUNDED ON TRUSTED RELATIONSHIPS	38
5	SUSTAINABILITY METRICS	56
	Sustainability metrics	56
	Workplace metrics	58
	Corporate governance	65
	Glossary	66
	United Nations Global Compact	67
	Global Reporting Initiative	68
	Assurance Report	71
	Store analysis	75
	Company directory	76

SCOPE OF REPORT: Unless otherwise stated, this report covers all our operations in Australia and New Zealand for the 2018 financial year - 1 July 2017 to 30 June 2018 (FY18). Only workforce data (excluding safety) is included for our global sourcing offices in China, Bangladesh and Thailand.



This is an interactive PDF designed to enhance your experience. The best way to view this report is with Adobe Reader. Click on the links on the contents pages or use the  home button in the footer to navigate the report.

At Woolworths Group, we believe that becoming more sustainable is the only way forward.

We are listening, and we know how important our approach to sustainability is to our customers, team and communities. But we cannot achieve the change that is needed alone. We understand the responsibilities we carry and are committed to working with all of our stakeholders to create better experiences together, that better people's lives.

Better for customers

by providing safe, reliable and responsibly sourced products

Better for teams

by providing a workplace that celebrates the power of diversity in all its forms

Better for communities

by supporting each and every community we serve across the Group

Better for suppliers

by fostering long-term, trusted relationships

Better for shareholders

by delivering sustainable value creation in our business

We are proud of our achievements but know there is much more to do, and we will.

Together.

Chief Executive Officer's message



Throughout the year, our team has been working hard, making significant steps towards our 2020 commitments.

Throughout the year, our team has been working hard and have made significant progress towards achieving, or even better exceeding, our 2020 sustainability commitments.

Our strategy, and approach to sustainability, is increasingly at the core of who we are as a business and a brand. We are committed to being a purpose-led organisation and increasingly we evaluate all of our decisions through this lens – will this decision be better for our customers, our teams or our communities?

We are proud of the work we have achieved this year, including achieving Gold Tier Employer status in Australian Workplace Equality Index for LGBTI inclusion, removing single-use plastic bags from all our Australian stores, and reviewing our responsible sourcing framework. Equally, we acknowledge that in other areas we must do better, such as increasing the representation of

women in senior roles in our business, and we are very early in our journey on sustainable packaging.

We know from practical experience that 'being green' is not easy, and we cannot achieve what we need to achieve alone. We are committed to working together – together as one Woolworths Group team, together with our customers and together with our other partners to better our customers' lives.

Our success will be determined on our promises kept, not our promises made – and we're committed to providing genuine, transparent reporting on our progress.

I am pleased to share with you our 2018 Sustainability Report.

Brad Banducci
CHIEF EXECUTIVE OFFICER

Woolworths Group is a signatory to the United Nations Global Compact (UNGC). UNGC signatories embrace a set of core values in the areas of human rights, labour standards, the environment and anti-corruption. In this report, we share our performance against the UNGC core values.

Our Group Purpose



Woolworths Group is a diverse group of businesses united by our common purpose.

We create better experiences together, that better people's lives.

These important words are the anchor for all of our team members - we know that without a sense of purpose we cannot achieve our full potential.

We put our customers at the heart of everything we do, and we are embracing new ideas and new thinking to enable us to be agile, adaptive and ready to meet the evolving needs of our customers.

Our Core Values define who we are and what we stand for and our Ways-of-Working describe how we work and have been carefully put together to help us ensure that we are building the right culture and conditions for all of our businesses to succeed.

Our sustainability work is about making a positive contribution, and living our values:

Because **we care deeply**, we are implementing an updated

approach to safeguarding the human rights of the workers in our supply chain.

Because **we listen and learn**, we have removed single-use plastic bags from our stores, as our customers have told us this matters to them

Because **we do the right thing**, we are trialing new technologies to further reduce the greenhouse footprint of our operations.

We also have a genuine commitment to build trust through our actions, rather than our words - this report presents some of our achievements from FY18.



Woolworths Group

2020

commitments

Launched in February 2017, our 2020 Strategy brings new focus, resources and energy to sustainability.

The targets assigned under our People, Planet and Prosperity pillars cover Woolworths Group's engagement with customers, communities, supply chain and team members, as well as our responsibility to minimise the environmental impact of our operations.

People encouraging diversity

We value diversity across Woolworths Group. Our customers should see in our people a reflection of themselves and their communities. In this strategy we embrace targets that support diversity and, hand in hand with this aim, tolerance and respect.

Promoting gender equity

- 1** *At least 40 per cent of executive and senior manager positions to be held by women.*
- 2** *No salary wage gap between male and female employees of equivalent positions on a per-hour rate at all levels of the company.*

Embracing our diversity

- 3** *100 per cent of those responsible for hiring new team members to have completed unconscious bias training.*
- 4** *Continue the focus on encouraging cultural diversity, with a commitment that by 2020 the Woolworths Group team will truly reflect the communities we serve.*

Supporting Aboriginal and Torres Strait Islander employment

- 5** *Proportion of Indigenous team members to equal Federal Government Employment Parity contract. Once achieved, 2 per cent of our Store Operations team members will be Indigenous.*
- 6** *Proportion of Indigenous Graduates to equal Federal Government Employment Parity contract. Once achieved, 2 per cent of our Graduates will be Indigenous.*

Creating a safe environment

- 7** *We are committed to maintaining a workplace that safeguards the health and wellbeing of our team members, customers and visitors.*

Creating opportunities for all

- 8** *Achieve Gold Tier employer status in Australian Workplace Equality Index (AWEI) for Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) inclusion.*

Planet for a healthy environment

We recognise Woolworths Group's environmental impact across our value chain and will work with our suppliers, service providers and operations to innovate for a healthy planet. We will support the move to a circular economy, source environmentally sustainable commodities and respond to climate change.

Moving to a circular economy

- 9** *Towards zero food waste going to landfill.*
- 10** *Improve the recyclability of our own brand packaging and contribute to the circular economy.*

Sourcing environmentally sustainable commodities

- 11** *Source key raw materials and commodities sustainably to an independent standard by 2020. We will raise awareness of sustainably sourced products.*
- 12** *Achieve net zero supply chain deforestation for 'high-impact' commodities in our own brand products, such as palm oil, timber, pulp and paper, and packaging.*

Responding to climate change

- 13** *Reduce Woolworths Group's carbon emissions to 10 per cent below 2015 levels.*
- 14** *Innovate with natural refrigerants and reduce refrigerant leakage in our stores by 15 per cent of CO₂-e below 2015 levels.*

Prosperity founded on trusted relationships

We will focus on positive relationships with suppliers, give back to the communities in which we operate, and rebuild trust with our customers and investors.

Working with our business partners

- 15** *We will achieve a top quartile ranking in how we engage fairly and equitably with our suppliers as measured by independent supplier surveys.*
- 16** *We will focus on a best practice compliance system according to the Global Social Compliance Program. We will collaborate with peak organisations to improve workers' lives.*

Giving back to the communities in which we operate

- 17** *We will invest the equivalent of 1 per cent of a three-year rolling average of total Group Earnings Before Interest and Tax (EBIT) in community partnerships and programs.*
- 18** *We will publicly report social impact to quantify the positive changes we are creating with a focus on health, economic development and emergency relief.*

Creating shared value with our customers

- 19** *We will achieve leading customer satisfaction scores.*
- 20** *We will inspire our customers to consume all of our products in a healthy, sustainable way.*



Our journey



Woolworths Group Launch 2020 Commitments

In February 2017 we launched our 2020 strategy, setting out our sustainability journey.



Achieved: Woolworths Group Board 50% Women

The Woolworths Group Board is gender balanced with 50% women.



Unconscious bias training

Unconscious bias training pilot program completed. Planning for rollout across the Group.



Achieved: LGBTI Inclusion

Awarded Gold Tier employer status in Australian Workplace Equality Index for LGBTI inclusion.

People

Planet

Prosperity



Country of Origin labelling

We were the first supermarket to commence labelling our own brand products.



Reduce food waste to landfill

Re-committed our goal to reduce food waste to landfill.



Product renovation

Removing artificial colours, flavours and added MSG and reducing saturated fat, sugar and sodium across own brand products.



Energy management

Commence work on establishing the Energy Management Centre of Excellence.



Achieved: 1% EBIT community contribution

1% of EBIT donated to community causes across Australia and New Zealand.



Responsible sourcing framework

Reviewed and launched our new Responsible Sourcing framework including a Responsible Sourcing Policy and Standards.



Assessing climate change impact

Undertaken science based modelling for our Scope 1 and 2 emissions.



Achieved: Emissions reduction

2018 carbon emissions 13% below 2015 levels

2016

2017

2018



Achieved:
No salary
wage gap

Salary wage gap between male and female employees of equivalent positions reduced to 0.41% (statistically insignificant)



Achieved:
Indigenous Team
members

1,875 new Indigenous team members have joined our business through employment parity program.



**Reconciliation
Action Plan**

Launch our revised Reconciliation Action Plan.



Destination Zero

Maintaining a safe environment for customers, team members, suppliers and visitors.



Plastic bags

Australian stores no longer offer single-use lightweight plastic shopping bags.



**Towards zero
food waste**

National roll out of the Good Food, Rescue and Recycling program to all our supermarkets.



Sustainable supply chain

Source key raw materials and commodities sustainably to an independent standard.



**Animal
welfare**

Number one retailer in Australia on animal welfare.



**Transparent
labelling**

All eligible own brand products will display a Health Star Rating.



Natural refrigerant

10 natural refrigerant systems installed and 15% leakage reduction achieved.



Health Day

Hosted our first collaborative Health Day in Australia and New Zealand.



**Top supplier
survey rating**

Achieve top quartile rating in independent supplier survey for fair and equitable engagement.



**Macro Wholefoods
market relaunch**

Relaunched our better-for-you Macro brand.

2018

2019

2020



Materiality

The issues that matter

To focus our efforts and maximise our impact, we need to understand the issues that matter most to our stakeholders. This is done through our materiality assessment process. A robust sustainability materiality process can help us to:

- Build better relationships with stakeholders
- Ensure global megatrends and local market conditions are being used to assess and approach risks and opportunities
- Prioritise what to focus on strategically.

The approach we have taken to analyse Woolworths Group's material issues aligns to the Global Reporting

Initiative Standards¹ reporting requirements and includes the following steps:

- Desktop review of a range of information sources
- Engaging with both internal and external stakeholders
- Prioritising what the most material issues are, including analysis of whether these present risks/opportunities over the short or longer-term time horizons
- Internal validation by senior leaders and board.

This chart maps the 11 most material issues identified in our recent materiality assessment, grouping them into our three strategic pillars of People, Planet and Prosperity.

STRATEGIC PILLAR	MATERIAL ISSUE	DEFINITION	RELEVANT SDGS
People	Employee engagement and development	The success of our business is built on our people, therefore we must continue to focus on attracting, retaining and developing talented teams, today and into the future, as the nature of work continues to evolve. This also includes our continued focus on maintaining a safe environment for our team members and customers.	
People	Diversity and inclusion	We are committed to creating and maintaining a diverse and inclusive workforce in terms of gender, age, ethnicity, disability, sexual orientation, etc.	 
Planet	Sustainable supply chain	Assessing and managing "ethical" and "responsible" issues embedded within our supply chain and other third-party partnerships, including both social and environmental issues.	 
Planet	Waste and packaging	Implementing effective and meaningful waste management strategies, including our activities to help our customers manage their own waste and recycling.	 
Planet	Climate risk	Organisational responses to risks of climate change; both physical and transitional.	  
Prosperity	Corporate conduct and ethics	Maintaining a values-based business with a culture of good governance and ethical conduct, where culture supports the effective functioning of core systems and processes.	
Prosperity	Trust in Woolworths Group	We understand the responsibility that comes with the role our business plays in communities across Australia and New Zealand. We put our customers at the heart of everything we do at Woolworths Group and are committed to getting it right, and to make things better when we don't.	 
Prosperity	Responsible gaming	Providing a healthy and ethical environment, where customer (and community) interests are protected from the harmful consequences of problem gambling.	 
Prosperity	Responsible sourcing and human rights	Upholding human rights across all aspects of our operations, encompassing labour rights associated with our workforce, contractor and third-party relationships and in the supply chain; in addition to protecting rights to privacy for our own workforce and customers.	  
Prosperity	Community engagement and development	Sponsoring a meaningful role in the local communities where our businesses operate, including activities to engage, invest and develop local communities.	
Prosperity	Third-party relationships	Partnering throughout the supply chain to build collaborative relationships with suppliers, interest groups, media, government and other stakeholders, for the purpose of delivering sustainable development outcomes.	

¹ Refer to appendix for GRI Index.

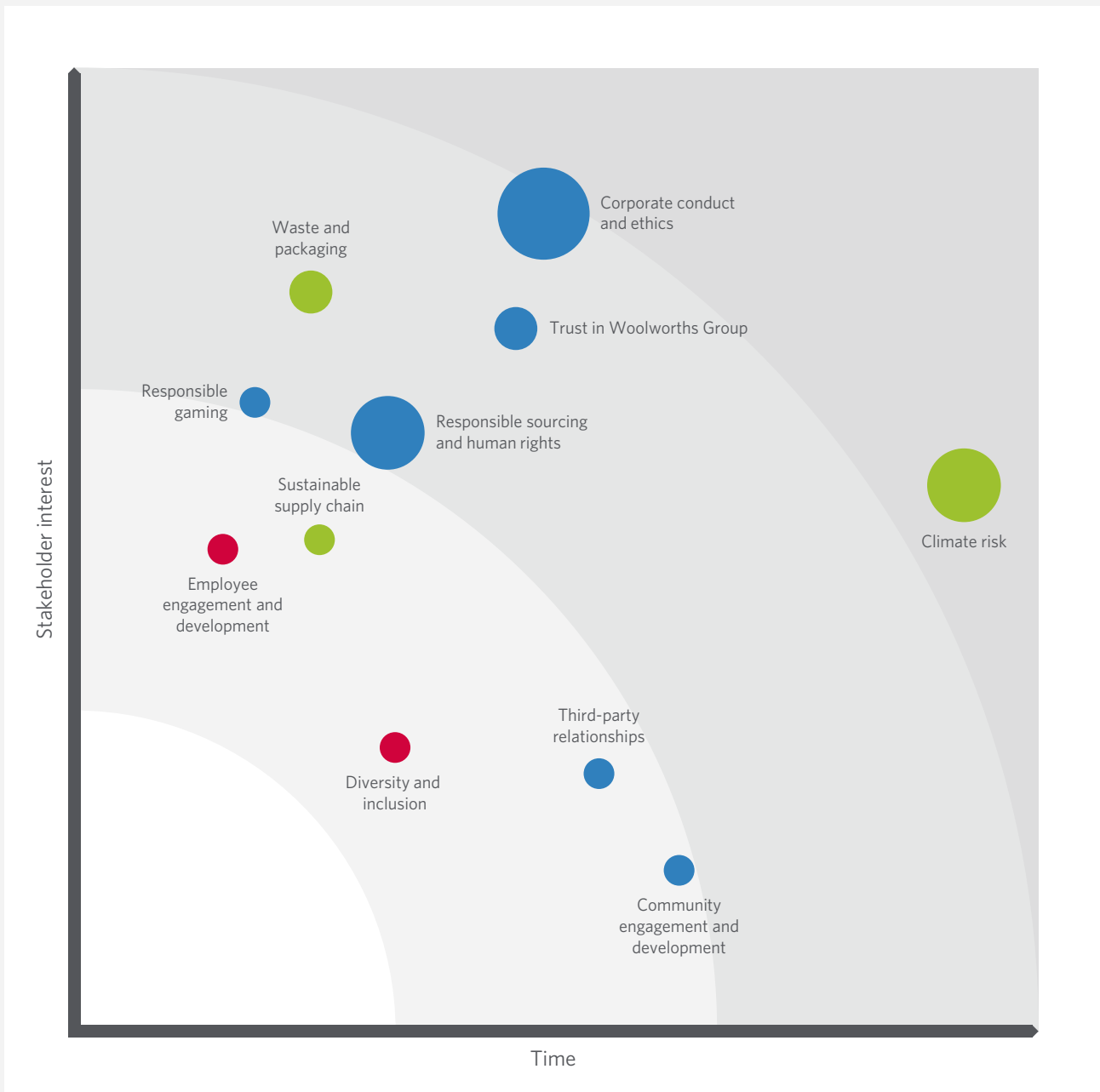
The materiality assessment considered all of our business units and a broad range of stakeholders including customers, team members, government, investors, peers and suppliers. Inputs included customer insights, team surveys, strategic priorities and targets, the Advantage Report and traditional and social media reviews.

UN 2030 Sustainable Development Goals

17 global goals set by the United Nations in 2015, the SDGs define global sustainable development priorities and aspirations for the planet. They seek to mobilise global efforts around a common set of goals and targets. We believe that the business community has a role to play in progressing these important issues, and we have aligned our material issues with the relevant SDGs.

Materiality Matrix

The Materiality Matrix shows the interest stakeholders had in the issue (y-axis), the time of potential impact (x-axis) and the consequence of the issue to Woolworths Group (size of the bubble).



KEY: ● People ● Planet ● Prosperity

Our business

All parts of the Woolworths Group have been working **better together** to deliver the achievements described in this report.

Woolworths Group

WOOLWORTHS GROUP



Woolworths Group manages some of Australia's and New Zealand's most recognised and trusted brands. We endeavour to create a world-class experience for customers across all our stores and platforms.

	PAGE		PAGE
Promoting gender diversity	14	NSW Container Deposit Scheme	29
Pay Parity Project	14	Leading Australian retailer in animal welfare	32
Supporting our people	16	Responding to climate change	34
Inclusive leadership training	16	Refrigeration Management	37
Resourcing the Future Indigenous Employment Program	18	Understanding our suppliers	40
Indigenous Youth Employment	18	Our commitment to human rights	42
National Reconciliation Week	19	How we did in FY18	43
Our focus on mental health	20	Grievance and remedy	43
Safety and Health	20	Minimising duplication	43
AWEI Gold for Woolworths	22	Multi-stakeholder collaboration	43
LGBTI engagement	23	Support through natural disasters	46
Laura Merraine	23	Fighting hunger in Australia	48
No more plastic bags	28	Supply chain	49
		Voice of Customer	51

Woolworths Supermarkets

We are Australia's largest supermarket chain and operate 1,008 supermarkets across the country. Australian Food also includes FoodCo, Metro and WooliesX.



	PAGE		PAGE
Refugee Employment Program	17	Making an impact	44
Labeeb Ena	17	Red Shield Appeal	46
Back of house	21	The Paynes	47
Reducing food waste to landfill	26	Sourcing locally	50
Our hunger relief partnerships	27	Jim's Jerky, Queensland	50
Improving our milk bottles	28	South Melbourne Dim Sims, Victoria	50
Soft plastics recycling program	29	The next generation of supermarket	51
Removing plastic from produce	29	Making healthier easier	54
Committed to a sustainable supply chain	30	Inspiring for a better future	54
Better bags	31	Signposting healthier options	55
Pulp, paper and timber	31	Stakeholder engagement	55
Sustainable beef	31	Growing a "good food" team culture	55
Sustainable packaging	31	Reducing prices	55
Palm oil in non-food	31	Deakin University's Health Rating for Supermarkets Report	55
RSPCA Approved chicken	32	Improving the nutrition of Woolworths	55
Cage-free eggs	32	Food Range	55
Matuszny family, Manning Valley, NSW	33	Recognition	55
Sustainable supplier of the year	41		



Endeavour Drinks



Endeavour Drinks comprises 1,545 stores, including the Dan Murphy's, BWS, Cellarmasters and Langton's brands.

	PAGE		PAGE
Meet the makers: Women in wine	15	Tank temperature control upgrade	35
Jawun Indigenous Community Program	19	Making an impact	44
Improved equipment	21	Responsible service of alcohol	52
Packaging recycling	29		

New Zealand Food



Our Countdown branded supermarket chain has 181 supermarkets across New Zealand, serving around three million customers every week. New Zealand Food also includes 69 franchise FreshChoice and SuperValue Supermarkets.

	PAGE		PAGE
White Ribbon accreditation	15	Making an impact	44
Safe Shift, Every Shift	21	Making healthier easier	54
LGBTI inclusion	22	Health New Zealand	54
Food rescue	27	Stakeholder engagement	55
Plastic reduction	29	Growing a "good food" team culture	55

Portfolio Businesses

BIG W



BIG W provides Australians with great value across 183 stores, as well as online choices for general merchandise.

	PAGE		PAGE
Women in management	14	Working with our suppliers	40
Tracking our heritage	16	Making an impact	44
LED lighting	36		

Hotels



ALH Group is a market leader, operating 323 hotels, including bars, dining, gaming, accommodation and venue hire operations.

	PAGE		PAGE
Making an impact	44	Responsible gambling	53

People

Encouraging diversity

Our diversity and inclusion work is a manifestation of our purpose – by celebrating diversity in all its forms, we can create better experiences together, each and every day. The commitments in our People pillar are powerful examples of how we are living our values, and are underpinned by the vision for our teams to mirror the communities they serve.

Team members



201,000+

Proud @ Woolworths Group Network¹

1,700+ members

▲ 30% from FY17

Total recordable injury frequency rate (TRIFR)

14.16

▼ 17.46% from FY17

Voice of Team engagement score



82%

consistent with FY17

¹ A network of team members creating a supportive environment across Woolworths Group for our team and customers who identify as LGBTI or are supporting Allies of the LGBTI community.

“As soon as I started working for Woolworths I felt like I’d become a part of the community.”





Labeeb Ena, Woolworths Supermarket Liverpool.



Promoting gender equality

At Woolworths Group, we are building a culture that allows our team members to enjoy the same rewards, resources and opportunities, regardless of gender.

IMPACT:

Commitment	1
Commitment	2
Sustainable Development Goal	

WOOLWORTHS GROUP

Promoting gender diversity

Woolworths Group has a strong representation of women across our business, both in support and operational roles, with over 50% of our workforce being female. We are committed to improving female representation in executive and senior management roles.

This year, we have appointed several women to senior positions including: Samantha Kim – General Manager, Group Risk & Assurance, Tricia Ho – Head of Treasury, and Cristie Gordon – Head of Property & Facilities. While we are proud that half of our board is represented by women and 50% of our total workforce are women, we understand there is still much to do to improve the representation of women at senior levels of the organisation. Women represent 41% of roles at manager level and 32% of senior leadership and executive roles. To increase this, we have various initiatives underway to improve the working environment in order to attract and retain high-performing women. This includes updating our parental leave policy and providing more flexible working arrangements.

WOOLWORTHS GROUP

Pay Parity Project

Gender should not be a factor when we make decisions on rewarding our team members. Continuing on from last year, a further step change was achieved in phase two of the Pay Parity Project in Australia when a review of salaries was completed in September 2017. This resulted in an additional 545 team members receiving a salary increase. This means the pay gap between male and female team members carrying out like-for-like roles has decreased to 0.41%, which is statistically insignificant.



WOMEN IN MANAGEMENT



At BIG W, we're proud to say that 60% of positions on the BIG W Executive Committee are currently held by women, representing an improvement of over 10% from last year.

Board Diversity



● Female **50%**
● Male **50%**



White Ribbon accreditation

Countdown has gained accreditation for its ongoing work to support team and family members impacted by family violence.

Countdown is one of the first companies in New Zealand to introduce a Family Violence Policy and has provided access to additional paid leave for team members impacted by family violence; ensuring free counselling is available to those who need it and providing practical support such as changing rosters or transfers to accommodate changes of circumstances as needed.

There will also be continuous extensive training for managers to assist them to understand the policy, including the signs of family violence and how to approach and talk to team members who may be impacted by it.

A domestic violence policy is currently in development to be rolled out across the rest of the Group.



Australian women winemakers with host Samantha Brett.



MEET THE MAKERS: WOMEN IN WINE

Winemaking has traditionally been a male-dominated industry, but female winemakers are on the rise in Australia.

To celebrate this, Cellarmasters brought together some of the best female winemakers in the country for the inaugural Meet the Makers: Women in Wine consumer tasting event in Sydney on International Women's Day on March 8.

"There are so many amazing female winemakers in Australia, so we wanted to take a day to celebrate them, and give consumers a chance to taste some exceptional wines on International Women's Day," explained Christine Ricketts, Cellar Director at Cellarmasters.


Tickets to the event sold out two weeks prior, and generated national media coverage and awareness of the changes occurring in the industry.



Embracing our diversity

We believe that a strong workforce embraces diversity in all its forms, and is underpinned by a culture of inclusion and participation.

IMPACT:

Commitment	3
Commitment	4
Sustainable Development Goal	



Supporting our people

Woolworths views learning and development as an essential investment in its future growth. We are committed to providing opportunities for all our team members to achieve their goals and progress their careers through continued learning and development. Our training opportunities include apprenticeships, our formal coaching program and management and leadership training programs for future leaders of our business. We also understand that during their careers with us, our team members go through various stages in life, such as parental leave or preparing for retirement. To assist, we provide various tools and access to support programs, such as the Career Planning Toolkit and the Retirement Planning Toolkit.

Voice of Team engagement score



82%

consistent with FY17

INCLUSIVE LEADERSHIP TRAINING



In order for our workforce to reflect the communities we serve, it is important for our leaders and managers to be trained in inclusive leadership and unconscious bias. Building off the pilot, the inclusive leadership workshops were launched this year, targeted at senior leaders and all managers with responsibility for hiring decisions. Over 420 leaders have completed the training so far, which is designed to help leaders develop constructive and inclusive behaviours to truly leverage the diversity of their teams to drive business growth through higher engagement, higher innovation and greater productivity.

The workshops:

- Illustrate how diversity and inclusion is an enabler of business success in the future of work.
- Provide an overview of unconscious bias and how it limits the diversity of teams
- Demonstrate the importance of role-modeling inclusive and constructive leadership behaviours, values and processes in hiring decisions and people management
- Develop strategies and actions to help leverage diversity in teams.

In the next phase, we will roll out this training to career levels 2 and 3. This will cover approximately 7,500 leaders.

Tracking our heritage



Our strength is in our diversity and in our recent engagement survey 63% of our team members declared their ethnic heritage. This information – coupled with details of demographic data at store level – will be used to assess whether BIG W reflects the community it serves.



Labeeb Ena, Woolworths Supermarket Liverpool.



Refugee Employment Program

In an effort to reflect the culturally diverse communities we serve, Woolworths has implemented a program in partnership with Community Corporate to provide employment opportunities for displaced refugees from Syria and the Middle East and contribute to successful settlements. During FY18, three refugee programs were successfully completed with a 100% employment conversion rate - all 45 refugees commenced employment in our Metro and supermarket stores.

LABEEB ENA

Woolworths Supermarket, Liverpool, NSW

Labeeb, a 37-year-old man from Iraq arrived in Australia only three months before being accepted into the Woolworths Refugee Employment Program. Labeeb owned and ran a supermarket for many years in Iraq and continued working in supermarkets when his family were forced to flee to Jordan. As well as working in retail, Labeeb also worked as an English language teacher in Iraq.

Although Labeeb has high levels of written and conversational English and extensive experience in the supermarket industry, this program was the first time anyone had responded to his application to work in the sector. Labeeb explained that the day he received the phone call inviting him to interview for the program was one of the happiest days he had experienced in Australia at that time. *"Finally someone believed in me again. When I came to Australia and no one wanted me to work for them, I felt like nothing, useless, no purpose. Now I can show Australia what I can do."*

Labeeb's job at Woolworths Liverpool has granted him independence from the welfare system and enables him to support his family. One day, Labeeb hopes to be a store manager and lead a team once again.

Supporting Aboriginal and Torres Strait Islander employment

IMPACT:

Commitment	5
Commitment	6
Sustainable Development Goal	10 <small>DECENT WORK AND ECONOMIC GROWTH</small>

We are proud to have achieved both Commitment 5 and 6 by recruiting and retaining more Aboriginal and Torres Strait Islander team members this year.

WOOLWORTHS GROUP

Resourcing the Future Indigenous Employment Program

We are proud to announce that we have achieved our commitment of recruiting over 1,600 new Indigenous team members, with 1,875 Indigenous Australians commencing employment with us across 528 stores. 54% are in regional and remote areas and we have achieved a commendable retention rate of 74%. We will be continuing our partnership with the Federal Government and Diversity Dimensions to build on the success of this program.

Region	Successful Participants
WA	329
NT	114
SA	139
VIC & TAS	208
QLD	409
NSW & ACT	676

WOOLWORTHS GROUP

INDIGENOUS YOUTH EMPLOYMENT

Woolworths is proud to be providing job opportunities to young Australians. This year, we achieved our commitment to have 2% of our graduates be Indigenous. We did this by reviewing our current recruitment process to identify and remove any barriers to successful recruitment and also developing a Graduate Engagement Strategy with early careers managers. Going forward, we are exploring other youth employment options, such as apprenticeships or internships, to provide opportunities for young Indigenous Australians.



WOOLWORTHS GROUP

NATIONAL RECONCILIATION WEEK

To mark National Reconciliation Week in 2018, Trevor Eastwood and Jason Douglas, two mentors in Woolworths Group's Resourcing the Future Indigenous Employment Program, invited senior leaders and team members at our Norwest Support Office to co-create an artwork. At the heart of the painting is a central meeting place surrounded by people gathering together to share ideas. This represents Woolworths Group's purpose of creating better experiences together. The large curved lines represent our values (I care deeply; I listen and learn; I always do the right thing) running throughout our businesses and store network across Australia. The multitude of smaller colourful dots permeating the canvas are a representation of the diversity of Australia and the communities we serve, which our network of stores plays an important role in connecting with locally.

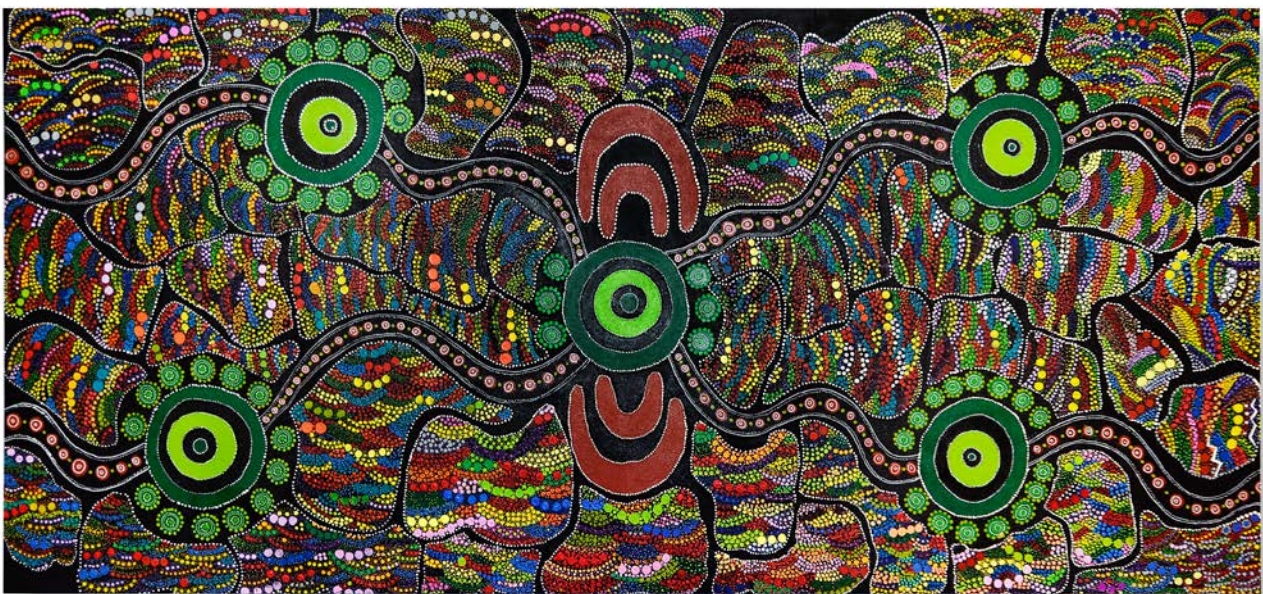
Jawun Indigenous Community Program



Endeavour Drinks continue to strengthen their partnership with the Jawun Organisation, this year providing three secondees to remote and inner city Aboriginal organisations. By supporting Indigenous people to deliver their own strategies and vision, secondees provide world-class corporate skills in return for a life-changing experience unattainable in any boardroom.

"As one of these secondees I was privileged to spend six weeks in North East Arnhem Land working with the Gumatj Corporation in remote Gove. The Jawun experience truly is a two-way learning journey. Utilising my hands-on experience in workplace health and safety, I worked on auditing and developing safe work practices for their varied businesses. In return I was welcomed into one of the most generous communities with a deep respect for their land and heritage."

Rebecca Polley, BWS, in North East Arnhem Land.



National Reconciliation Week mural

Caring for the safety and wellbeing of our teams and customers

We are striving to continuously improve the safety and wellbeing of our customers and team so that we can provide them with the safest possible shopping and working environment.

WOOLWORTHS GROUP

Our focus on mental health

Mental health is our number one safety, health and wellbeing priority. We aim to establish a culture where psychological safety is as important as physical safety. We have implemented several initiatives and continue to build innovative programs to assist our teams and their families. These include:

Team Assist

A confidential, free and unlimited psychological support service for team members and their immediate families.

Woolworths Financial Wellbeing

This program provides financial support for team members coping with unexpected financial stress. The service was developed with Good Shepherd Microfinance and offers no establishment fee, interest free loans up to \$2,000 to team members for goods and services. Team members are also offered free and confidential Debt Advisor services.

Mental Health First Aid

This training equips team members with the skills to recognise and engage someone who may be suffering the effects of poor mental health and get that person the help that they need. We have over 1,000 trained mental health first aiders across our business, with the aim of extending the program in FY19.

Woolworths Wellbeing Portal

A professionally curated online resource for team members to access health and wellbeing information, including physical, mental and financial.

Lifeline

Woolworths is investing \$1.3 million over the next three years with Lifeline to establish a text-based solution for crisis support for the community. It is aimed at people who do not feel comfortable with calling and speaking to a person directly. Woolworths believes this will have a positive impact on male team members.

R U OK? Day

Several of our businesses were engaged in the nationwide R U OK? Day activities. Fuel & Metro were involved with the organisation Conversation Convoy, in which R U OK? staff and ambassadors stopped at selected fuel sites around the country to educate our team members.

IMPACT:

Commitment

7

Sustainable Development Goal



Safety



WOOLWORTHS GROUP

SAFETY AND HEALTH



Woolworths uses ammonia gas refrigeration systems for meat, produce and dairy items. An integrated safety upgrade of an automated King valve and a high pressure cutoff switch for emergency shutdown has been completed across the Group.

Back of house



The back of house is the foundation of the store. Everything that ends up on our selling floor needs to pass through the back of house. The back of house is used for multiple purposes, including receiving and storage of palletised loads, preparing fresh cuts, and waste management.

The 'back of house project' commenced in February 2018 to reset the standard for our back of house areas. The team established the need to conduct a pilot to test and refine the methodology. The pilot was conducted in 50 stores between February and June 2018.

The objectives of the reset included:

- Improving workplace safety in the back of house
- Segregating people and material handling equipment
- Engaging team members through their involvement in the changes
- Providing an identified storage location for all items stored and activities conducted
- Eliminating bottlenecks
- Reducing waste.

Improved equipment



To further reduce the risk of manual handling injuries, BWS have introduced springloaded scissor-assisted trolleys and a mini pallet beverage system. The trolleys are easy to maneuver and reduce the need to bend while moving stock. The mini pallet system is designed to minimise double handling of stock.



Safe Shift, Every Shift



Our Distribution Centres are busy places where thousands of pallets of stock are shipped in and out every day, creating risks of team members being injured by moving machinery or vehicles, products falling from height and manual handling. While measures are in place to prevent these risks from causing harm, this year our team identified three actions that could help improve safety.

- 1) **Connect the team** - To make sure that everyone looks out for their own safety and the safety of their team mates, this connection was achieved by focussing on bringing our multi-cultural team together under the mantras 'Everyone Counts' and 'Safe Shift, Every Shift'.
- 2) **Simplify rules and communicate them clearly** - Our teams collaborated to define the most important safety rules at each site, and created methods to communicate them to the team so that they would be remembered. These methods included video, large format posters, branded personal protective equipment and rule books that were translated into the different languages spoken by our team.
- 3) **Demonstrate the consequences of not following the rules** - To demonstrate the importance of following the safety rules to our teams, we decided to make safety personal. We developed a communication campaign that simulated life-changing injuries to two team members at each site. Billboards were installed at each site showing the impact of the injuries, and videos were published in the lunch rooms of the sites where team members explained the impact the simulated injuries could have on their lives.

The improved connection between teams and simplified rules are helping our team to have a Safe Shift, Every Shift.



Creating opportunities for all

We are proud to announce we have achieved Gold Tier Employer status in the Australian Workplace Equality Index (AWEI) for Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) inclusion - two years ahead of schedule.

IMPACT:

Commitment

8

Sustainable Development Goal



LGBTI Inclusion



WOOLWORTHS GROUP

AWEI Gold for Woolworths

Woolworths Group is proud to be the first retail organisation to be recognised as an AWEI Gold Tier Employer at the 2018 Australian LGBTI Inclusion Awards. This event recognises Australia's top organisations for LGBTI inclusion and celebrates leaders, individuals and networks that have made a significant impact on LGBTI inclusion within their workplaces. The award is also incredibly significant for our 2020 Sustainability Strategy, achieving our target two years ahead of schedule.

Over the past year, a great deal of work has been undertaken to progress LGBTI inclusion by Woolworths senior leadership and the Proud @ Woolworths Group network. This included an organisation-wide policy review, hosting educational LGBTI events, holding training sessions for team members and leaders, entering into a sponsorship agreement with the Sydney Gay & Lesbian Mardi Gras and supporting marriage equality.

At Woolworths Group, we will continue to create an inclusive culture where all of us are free to bring our whole selves to work, and where our customers find a welcoming and open environment.



2018 Australian LGBTI Inclusion Awards.



countdown

LGBTI inclusion

Countdown has this year continued to support New Zealand's largest Pride Month event, the Ponsonby Pride Parade in Auckland, as well as participating in and supporting the Wellington Pride Parade for the first time in 2018. We are working directly with Rainbow Tick to help educate our team, and are striving for Rainbow Tick certification, which we expect to achieve next year. In our February Voice of Team survey, Countdown introduced a question asking our team members whether they identify as LGBTI+. Results showed that those who do identify as part of the LGBTI+ community have lower engagement and advocacy scores compared to the rest of team, which is concerning. In FY19 we are holding a series of workshops with LGBTI+ team members as part of our Rainbow Tick assessment, which will also enable us to identify any factors that are contributing to this gap so that we can address them and continue to build a supportive and inclusive workplace and team culture.

"I love working here, but I realised it was time to stop forcing my daughter to share this secret. I had to come out no matter how hard it would be. But Woolworths backed me 100%. I hadn't imagined they'd be this good."



Laura Merraine, Distribution Centre IT Support Technician.

LGBTI engagement



Momentum in LGBTI inclusion has continued to build at Woolworths Group. During the year our Proud network membership grew to over 1,700 members; a 30% increase in membership from last financial year.

A key highlight in 2017 was Wear It Purple Day, when more than 2,500 stores across the Group celebrated the event to raise awareness of LGBTI inclusion and the importance of supporting LGBTI youth.

In December 2017, 12 senior leaders participated in a tailored LGBTI training session run by Pride in Diversity. In that same month, members of the Proud Network and Diversity & Inclusion team presented at three sessions of the Pride in Practice Conference on our LGBTI inclusion journey. We also launched the Woolworths Group gender transitioning policy and guidelines.

In February 2018, Woolworths Group activated the 'Join the Proud Crowd' stall at Mardi Gras Fair Day as part of our sponsorship of Mardi Gras 2018. The stall was a huge success with over 3,000 visits from the crowd to sample our rainbow slushies and learn about LGBTI inclusion at Woolworths. Proud @ Woolworths Group also appeared prominently in the Mardi Gras 40th anniversary commemorative magazine and we will look to continue this partnership with Mardi Gras into 2019.

LAURA MERRAINE

Distribution Centre IT Support Technician

Laura Merraine, Distribution Centre IT Support Technician, has felt first-hand the true impact of our inclusive workplace culture when she transitioned gender earlier this year. After 12 years with Woolworths, Laura (then known as Laurence) worked with the People team and site management to put a plan in place for her to transition at work.

When the time came, Laura was supported with dignity and respect by her colleagues, which provided her with the confidence to bring her true self to work.

She says, "I was pleased to see that last year, Woolworths Group launched a Gender Transitioning Policy and guidelines for managers to assist team members who are transitioning. This shows how supportive Woolworths is in this space and I know that many team members will rely on this policy to assist their journey in the future".



Planet

For a healthy environment

We recognise the environmental impact that our operations may have on planet. We know that we can be leaders through the decisions we make, and every day we are exploring opportunities, trialling new initiatives and innovative technologies to improve the footprint of our business.

Total Odd Bunch kilograms sold since launch in Dec 2014

100M

Stores with upgraded hybrid or HFC-free refrigeration systems

341

Solar power generation



2,211MWH

2018 carbon emissions



13%

below 2015 levels



“Aligning solar panels with a Tesla battery is just another way Woolworths is learning and exploring new ways of doing things.”



1
PERFORMANCE
HIGHLIGHTS

2
PEOPLE

3
PLANET

4
PROSPERITY

5
SUSTAINABILITY
METRICS

Michael Shelley, Group Energy Manager with the solar panels on our Erskine Park DC.



Moving to a circular economy

This year, we continued to implement our initiatives to reduce food waste and build on our food rescue partnerships to provide food relief to those in need.



Reducing Food Waste to Landfill' program being rolled out at Woolworths Supermarket Lidcombe.

IMPACT:

Commitment

9

Sustainable Development Goal



Sustainable Development Goal



Mullumbimby. Learnings from these stores were then applied to a wider trial group of 20 stores, with beneficial outcomes:

- Sharing the “why” of food rescue and recycling is of key importance to team engagement
- Realistic timelines were established for successful behaviour change
- Current and future capacity constraints of all stakeholders were identified.

Through the trial process we also reviewed our data strengths and shortfalls and have now developed a data-capture tool that provides visibility of food waste diversion quantities and diversion methods, down to a store level.

All Supermarkets are now executing this new program to deliver best-practice source separation and diversion of this surplus to help feed people in need, to farmers for animal feed and to commercial programs for the composting of organics.

As of the end of FY18, 96% of our Supermarkets were operating one food diversion program, and by the end of 2018, all of our Supermarkets will have at least one food waste diversion program in place to help them achieve quantifiable diversion targets.



Reducing food waste to landfill

This year saw significant progress on our commitment

to reducing food waste to landfill with the development of a new operations program for execution in FY19.

Through a test and learn approach, we piloted our 'Reducing Food Waste to Landfill' program in Woolworths Lidcombe and Woolworths

Our hunger relief partnerships



Through FY18 we built on our longstanding partnerships with OzHarvest, Foodbank and FareShare through developments in our food diversion processes, along with fundraising campaigns in our stores. Along with contributions made by Woolworths, this fundraising support helps these organisations cover operating costs and increase their capacity. We also spoke to our teams and customers about the issue of hunger in the community to build general awareness and engage hearts and minds to the cause.

FY18 saw the 10th anniversary of our partnership with FareShare, which grew from a trial of food rescue at two stores, to now involve more than 100 Victorian Woolworths stores and the regular donation of fresh meat from the Woolworths Meat Company in Truganina.

This partnership enables Woolworths to support the provision of 80,000 meals per month for vulnerable people in Victoria. This is food that otherwise might have ended up in landfill but is now being turned into meals by FareShare, in what is Australia's largest charity kitchen.

FareShare's operations rely on an army of volunteers, with many of our team providing hands-on support to help prepare wholesome, well-balanced meals for people in need.

Woolworths is also supporting the expansion of FareShare into Queensland, and with our support they are finalising construction of a new community kitchen in Brisbane. This new facility will be five times larger than their Melbourne facility, with capability to provide five million meals annually for those in need.

The future looks bright for the next 10 years of the Woolworths FareShare partnership as we work together to rescue surplus food and turn it into free, nutritious meals for many of the 3.6 million Australians in need of hunger relief each year.



Woolworths team volunteering at Fareshare.



Food rescue

Countdown has continued its focus on reducing waste across its business, with 13,142 tonnes of waste going to landfill due to stock loss initiatives, food rescue and farmer diversion programs. 100% of Countdown stores operate a food rescue program, which in FY18 donated \$2.3 million of food to charity partners and foodbanks and \$1.8 million of food scraps to farmers.

OzHarvest

2015

50 🏠

Woolworths stores participated in donating to OzHarvest



100,000 meals per month

2018

345 🏠

Woolworths stores participated in donating to OzHarvest

▲ 690% from 2015



400,000 meals per month

▲ 400% from 2015

Total food relief diverted to people in need

8.12m meals



Moving to a circular economy

Across the Group, we have been looking at ways to remove or reduce plastic packaging and provide opportunities for our customers to recycle and contribute to the circular economy.

WOOLWORTHS GROUP

No more plastic bags

The removal of single-use plastic bags has been a very important topic for our customers and our team, which is why we have phased out single-use plastic bags at all our checkouts throughout the Woolworths Group store network.

Dan Murphy's and Cellarmasters in Australia were already single-use plastic bag free, and as of 20 June 2018, so are all Woolworths Supermarkets in Australia. BIG W stores followed soon after on 1 July 2018. New Zealand Countdown stores have commenced the phase out and will be single-use plastic bag free by the end of 2018.

To make it easy and affordable for our customers to make the move away from single-use plastic bags, we will be offering the Bag for Good™ at both our Woolworths Supermarkets and Countdown stores. Once customers have purchased the reusable shopping bag and used it until it wears out, they can bring it back to one of our stores and we will replace it for free, no matter when it was originally purchased. We will recycle the old bags in the designated soft plastic recycling bins in our stores, allowing them to be repurposed into products such as benches, bollards and speed bumps.



IMPACT:

Commitment

10

Sustainable Development Goal



Woolworths

Improving our milk bottles

During the year we improved the sustainability of our own brand milk bottles. We converted our 3L milk to lightweight bottles in NSW, SA and Southern QLD, which has removed nearly 400 tonnes of plastic from circulation per year. This also resulted in a decrease in damaged stock, leading to less food waste.

We have also condensed the information on our milk labels so there is only one label per bottle, rather than one on the front and back, reducing about 50 tonnes of material weight a year. This saves approximately 7,500km of labels (and an additional 7,500km of backing paper), plus the production and transport of the labels.

Waste diverted from landfill (tonnes)

292,831t



Soft plastics recycling program

We have expanded our partnership with REDcycle, and from June 2018, all of our Australian supermarkets offer soft-plastics collection. Customers can return items such as biscuit packets and pasta bags, which cannot be recycled at home. To date, our customers have returned 125 tonnes of soft plastic for recycling. The plastic is processed by REDcycle, then sent to Replas to be turned into items such as school play equipment, street furniture and car park bumpers.

WOOLWORTHS GROUP

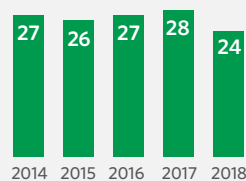


NSW Container Deposit Scheme

Woolworths is the first retail partner to the NSW Container Deposit Scheme Network Operator, providing a voucher redemption solution for customers as well as supporting the roll out of reverse vending machines (RVM) across NSW. To date the majority of containers returned have been via Woolworths affiliated RVMs.

As other states come on board, with Queensland going live in November 2018, Woolworths will continue to make it convenient for customers to return and redeem.

Waste intensity (t/square metres)



Woolworths

REMOVING PLASTIC FROM PRODUCE



Our customers are telling us they want to see a reduction in plastics across our store, particularly on fruit and vegetables. We make efforts to use our packaging as efficiently as possible, and the packaging we do use is designed to preserve the product throughout the supply chain. However, we have been listening and we are working hard to identify and realise opportunities to reduce excess plastic.

During the year, we delivered over 180 tonnes of plastic reduction, for example we removed the plastic tray and replaced it with a cardboard tray for organic apples and sweet potatoes. There is more to come - we are working hard to reduce another 1,500 tonnes of plastic on more than 80 fruit and vegetable products and in the coming months customers will notice less plastic on beans and Solanato Tomatoes.



Packaging recycling

In our drinks business, we continue to look for opportunities to improve the recyclability of our packaging - we are targeting 100% recyclable packaging for our own brand products. We have a glass lightweighting initiative underway at Vinpac which will reduce our Pinnacle brands' usage of glass by 843 tonnes. Also, we now segregate our PET label backing paper from general waste for recycling. This material is transformed into PET granules which are in turn recycled into new products. We estimate that we'll save 42 tonnes of PET plastic from general waste every year.



countdown

Plastic reduction

On 5 June 2018, Woolworths New Zealand signed a New Zealand Government-led pledge to transition to 100% reusable, recyclable or compostable packaging in our own brand products by 2025 or earlier.

The same day, Countdown announced we would no longer be selling single-use plastic straws from October 2018, which will remove up to 11.6 million straws from the waste stream annually. Also from October, all of Countdown's own brand bakery packaging will transition to recycled PET.



Sourcing environmentally sustainable commodities

We are looking to source high impact commodities from sustainable supply chains and continue to raise awareness of this to our customers and our suppliers.



Committed to a sustainable supply chain

Woolworths Group is committed to the development and support of supply chains that reduce our impact on the planet. Our customers expect us to operate in a sustainable manner by sourcing high-risk commodities from independently certified sources and we have made strong progress towards this goal in FY18.

We were successful in the launch of an own brand tea range that is certified by Rainforest Alliance. We also celebrated Christmas and Easter with seasonal chocolate ranges certified by UTZ/ Rainforest Alliance and will do the same in FY19 and beyond. We are on track for all chocolate blocks, sugar and coffee to be from sustainable sources by 2020.

In FY17, the Fisheries Research and Development Corporation released WhichFish, an online tool

to help businesses understand the environmental risks associated with the seafood they buy and sell. Woolworths was an early supporter of this tool and we plan to reference it going forward to inform and independently verify our sourcing decisions.

Raising the awareness of sustainably sourced products is an ongoing priority and in FY18 we supported this goal by:

- Hosting a 'lunch and learn' event for our team members with Fair Trade Australia and New Zealand
- Attending the Marine Stewardship Council's Sustainable Seafood Week luncheon
- Participating in the annual 'Fairtrade Fortnight' campaign
- Hosting a two-day event for World Environment Day which highlighted progress made on sustainable supply chain initiatives for a diverse internal and external audience
- Utilising our sustainable supply chain discovery webpage to highlight our sustainably sourced Easter chocolate range
- Road-testing guidance developed by the UN International Trade Centre for making effective environmental claims.

IMPACT:

Commitment **11**

Commitment **12**

Sustainable Development Goal 

Sustainable Development Goal 

Sustainably sourced own brand commodities:

 CHOCOLATE **100%**

 TEA **100%**

 COFFEE **70%**

 SUGAR **82%**



Better bags

Woolworths have been working closely with Good Environmental Choice Australia (GECA) on the development of our reusable plastic bags made from 80% recycled content. GECA, who run Australia's only not-for-profit, multi-sector eco-labelling program and advisory service, have certified some of our bags to their new environmental performance standard for reusable plastic bags (RPBv1.0-2018), with the remainder of our bags certified by Blue Blue Angel, a fellow Global Ecolabelling Network member. Woolworths' reusable bags are the first to be certified to GECA's standard, which seeks to set the benchmark for environmentally preferable products in this category.



Sustainable beef

We are also committed to ending deforestation caused by beef production. We know this is not possible through the sole reliance on legislation and that we must collaborate in order to achieve net zero deforestation on beef. Since 2016 we have been part of the consultation to form the Australian Sustainability Beef Framework, of which we have been a signatory since 2017. We are part of the consultative committee aimed at investigating the 'balance of tree and grass cover' alongside other retailers, farming bodies and NGO's such as WWF. Woolworths has been invited to participate in a consultative committee which is the scoping phase to understand what deforestation means in an Australian context.



Sustainable packaging

Woolworths Supermarkets have committed to sourcing our high volume fibre-based packaging SKUs from independently certified sustainable supply chains or from recycled material by 2020. This covers the customer packaging that is supplied with some of our most popular own brand products. We have already met this commitment for egg cartons and long-life dairy milk cartons.



PALM OIL IN NON-FOOD



Woolworths is working towards identifying all of the known chemical derivatives of palm and palm kernel oil in our non-food formulations, such as dishwashing liquids and laundry concentrates, so that we can ensure they have been either sustainably sourced or their usage offset. Woolworths are working with our suppliers to develop products with RSPO or Forest Trust verified sustainable palm derivatives.

PULP, PAPER AND TIMBER



We are on track to meeting our 2020 target of sourcing all products containing paper, pulp and timber from independently certified sustainable supply chains or from post-consumer recycled material. We have made progress across all of our own brand categories, with the following products now meeting the certification requirements of the Forest Stewardship Council (FSC):

- All cards, wrapping paper, gift bags and tags for Christmas 2018
- Our entire stationery range in time for Back to School in January 2019
- Over 90% of our paper-based picnicware
- All of our own brand toilet paper, tissues and paper towel.

To provide further assurance that our products are not contributing to deforestation, we have set the bar higher than certification. In 2018 we have introduced comprehensive procedures and guidance for sourcing all timber, pulp and paper products, including a supplier questionnaire, to identify and assess the risk of the entire raw material supply chain for each article. This will be complemented by an independent auditing regime in 2019.



Animal welfare

Animal welfare is an important part of doing the right thing and ensuring we can provide quality products to our customers. This year we have worked closely with our suppliers to improve the welfare of the animals under our care.

Leading Australian retailer in animal welfare

WOOLWORTHS GROUP

This year's global Business Benchmark on Farm Animal Welfare (BBFAW) results have recognised Woolworths' progress in implementing farm animal welfare improvements. We have improved our ranking, moving up one tier to Tier 3 (of six, with Tier 1 representing leading performance) and making us the leading retailer in Australia on animal welfare. We have also made pleasing progress on our overall commitments to improving animal welfare and embedding good governance and performance reporting, such as:

- First retailer to launch an industry standard 'Pork Blueprint' and our world class PigSafe pens
- Improved Dairy Standards
- Conversion of all of our Woolworths own brand eggs to cage-free (see below right).



Blantyre Farm, a Woolworths Supermarkets supplier.

RSPCA Approved chicken



We have proudly offered RSPCA Approved chickens since 2014. This applies to not just fresh chicken, but 70% of own brand products that identify chicken as an ingredient have also been RSPCA Approved. 'RSPCA Approved' means that our supply of fresh chickens come from farms which are assessed by the RSPCA. We have also committed to having all of our imported chicken raised to RSPCA Approved equivalent standards.

Animal welfare principles: Five Freedoms

1 Freedom from hunger and thirst

2 Freedom from discomfort

3 Freedom from pain, injury or disease

4 Freedom to express normal behaviour

5 Freedom from fear and distress

Cage-free eggs



During the year, our farmers have successfully converted all Woolworths own brand eggs to be cage-free. This meant that 160 cage-egg sheds were converted, so the layer hens are now free from close confinement. We have also made a commitment to use only cage-free eggs as an ingredient in our own brand products by 2025.

“We are not just jumping on the bandwagon. We started as a free range egg farm nearly 30 years ago and we’ve always believed in the idea of free range chickens.”



MATUSZNY FAMILY, MANNING VALLEY, NSW



The Matuszny Family has been involved in various farming enterprises for three generations since 1966 in the pristine, pollutant-free Manning Valley, NSW.

Their first venture into free range eggs began in 1989, when Manning Valley Free Range Eggs was founded, and the operation has been expanded over the past 30 years.

Manning Valley Free Range Eggs is committed to protecting the environment and conserving natural resources through efficient use. Their system ensures a happy, healthy, free ranging bird that consistently produces a complete, quality, nutritionally-packaged egg.

They have been supplying Woolworths across the eastern states of Australia since 2008 and we have worked together to bring the best quality, unique produce to the growing free range market to meet customer demand.

Matuszny's family farm in Manning Valley.



Responding to climate change

WOOLWORTHS GROUP

We recognise and understand the effects climate change may have on our customers, operations, the economy and the communities in which we operate.

Our position on climate change

We accept the Intergovernmental Panel on Climate Change's assessment of climate change science and have identified climate change as a material sustainability issue relevant to our businesses (see materiality assessment, pages 8 and 9).

We understand the responsibility we carry in mitigating this climate change and we are supportive of Australia's commitments under the Paris Agreement to limit global warming to 1.5°C-2°C above pre-industrial levels.

Task Force on Climate-related Financial Disclosures

Woolworths Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) which has developed voluntary, consistent climate-related financial disclosures for companies, and is committed to providing stakeholders with information in relation to how we are managing climate change risks. We recognise we are on a journey to enhance our management and disclosure of this critical issue and will work to progressively improve our disclosures against the TCFD recommendations, aiming to be completely aligned by 2020.

Climate change governance

Woolworths Group considers climate change to be a critical, board-level strategic issue. The Board Sustainability Committee oversees our Group-level response to climate change risks and opportunities. Climate change forms part of our sustainability strategy, progress on which is reported to the Board Sustainability Committee on a quarterly basis.

Management has primary responsibility for assessing and managing climate-related risks and opportunities as part of our enterprise risk management process. The Woolworths Facilities Management team is responsible for the energy efficiency and greenhouse gas emissions of our own operations, and manage our board-endorsed energy strategy targeting supply, demand and innovation opportunities to reduce our carbon emissions.

Climate change strategy

Climate change is part of our broader sustainability strategy which is described on page 4 and 5 of this report. We are focused on improving the emissions intensity of our operations, which reduces our business costs, as well as contributing to climate change mitigation.

IMPACT:

Commitment

13

Sustainable Development Goal



2018
carbon
emissions



13%

below 2015 levels

Science-based targets

In our 2020 sustainability strategy, Woolworths committed to use science-based targets (SBT) to assess the impacts of a 2°C world and examine their applicability to the Group. Science-based targets are emissions reduction targets which are in line with the level of decarbonisation required to keep global temperature increase below 2°C compared to pre-industrial levels.

We have now undertaken modelling to determine our science-based targets for our scope 1 and scope 2 emissions, and will continue this work to examine our scope 3 emissions during the coming financial year. Our SBT modelling used the Sectoral Decarbonisation Approach, which is the most comprehensive and fully developed SBT method available and allocates the carbon budget by sector (e.g. buildings, transport, industry and power generation etc.); as well as the Absolute Contraction Method which was used for our transport emissions. We will publish our SBT in the next financial year after examining our scope 3 emissions and obtaining endorsement of the target from the SBT Initiative.



TANK TEMPERATURE CONTROL UPGRADE



The implementation of IGNITION (Integrated Software Platform for SCADA systems) at Vinpac International and Dorrien Estate Winery has enabled our business to increase efficiencies at both sites.

The Vinpac Engineering Team worked with mechanical engineering students from the University of Adelaide to develop a thermodynamic model to reduce the energy used for winery refrigeration.

This system is currently being developed for the implementation of automated night cooling for the tank farm. This will utilise the refrigeration system at its most effective time for both power consumption and cost of power. This system can be modified to enable day cooling when the sites have installed solar power to ensure the efficiency of the solar system.

Risk assessment

Our business responds to climate change by:

- Monitoring, managing and reducing, where possible, the greenhouse gas emissions of our operations
- Working to understand and address the specific risks created by climate change for our business. Our annual risk review process has identified climate change as an emerging risk (see [2018 Annual Report](#)).

We understand the risks that climate change poses to our business. For example, the more frequent incidence of extreme weather events has the potential to impact our business and supply chain. This could result in potential infrastructure damage, as well as impact accessibility of our stores, affecting our ability to deliver safe, quality products to our customers. Over the coming years, we aim to further enhance and embed the consideration of non-financial risks into our enterprise risk management framework to ensure these risks continue to be identified and evaluated in a consistent manner across our business.

Powering our future

Woolworths have committed to reduce carbon emissions to 10% below 2015 levels by 2020. We are significantly ahead, with a 13% reduction reported this year.

We are investing in a range of initiatives that are optimising our energy use across our fleet of stores, distribution centres and support offices, reducing our energy consumption and testing emerging technologies. These initiatives are well developed with many already yielding significant benefits:

- **Switching off lights outside trading hours.** During FY18 we have recommissioned 430 stores to ensure all lighting controls are operational and schedules align with our trading hours.



Michael Shelley, Group Energy Manager with our Tesla battery.

- **Changing the way heating, ventilation and air-conditioning equipment is controlled in our stores.** With over one quarter of our stores already complete, this strategic change will yield significant energy efficiency improvements, without compromising store conditions and will be complete in all stores by FY20.
- **Retrofitting our stores with energy efficient LED,** which reduces a store's energy consumption by around 10-15%. 1,000+ stores have been completed across the Woolworths Group, including more than 500 supermarkets. Upgrades to lighting in supermarkets alone have offset the equivalent power consumption of 50 stores.
- **Introduction of Energy Management Centre** to monitor and manage energy consumption across all supermarket stores. This will provide real-time visibility of our energy usage and allow us to optimise our energy consumption through data and analytics. Over 400 stores are currently connected.
- **Installing solar panels** on roofs offsets around 13% of a store's energy consumption. We have solar panels on 62 stores and two distribution centres across the Woolworths Group with a solar capacity of approximately 7MW. There is another 2MW currently under construction across 6 stores. With our energy partner TransGrid, we are also trialling a solar and TESLA battery system at our Erskine Park Liquor Distribution Centre.

Carbon Disclosure Project

The Carbon Disclosure Project (CDP) runs the global disclosure system that enables companies to measure and benchmark their environmental impacts. Woolworths responds to CDP's 'Investor Request' on climate change through our annual voluntary submission

(available on the CDP website) which was scored a "B" in 2017.

Our emissions footprint

We emit greenhouse gases both directly and indirectly.

This year, we emitted a total of 3.3 million tonnes of carbon dioxide equivalent (CO₂e), which is 13% lower than our 2015 baseline levels.

In FY18, our facilities emitted 654,032 CO₂e of direct (scope 1 emission) which mainly comes from our use of refrigeration gases and natural gases at our stores. Electricity accounts for the majority of our emissions footprint, and this year we have emitted over 2.2 million tonnes of CO₂e. Our scope 3 emissions include the indirect emissions that occur as a result of our waste disposals.



LED lighting



BIG W has installed LED lighting across 42 stores between the period of September 2017 to May 2018, equating to 28,675 LED light fittings replaced. This represents an energy saving of 15-20%.

The introduction of the road to rail initiative on 31 July 2017 has removed 6,000 truck movements from the road, further reinforcing our efforts to contribute to the reduction of Woolworths' carbon emissions.

Understanding water risk

We understand that Australia is a highly water-stressed country. Many companies are exposed to water risks that can negatively affect business viability over the short- or long-term, and agricultural supply security is an issue of high importance to investors wanting to understand the impact issues such as water shortages and droughts could have on investee company profitability, including through higher prices or reduced availability of supply chain agricultural inputs.

For companies such as Woolworths that rely on agricultural production, it is the water risks embedded in the supply chain that are of significant concern and during FY18, we have undertaken some scoping research work to enable us to better understand these risks.

We have assessed the water risk associated with 13 of Woolworths' key product groups (e.g. beef, tomatoes, pork) along three dimensions: physical risk to water quantity, physical risk to water quality, and regulatory and reputation risk. These product groups represent \$8.7 billion annual revenue for Woolworths Group.

Over FY19, we will use this initial analysis to help us formulate an action plan to help address/mitigate these risks by building capacity and resilience in our supply chain.

Refrigeration Management

WOOLWORTHS GROUP



IMPACT:

Commitment **14**

Sustainable Development Goal



1 PERFORMANCE HIGHLIGHTS

2 PEOPLE

3 PLANET

4 PROSPERITY

5 SUSTAINABILITY METRICS

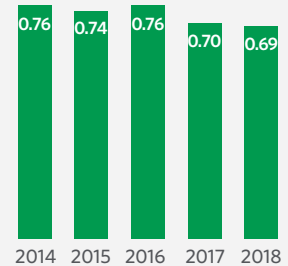
2018 refrigerant leakage



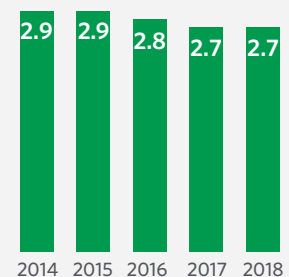
4%

above 2015 levels

Carbon Intensity (t CO₂-e/square meters)



Energy Intensity (GJ/square meters)



Refrigeration plays a major part in our business, and operation of our refrigeration systems is a material contributor to our carbon footprint. In line with our target to 'innovate with natural refrigerants and reduce refrigerant leakage in our stores by 15% of CO₂-e below 2015 levels', we have been investigating and implementing technology to help us reduce the use of refrigerants with high Global Warming Potentials. Over the past few years, we have been upgrading our store refrigeration systems with hybrid (R134a and CO₂) or HFC-free systems.

We have also been installing waterloop refrigeration in applicable stores, including the newly opened Caulfield North Metro, North Sydney Metro and The Oasis Supermarket. The

Oasis Supermarket has one of the largest waterloop systems in the southern hemisphere. Waterloop refrigeration offers a reduction in refrigerant charge and refrigerant leak rates compared to standard systems. In FY18, there have been 341 stores with upgraded refrigeration systems.

We have also piloted our Refrigerant Leak Detection System in 74 stores. This is a monitoring system which samples air through an infrared sensor from multiple zones around the store, and triggers an alarm if the refrigerant level exceeds a set threshold. Early detection of a leak will result in improved staff safety due to reduced risk of oxygen depletion in confined spaces, reduce stock loss and subsequent food waste and reduce the carbon emissions related to the refrigeration loss.



Prosperity

Founded on trusted relationships

We continue to find ways to work better together with our partners – including our suppliers, customers and communities.

The power of these strong relationships builds trust and enables us to maximise our positive impact.

Own brand products undergone a nutritional renovation



280+

Woolworths Supermarkets own brand products with the Health Star Rating

2,200+

Our community contribution as a % of EBIT¹

1.24%

Cash donations



\$5M

¹ on a rolling average basis.



“We have grown our business together with Woolworths and continue to evolve with them to ensure our supply chain is efficient and responsible.”



Quote: Rebecca Scurr, Pinata Farm, Queensland.



Working with our business partners

We understand that working with our suppliers means building long-term partnerships, encouraging open communication and fostering trust.

Understanding our suppliers

WOOLWORTHS GROUP

In order to continually build on our relationships with our suppliers, we work with the Advantage Group to allow our suppliers to talk openly and anonymously about our performance and engagement with them.

Once a year they prepare a detailed report by interviewing our suppliers, along with a pulse survey which is performed more often to provide us regular feedback and help us address concerns. We know there is still more work that can be done, and we will be working with our partners to continue to improve.

In the 2018 Advantage Report, Woolworths Supermarkets ranked second (out of 18 retailers) in 'dealing with suppliers in a fair and equitable manner'. To achieve these results, our senior management team consistently communicates collaborative buying strategies and fair-trading values at industry events, through our web-based electronic portal, and at business updates we host for 1,000 of our suppliers twice a year.

Several hundred members of our buying team have undertaken an external personal development and relationship-management course called Evolve. The Evolve training and principles ensure buying teams at all levels live the fair and ethical message being delivered by management in their day-to-day dealings with suppliers. In achieving this result, Woolworths Supermarkets has achieved their 2020 commitment, 'we will achieve a top quartile ranking in how we engage fairly and equitably with our suppliers as measured by independent supplier surveys', ahead of time.

Our BWS business moved to second position in national VOS rankings with a net favourable score of 64, a nine-point improvement on the prior period. They ranked number 1 for Category and Business Development in all major categories (Beer, Wine, Spirits and Ready-to-Drink).

IMPACT:

Commitment

15

Sustainable Development Goal



"We can see a huge improvement in the way Woolworths deals with suppliers. They are now talking to us about long term strategic direction...."

VOICE OF SUPPLIER



Working with our suppliers

BIG W has committed to hold a supplier conference every six months and have now hosted three successful events, with 450 suppliers attending the Australian session in May 2018, and 200 attending in Hong Kong.

We also commenced our Voice of Supplier (VOS) surveys in July 2017. After each bi-annual survey, a plan is developed to act on opportunities that have been identified. Improving our VOS scores is a key performance measure for the commercial team.



Edwina Beveridge with her family, Blantyre Farms.

“My father began introducing sustainability and recycling innovation in his day and we expect Alice to think outside the box when she takes over from us.”

SUSTAINABLE SUPPLIER OF THE YEAR



Woolworths Supermarkets’ annual Supplier of the Year awards recognise best-in-class performance amongst our suppliers in many different categories. This year, we again recognised our Sustainable Supplier of the Year; an award which encourages suppliers to innovate and implement sustainability practices into their business.

Our 2017 winner was pig producer Blantyre Farm, who displayed a real commitment to reducing food waste and making sustainability a fundamental part of their culture. Blantyre Farm has diverted 6,000 tonnes of waste food products from landfill to provide feedstock to 70% of their farm pigs. The waste stream includes Woolworths dairy products, confectionery, spreads, pet food and seafood products. These products might be simply short coded, have incorrect packaging or may not have passed human-grade specification. They have also invested in an unpacking facility, to unpack by hand 1,000 cartons of milk and 8 million litres of juice normally headed for landfill. Finally, they ensure that all of the plastic, cardboard or tin product containers are recycled.

Working with our business partners

At Woolworths Group, one of our core values is: I care deeply. This is at the heart of our sustainability programs, and is particularly relevant in our approach to responsible sourcing and how we manage the rights of workers across our global supply chain.

IMPACT:

Commitment

16

Sustainable Development Goal



Sustainable Development Goal



WOOLWORTHS GROUP

Our commitment to human rights

For the past year, Woolworths Group has undertaken a group-wide review of our approach to ethical sourcing. Led by a cross-functional team with the directive of the board, we worked in partnership with recognised social compliance firm ELEVATE to review and redesign our approach. This work was based on the logic of risk assessment, segmentation, due diligence and mutual recognition (see page 64). As part of this process we benchmarked our approach against leading global retailers, drew on investor and consumer insights, considered existing and forthcoming legislation on transparency in supply chains, developed partnerships with leading third-party social compliance schemes and piloted our approach with suppliers.

The result of this review has led to the launch of our new Responsible Sourcing Program, anchored by two main documents:



Rebecca Scurr, Pinata Farm, Queensland with her team.

- **Responsible Sourcing Policy** that applies to all direct suppliers; and
- **Responsible Sourcing Standards** that apply to all direct suppliers, other than suppliers of branded goods and services.

The Responsible Sourcing Policy outlines our commitment to upholding the human rights of the workers in our supply chain. It replaces our Ethical Sourcing Policy and is a part of doing business with us. The Standards are a key way that we implement the Policy commitments. They include comprehensive criteria on business integrity, labour rights, fair and safe working conditions and environmental compliance.

While our operations and supply chains are complex, our aim is to ensure that human rights issues are understood, respected and upheld. Woolworths Group expects our supplier business partners to adhere to ethical business conduct consistent with our own, and are committed to working with them to fulfil this common goal. We will support suppliers through this process by offering a series of information sessions, guidance documents, training and capacity development opportunities.

You can read more about our new Responsible Sourcing Program and download the Policy and Standards from the "Our Partners" section of the Group's website¹

¹ More details on our Responsible Sourcing Policy can be found at: https://www.woolworthsgroup.com.au/page/community-and-responsibility/group-responsibility/partners/Labour_Practices_in_our_global_supply_chain/

WOOLWORTHS GROUP

How we did in FY18

Prior to the launch of our updated Responsible Sourcing Program in July 2018, we have had a social compliance audit program in place since 2009 for factories making our own brand products. We engaged third-party certification bodies to conduct Woolworths Ethical Audits and to rate factories as approved, conditionally approved or at risk. Factories at risk or that need critical corrective actions cannot start production until these issues are resolved.

During the 2017-2018 financial year, we conducted 130 Woolworths Ethical Audits (see figures on page 64 of this report). Of these, we found 45 critical issues, 767 major issues and 198 minor issues. The majority of these audits were conducted in China and key improvement areas relate to working hours, access to social insurance and wages and benefits.

WOOLWORTHS GROUP

Grievance and remedy

Woolworths Group provides a Speak Up service for our team members and direct suppliers (and their team members) as a mechanism by which responsible sourcing concerns can be raised anonymously. Yet, with suppliers in more than 66 countries, we acknowledge there are different socio-cultural barriers that may prevent vulnerable workers from raising concerns, either directly with their employer (our supplier) or with us.

Strengthening our grievance response and working with suppliers to ensure appropriate mechanisms are made available within their own supply chains is a priority for the Group in FY19. The Responsible Sourcing standards reaffirm the eight characteristics of an effective grievance process outlined by the United Nations Guiding Principles on Business and Human Rights (known as the UNGPs), and we will work with suppliers to raise awareness of these.

WOOLWORTHS GROUP

Minimising duplication

Recognising many of our suppliers are already part of a social compliance audit program, we will now accept compliance information from six different internationally recognised third-party schemes. By accepting these schemes, suppliers can avoid duplication and harmonise their social compliance requirements for different retail customers. These schemes were selected based on their coverage, governance, relevance to our at-risk supply chain and alignment to our Standards, including:

- amfori BSCI
- Supplier Ethical Data Exchange (Sedex) and the SMETA audit
- Social Accountability International (SA 8000)
- International Councils of Toy Industries (ICTI) Ethical Toy Program
- Worldwide Responsible Accredited Production (WRAP)
- GLOBALG.A.P. Risk Assessment on Social Practice (GRASP).

MULTI-STAKEHOLDER COLLABORATION

WOOLWORTHS GROUP

Human rights and responsible sourcing challenges do not occur in isolation. At Woolworths Group, we seek to work in multi-stakeholder partnerships that both scale impact and promote a coordinated approach to tackling complex issues. Examples of collaboration on business and human rights include:

- Woolworths Group's Retail Roundtable series held in Australia and Asia
- Signing the 2018 Transition Accord in Bangladesh
- Participating in meetings of the Bali Process Government and Business Forum
- Members of the Global Compact Network Australia's Modern Slavery Community of Practice
- Ongoing dialogue with civil society in Australia and key sourcing countries
- Participating in the Australian Government's consultation on establishing a Modern Slavery Act.



Making an impact

Our values are reflected in the work that we do for the communities that we are a part of. Woolworths Group is committed to contributing the equivalent of at least 1% of our pre-tax profits on a three-year rolling average every year to community causes. We donate cash, in-kind or team member time to various charities across Australia and New Zealand. We also provide channels for our team members and customers to provide their support to these worthy causes.

IMPACT:

Commitment **17**

Sustainable Development Goal



Our community contribution as % of EBIT on a rolling average basis

1.24%

DIRECT COMMUNITY INVESTMENTS¹

Cash donations



\$5.0M

In kind



\$15.8M

Team member time



\$10M

Direct community investment totalling

\$30.8M

Leveraged fundraising



\$18.0M

NATIONAL:

Woolworths Earn & Learn

The Woolworths Earn & Learn program helps schools and early learning centres obtain a variety of educational resources, including sporting, mathematics, arts and science equipment. This program, has delivered over \$50 million in school equipment since it started in 2011. This year, we delivered 300,000 pieces of educational equipment to over 15,000 schools and Early Learning Centres, assisting over three million pupils.

QLD:

Royal Flying Doctors

The Royal Flying Doctor Service celebrated its 90th anniversary in FY18, and Woolworths stores across Queensland joined the celebration by fundraising more than \$720,000.

The Flying Doctor delivers care to more than 95,000 people no matter where they live, work or travel, providing vital access to air ambulance services and rural GP services.

WA:

Princess Margaret Hospital

Our teams in WA continue their longstanding support of the Princess Margaret Hospital through the Telethon Kids Institute.

SA:

Dolly's Dream

In June BWS selected "Dolly's Dream" as the charity to support and hope to raise over \$25,000. Dolly's Dream Foundation is actively working to prevent bullying and support victims of bullying.

¹ London Benchmarking Group methodology.



NT:
Mission Australia

BWS has partnered with Mission Australia in Darwin to support the Cafe One project – a training program for at-risk youth. This project will assist 40 youths in their journey for employment as a pathway to sustainable independence.

NZ:
Contestable Fund

In addition to the food donated through our stores, in FY18 we donated \$150,000 to our Food Rescue Partners Contestable Fund, a \$30,000 increase from FY17. This fund was established as there was little financial assistance available to help the sector grow and thrive. Countdown has awarded money to eight food rescue partners to help with various upgrades, facilities, a delivery vehicle and towards operating costs.

VIC:
Good Friday Appeal

Woolworths team members in Victoria continued their support of the Good Friday Appeal Kids Day Out. Through this family celebration in Melbourne on Good Friday, our teams offered fun activities to inspire children with fresh, healthy food.

NATIONAL:
White Ribbon

EDG is committed to ending men’s violence against women and have been proud partners with White Ribbon Australia since 2013. Throughout the year, we donate directly and also host a range of fundraising activities for our team members and community. In FY18, we have donated over \$400,000, which has helped provide education, awareness-raising campaigns and preventative programs.

TAS:
Kids I Am

Woolworths participated in the “Kids I Am” event in Launceston, providing opportunities for kids to try a range of physically and mentally stimulating activities.

NATIONAL:
GOOD360

BIG W has a partnership with Good360, a not-for-profit connecting goods to charities, and has donated more than 400,000 brand-new unsold or overstocked goods, like winter clothes, which would otherwise be disposed of to landfill. These goods have then been distributed through Good360’s network of 500 charitable organisations who re-distribute the goods to Australians in need.

QLD:
Children’s Hospital Foundation

The Children’s Hospital Foundation, in association with Woolworths, announced the establishment of the new Woolworths Centre for Childhood Nutrition Research, a \$5 million research centre aimed at better understanding key issues in childhood nutrition and how to tackle them.

NSW/ACT:
Variety – the Children’s Charity

Each year, thousands of children who are sick, disadvantaged or have special needs get support from Variety when they need it most. Last year, with the help of Woolworths, Variety impacted the lives of more than 60,000 kids in NSW, ACT, SA and NT.

VIC:
Very Special Kids

Throughout the year, ALH Group Victorian venues have raised funds for Very Special Kids (VSK) with raffles and special events. In June, ALH Group venues across Victoria took part in the annual 24-hour Very Special Kids Treadmill Challenge to raise over \$180K for children with life-threatening conditions.

Giving back to the communities in which we operate

Through our S.T.A.N.D partnership with The Salvation Army, Woolworths Group is able to support communities in need during natural disasters.

IMPACT:

Commitment

18

Sustainable Development Goal



WOOLWORTHS GROUP

Support through natural disasters

The Woolworths and Salvation Army S.T.A.N.D partnership provided Support Through Australian Natural Disasters numerous times in the last year, as again we saw many

communities ravaged by events from flash flooding to bushfires, often simultaneously across the country.

Thanks to a \$500,000 annual donation, proceeds from S.T.A.N.D bottled water and customer donations, the Salvo's Emergency Services teams were able to reach out to those in crisis - including those impacted by the floods in Hobart, fires in Murray Bridge (SA) and on the NSW South Coast, as well and mopping up after the impact of Cyclone Marcus in Darwin.



The Salvation Army support vehicles.



Woolworths

RED SHIELD APPEAL



In May each year, Woolworths Supermarket stores open their doors across the country to The Salvation Army to support the Red Shield Appeal; the Salvos' biggest appeal that raises much needed funds. Working together with the Salvos on their fundraiser is another way we are giving back to the community.



Hamish and Lisa Payne with the team from The Salvation Army.

THE PAYNES



Hamish and Lisa Payne, Woolworths Supermarkets team members, experienced the Tathra fires first hand. From her home, Lisa could see the fire streets away. Meanwhile, Hamish was returning from a conference in Sydney and flew over the flames near his house. When they could see the helicopters water-bombing a few streets away, they knew things weren't "real crash hot". Within minutes an Emergency Services vehicle approached and alerted people to evacuate their homes. They grabbed their wedding photos, their dog and went out to check on their neighbours.

Hamish and Lisa eventually arrived at the Bega showground evacuation centre, along with 837 other evacuees. In total, 65 homes were destroyed and 39 were damaged.

At the evacuation centre, Hamish met Salvation Army Emergency Services coordinators Captains Rod and Debra Parsons, who were offering food, drink as well as pastoral and emotional care to the evacuees. Immediately Hamish arranged for water, ice and food to be delivered from the nearest operating Woolworths. "It was just the right thing to do" said Hamish.

Woolworths and the Salvos worked in harmony to offer sustenance and support to those affected by the devastating fires. "We found our house was damaged, though we were lucky, luckier than some" lamented Hamish.

Salvo Rod said "The Paynes were instrumental in our response. Whenever I needed anything they were on the phone to the Woolworths team making it happen."

To date, the Salvos have distributed more than \$86,000 in financial assistance to Tathra residents affected by the fires; a response supported by the Woolworths Salvation Army S.T.A.N.D program. The Salvos continue to offer material aid, emergency financial aid, financial counselling, ongoing casework and chaplaincy support to the local community.



Giving back to the communities in which we operate

We are proud to have supported Foodbank for over 15 years, who provide food relief to vulnerable Australians every day.

IMPACT:

Commitment

18

Sustainable Development Goal



Fighting hunger in Australia

WOOLWORTHS GROUP

The 2017 *Foodbank Hunger Report* found that in the last 12 months, 3.6 million Australians, or 15% of the population, have experienced uncertainty about where their next meal is coming from. Woolworths' ongoing commitment to Foodbank is one way to ensure food waste is reduced right across the supply chain while also ensuring that vulnerable Australians do not go without food and groceries when forced to make tough choices about where to spend their money. Woolworths has supported Foodbank Australia since 2000, donating the equivalent of 29 million meals to Australians in need in this time. Foodbank provides food relief to more than 650,000 people each month across a range of demographics, from young families, to rural and remote communities and the elderly. With 3.6 million Australians experiencing food insecurity at some point each year, Woolworths' partnership with Foodbank is helping to make a difference to the lives of food insecure families across Australia.

"We simply could not do what we do without the support of Woolworths. It is a joy to be able to work with teams who are equally passionate about helping to turn around the lives of vulnerable Australians. The simple act of providing food and groceries at a time when people are at their most vulnerable can have life-changing consequences for the better, and we are so heartened by the good acts undertaken by Woolworths teams each and every day as they work to support Foodbank" Brianna Casey, Foodbank Australia Chief Executive Officer.



EMILY DAWSON



*Food Donor Coordinator
at Foodbank Victoria*

"Working with the team at the Mulgrave Distribution Centre has been so rewarding. They welcome us with open arms and because they are all passionate about reducing waste, they really are working tirelessly to ensure that stock that may once have gone to landfill can now go to helping people in need.

Having the support of a passionate group of people, who are immensely proud of the work we are doing together, is invaluable. Together we're able to have an enormous impact on the lives of thousands of families doing it tough - and we're helping the environment by reducing landfill too."



SUPPLY CHAIN

Woolworths Group

Woolworths Group Supply Chain teams across the country have firmly established themselves as Foodbank champions, working hard to maximise the volumes of food and groceries being directed to Foodbank rather than being sent to landfill.

Every Woolworths Distribution Centre now has a demarcated area for Foodbank donations. Whether it be rejected stock, products with incorrect barcodes or packaging faults, thanks to a process change implemented by the Woolworths Supply Chain team this year, surplus product is now diverted to Foodbank faster, to help people in need.

Woolworths Group Supply Chain team supporting Foodbank.



Creating shared value with our customers

We constantly listen and learn from our customers so we can tailor our stores to the community it is part of, such as sourcing products from local suppliers.



Woolworths

Sourcing locally

Our customers tell us that local sourcing is important to them, and our team of state-based local sourcing managers are focussed on searching for products that are grown or produced locally in their home state.

Jim's Jerky, Queensland



Jim's Jerky was created by Jim and Cathie Tanner in 2004 outside Toowoomba. After supplying cattle to Woolworths, Jim loved the idea of a value-added beef product. Jim's Jerky is now a household name in Queensland and further afield. Jim's Jerky was first ranged into Woolworths stores in the Toowoomba region in September 2017, and is now available in more than 80 stores Queensland-wide.



IMPACT:

Commitment

19

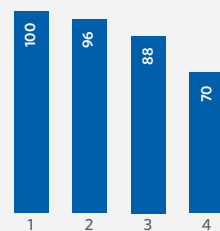


Woolworths

South Melbourne Dim Sims, Victoria

South Melbourne Dim Sims is an iconic Melbourne brand that started back in 1949 when the Cheng Family opened up their take-away shop at the South Melbourne Markets. Now their shop has become a landmark with loyal Melbournians and tourists queuing up daily for the famous dim sims. South Melbourne Dim Sims launched in Woolworths South Melbourne as a ready-to-eat offer in a retail pack of six in the freezer section. This relationship has come to fruition as a result of the Woolworths 'Discover Local' Campaign and has introduced South Melbourne Dim Sims as a local supplier.

Australian Sourced Fresh Products¹ (%)



1	Meat	100%
2	Fruit and vegetables	96%
3	Bakery	88%
4	Fish and seafood	70%

¹ In Australian supermarkets.



Woolworths Marrickville Metro: THE NEXT GENERATION OF SUPERMARKET

We have been listening to our customers, and understand there is no “one size fits all” approach to product ranging across all our stores. Our customers live in different environments all over Australia and their shopping needs vary. As such, we are listening to our customers and team in each store to build a store tailored for each of the communities we operate in. With this in mind, we launched our new flagship store during FY18.

With an expanded fresh food offering, customers can pick their own living lettuce from a hydroponic setup, enjoy a flame-roasted chicken, select something for entertaining from the cheese cave or peruse the Macro wholefood market aisle with over 200 certified organic lines. A new ‘Ready to Go’ section at the front of the store, filled with ready meals, fresh sandwiches, salads and healthy juices also caters for time-poor customers looking for easy meal options. For those who choose to shop online and pick up their orders in-store, there are Pick Up lockers located conveniently at the customer service desk. Customers can also experience a full production bakery including freshly-made artisan bread, a new and larger range of fruit and vegetables, in-store butchery and fish market. Support for local producers is also a focus, with products being ranged from local brands such as Hellenic Patisserie and Pepe Saya. The adjacent BWS has also been renewed, providing customers with a seamless journey between both stores and the ease of paying for their items from a dedicated register.

Woolworths Supermarkets Managing Director, Claire Peters said:
“Woolworths Marrickville Metro marks the next evolution of our journey to create a neighbourhood food store that provides a great shopping experience for our customers, good prices on products they want, a great fresh offer and the convenience they are looking for.

“Our teams have spent a great deal of time understanding how our customers like to shop, looked across the globe for inspiration and designed the store with the local customer at the forefront to create this next generation grocery shopping experience. Every possible angle and aisle in this process has been revisited and the result is a rustic yet future-proof design with a real community spirit.”



1
PERFORMANCE
HIGHLIGHTS

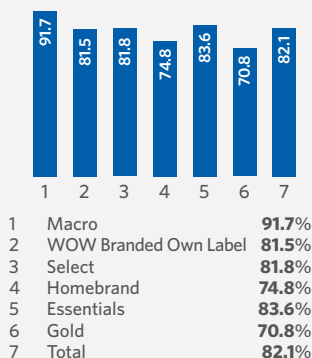
2
PEOPLE

3
PLANET

4
PROSPERITY

5
SUSTAINABILITY
METRICS

Own Brand Grocery – Australian sourced¹ (%)



Voice of Customer

WOOLWORTHS GROUP

We use our Voice of Customer (VOC) surveys to understand what our customers want, and it is a key performance indicator for our team. Our Australian food business continue its strong performance scoring 82 and New Zealand has scored 78. Dan Murphy’s and BWS have achieved their highest VOC scores since tracking commenced. BIG W continues to embed VOC metrics across the business as we work on building the foundations of this business.



Responsible service of alcohol

We are conscious of our obligations to address issues related to responsible drinking, and the responsible service, ranging, sale and marketing of alcohol.



Our responsibilities

EDG has developed and implemented a suite of industry leading responsible service initiatives including RSA mystery shops on 100% of stores over the course of the year. EDG is the industry leader in online RSA processes. The Victorian liquor regulatory body VCGLR has recommended that our processes be adopted as best practice for the sale and delivery of alcohol online.

We have developed the "Our Community our Commitment" responsibility framework, outlining our formal commitment to the communities that we serve. As legal obligations vary by jurisdiction our approach is to take the most stringent legal standard and apply it as national policy. In many instances we go beyond legal requirements with initiatives such as our School Uniform policy and our Ethical Buying Checklist. We work proactively with local police and regulatory bodies to develop responsible service policies that are attuned to local issues and conditions. We are active in all local liquor accords in every community in which we are represented. We were the first retail business in Australia to subscribe to the Alcohol Beverages Advertising Code and a founding member of Alcohol Beverages Australia.

DrinkWise

Endeavour Drinks is a voluntary contributor to DrinkWise - an independent, not-for-profit organisation whose primary focus is to help bring about a healthier and safer drinking culture in Australia. DrinkWise develops and implements a range of national information and education campaigns, as well as providing practical resources to help inform and support the community about alcohol use.

DrinkWise's approach recognises the benefits of moderation, individual responsibility and awareness of harms. By creating campaigns which resonate with Australians, DrinkWise has made a meaningful contribution to cultural change. The recent DrinkWise Australian Drinking Habits 2007 vs 2017 report indicates that over the past decade, there have been reductions in the proportion of Australians drinking to excess, increased levels of abstinence among pregnant women and minors, a rise in the age of initiation and improved approaches to parental role modelling.

Serving alcohol responsibly

We are very strict when enforcing the rules regarding alcohol. To keep young people safe, we have a policy to make sure all patrons of our hotels and liquor outlets, and customers of our digital and direct businesses are checked for ID if they appear under 25. We are also very diligent

IMPACT:

Commitment

20

Sustainable Development Goal



if there's a chance alcohol could be purchased for a minor or if people are already intoxicated. All of our team receive regular RSA training updates from programs we have developed ourselves, many of which have gone on to be adopted industry-wide.

Voluntary restrictions

BWS decided to implement voluntary restrictions to support the Port Hedland community when significant alcohol issues were identified in South Hedland. These measures not only assisted the community but also our team members by minimising challenges they were dealing with on a day-to-day basis. BWS was described as the 'gold standard' by the WA Police Force, who supported our actions to help reduce harm in the community.

Responsible ranging

We pride ourselves on the quality and extent of our range but there are some drinks we don't stock because we've found they appeal to people who shouldn't be drinking and/or encourage people to drink too much. We never stock a drink item if its advertising and packaging make a direct, unambiguous appeal to young people, or encourages excessive consumption. A number of our suppliers have made changes to packaging or reformulated drinks as a result of our ranging guidelines.

Responsible gambling

ALH recognises that problem gambling is a serious community issue and takes its obligations to promote responsible gaming very seriously. The ALH Group has already put in place immediate measures to further boost the commitment to responsible gaming, and to address the findings of two recent operational investigations.

IMPACT:

Commitment

20

Sustainable
Development Goal



Responsible Gaming Practices Investigation

In early 2018, Federal MP Andrew Wilkie questioned responsible practices at ALH in the Federal Parliament. As a result an ALH board sub-committee was established to investigate the claims. The investigation sub-committee consisted of the non-executive directors of ALH and was chaired by Mr Roger Corbett, advised by MinterEllison and supported by Ernst and Young and Jonathan Forbes of counsel. The investigation was conducted independently of ALH management.

In summary, the investigation found that over an approximately six month period commencing in or around June 2017, a customer service program was operating in a limited number of venues in Queensland which gave rise to instances of ALH employees recording descriptive information about gaming customers in a manner that was below ALH's expectations and contrary to its policies. Practices varied across these hotels. The practice also extended (to a limited degree) to a small number of venues

in South Australia, and certain aspects of the customer service program were implemented in two venues in New South Wales. The investigation additionally found evidence that, at some venues in Queensland, there was increased provision of complimentary drinks in gaming areas and that in certain instances increased customer service efforts (including the provision of complimentary drinks) were directed to high-value customers to encourage further gaming activity. These initiatives have now ceased. Aside from the matters referred to above, the investigation did not find evidence of similar conduct in any other state or territory.

Relevant state regulators and the Office of the Australian Information Commissioner have been briefed on the findings of the investigation, and ALH is actively engaging with regulators regarding these matters.

Responsible Gambling Council of Canada

The Responsible Gaming Council of Canada (RGCC) has completed a report, commissioned by ALH in 2017, assessing ALH's gaming operations against world best practice. The investigation team undertook extensive enquiries and conducted interviews with team members across all jurisdictions in which ALH operates a gaming business.

RGCC's report endorsed ALH's culture and commitment to

responsible gaming through training, communication and responsible practices. ALH proposes to take a number of steps to enhance its responsible gaming practices, including adopting several of RGCC's recommendations. Specifically, ALH will: introduce an updated National Gaming Code of Conduct to ensure a consistent approach to patron engagement across the business. The implementation of the new code will follow the completion of a review of patron management practices at ALH venues. In addition, ALH has committed to:

- enhanced training programs to help gaming staff with customer care
- implementing a uniform policy across the organisation precluding the service of complimentary alcohol in gaming room
- enhanced programs and customer engagement to promote voluntary pre-commitment
- enhancements to its privacy training and procedures
- disciplinary action where past instances of poor management have been identified.

These commitments are underpinned by ALH's Responsible Gaming Charter and its Australia-wide voluntary pre-commitment program. ALH has also established a specific whistleblower platform to seek to identify any related issues across the business. These measures will ensure that ALH continues to be the industry leader in the responsible service of alcohol and gaming products.



Making healthier easier



Our customers increasingly tell us that health is important to them, but for nearly one in two people, healthy eating is perceived to be expensive. We want to take the lead and support our customers by making healthier eating easier. The cost of healthy food, a lack of motivation to cook, difficult to change eating habits and a lack of time are the main barriers to healthy eating.¹

Inspiring for a better future



In FY18 we re-launched our Fresh Food Kids program, with the ambition to make it fun and easy for kids to eat fruit and vegetables every day. Our aim is to empower kids through fun and hands-on activities. That's why we have:

- Continued to offer Free Fruit for Kids available in all Woolworths Supermarkets across Australia. More than 6.8 million pieces of fruit are donated each year
- Piloted Fresh Food Kids Discovery Tours in 54 stores, which are being extended to all Woolworths stores from July 2018. Children from primary school and early learning centres are invited to learn, touch and taste fruit and vegetables. As of June 2018, 1,304 students have taken a tour
- Provided 500,000 free Back to School booklets in-store to guide parents on how to pack a healthy lunch from all the five food groups
- Held a Fresh Food Fair in 991 stores with free activities for kids to try new fruit and vegetables.



Fresh Food Kids Discovery Tour.

IMPACT:

Commitment **20**

Sustainable Development Goal



Health New Zealand

We've updated our nutrition targets to align with the retail industry's "Reducing Child Obesity" pledges. Other key health initiatives included:

- Participating in the Heart Foundation's Heart SAFE reformulation program, and as a result removed over three tonnes of salt from our potato chips annually
- Encouraging Kiwi families to cook nutritious recipes at home with recipe cards
- Increasing the health food space in 140 stores with an overall space increase of 230% since 2014
- Working with the Minister of Health and an industry working group on tackling obesity in New Zealand.



SIGNPOSTING HEALTHIER OPTIONS

To help our customers find healthier choices in store we have:

- Included the Health Star Rating on 98.5% of eligible Woolworths foods (over 2,200 products)
- Displayed nutrition information on our supermarket website
- Developed new store formats with a focus on fresh and healthy food by increasing space in 29 renewed stores for fresh fruit and vegetables and more shelf space has been dedicated to health aisles in 54 stores
- Increased our investment in driving awareness of fresh produce, including the expansion of our Fresh Market Update.

Stakeholder engagement





Woolworths is part of the Government's Healthy Food Partnership Executive Committee, which aims to improve the dietary habits of Australians. We hosted our first health day in Australia and New Zealand with over 100 like-minded partners from industry, NGOs and government. We shared our approach to helping customers shop healthier and we established partnerships with Life Education, Cricket Australia and Netball Australia.

Growing a "good food" team culture

We now employ 5 accredited nutritionists across Australia and New Zealand to implement our health guidelines and commitments. To embed our health strategy in FY18 Australia established a cross functional health working group supported by our Executive Committee with representatives from buying, marketing, strategy and nutrition.

Improving the nutrition of Woolworths Food Range

In the last six years we have improved the nutrition of 280+ products, resulting in:

	405	tonnes less salt
	130	tonnes less saturated fat
	220	tonnes less sugar
	13,300	tonnes more whole grains

Reducing prices

In February and May 2018 we dropped the prices of more than 90 healthier foods available at Woolworths.

During these campaigns we educated our customers and teams with healthier eating tips and swaps in our catalogue, at point of sale and on the new healthy eating web page on our supermarket website.

Deakin University's Health Rating for Supermarkets Report

This year Deakin assessed Australian supermarkets on their health initiatives and ranked Woolworths as the highest performer in the group. The Report called on all Australian retailers to do more to encourage healthy eating. Whilst we've made some progress, we acknowledge there is more we can do.

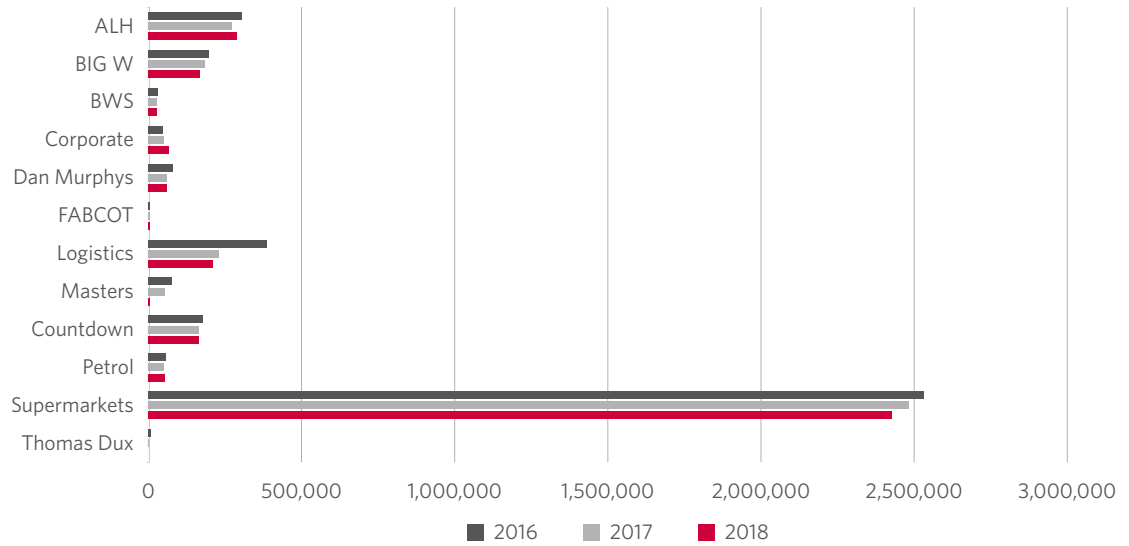
Recognition

The Heart Foundation Victoria publicly recognised our salt reduction efforts across Woolworths Food Range claiming Woolworths is leading the way for other food companies and retailers in Australia.

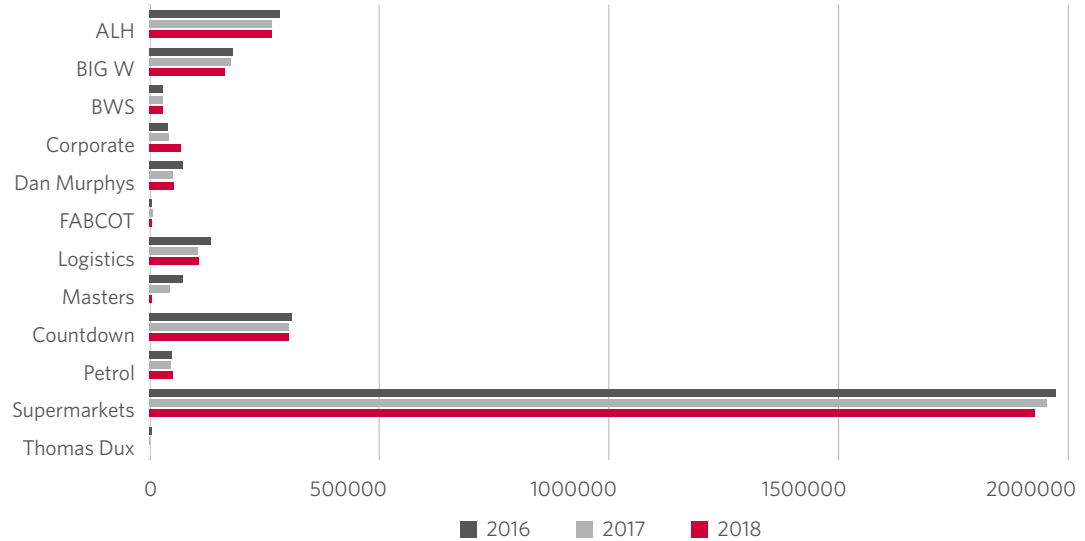


Sustainability metrics

TOTAL CO₂ EMISSIONS (t CO₂-e)¹



ELECTRICITY USE (MWh)¹



¹ Energy use and carbon emissions data was prepared in accordance with NGER Guidelines.

**EMISSIONS FROM FACILITIES (t CO₂-e)¹**

	SCOPE 1	SCOPE 2	SCOPE 3	TOTAL
ALH	30,785	225,002	33,567	289,353
BIG W	7,105	132,295	24,074	163,474
BWS	4,438	20,474	3,160	28,072
Corporate	1,009	53,773	8,669	63,451
Dan Murphys	5,862	47,041	6,446	59,349
FABCOT	210	4,752	727	5,689
Logistics	10,315	87,186	18,025	115,526
Masters	-	4,548	550	5,098
Countdown	75,213	36,074	19,069	130,357
Petrol	3,327	42,152	7,976	53,455
Supermarkets	515,767	1,587,715	298,910	2,402,392
Grand Total	654,032	2,241,013	421,173	3,316,217

¹ Energy use and carbon emissions data was prepared in accordance with NGER Guidelines.

TRANSPORT EMISSIONS BY USE (t CO₂-e)¹

END USE	AUSTRALIA	NEW ZEALAND
Business travel	4,974	2,274
Home delivery	9,667	-
Logistics 3rd party road	95,729	31,452
Trolley collection	14,869	-

¹ Energy use and carbon emissions data was prepared in accordance with NGER Guidelines.

WASTE (tonnes)**Australia - materials diverted from landfill**

	2015	2016	2017	2018
Food waste to composting or energy	17,359	15,791	16,877	16,187
Food to charity	2,956	3,231	4,015	4,062
Cardboard	192,170	218,535	222,145	229,821
Plastic film	7,028	8,226	9,232	9,088
Polystyrene	3	-	-	-
Other	131	47	296	46
Total Australia	219,647	245,830	252,565	259,204

New Zealand - materials diverted from landfill

	2015 ¹	2016	2017	2018
Food waste to farmers	807	787	768	1,265
Food to charity ²	509	509	509	1,895
Cardboard	25,324	26,057	26,709	28,219
Plastic film	1,253	1,307	1,296	1,412
Other	435	440	1,193	836
Total NZ	28,328	29,100	30,475	33,627
Total diverted	247,975	274,930	283,040	292,831

Total Waste to landfill	105,905
--------------------------------	----------------

¹ FY15 total excluded Farmers and charity.

² 2018 Food waste to farmers and charity methodology has been updated from prior years.

Workplace metrics

BOARD OF DIRECTORS

AGE BAND	FEMALE	MALE	TOTAL
<25	0	0	0
25-<35	0	0	0
35-<45	0	0	0
45-<55	2	2	4
55-<65	1	0	1
>65	1	2	3
Total	4	4	8

FEMALE REPRESENTATION BY EMPLOYMENT CATEGORY¹

Directors	50%
Executives	31%
Senior Managers	29%
Managers	41%
Office support	56%
Technicians and trades	11%
Sales	59%
Other	18%

RATIO OF BASIC SALARY AND REMUNERATION OF FEMALE TO MALE EMPLOYEES BY EMPLOYMENT CATEGORY¹

This table averages all the salaries within the non-managerial or managerial category. Within each category, there are different roles and levels of positions. The ratio to average reported here does not compare like-with-like roles and does not represent the Pay Parity Project on page 14.

	2018		2017	
	AVERAGE ANNUALISED SALARY	RATIO TO AVERAGE	AVERAGE ANNUALISED SALARY	RATIO TO AVERAGE
Non-managerial Female	\$47,412.27	97.05%	\$ 46,122	97.20%
Non-managerial Male	\$50,638.30	103.65%	\$ 49,114	103.50%
Average Salary	\$48,854.17		\$ 47,467	
Managerial Female	\$77,282.05	92.40%	\$73,380	92.80%
Managerial Male	\$87,952.71	105.16%	\$82,582	104.50%
Average Salary	\$83,635.69		\$79,033	

RESPECT AND DIGNITY

We expect our employees to treat each other, our customers and our suppliers with respect and dignity. We train our employees on these expectations, but sometimes we do have issues which escalate to external jurisdictions. We are working towards a resolution on the outstanding claims.

DISCRIMINATION

No of claims lodged in Australia during the year	20
Number resolved in financial year	18

¹ This is extracted from the Workplace Gender Equality Agency (WGEA) report with an extraction date of 1/1/2018 and is for Australian based team members only.



FREEDOM OF ASSOCIATION

We have longstanding relationships with the unions that represent our employees, and 80% of our workforce is covered by Enterprise Agreement (EA).

GROUP	EA EMPLOYEES	TOTAL HEADCOUNT	%
ALH (Venue & Support)	0	10,960	0.0%
BIG W	15,771	17,584	89.7%
Endeavour Drinks Group	6,864	14,105	48.7%
Food Group	130,394	149,129	87.4%
Statewide Independent Wholesalers ²	326	360	90.6%
Group Support	6,761	9,384	72.0%
Total Employees	160,116	201,522	80.0%

² Wholesale customer stores.

WORKFORCE AND TURNOVER

HEADCOUNT BY BUSINESS UNIT

GROUP/BRAND	FEMALE	MALE	TOTAL
ALH (Venue & Support)	6,155	4,805	10,960
BIG W	12,133	5,451	17,584
Endeavour Drinks Group	5,303	8,802	14,105
Food Group	83,502	65,627	149,129
Statewide Independent Wholesalers ³	29	331	360
Group Support	2,136	7,248	9,384
TOTAL	109,258	92,264	201,522

³ Wholesale customer stores.

HEADCOUNT BY EMPLOYEE TYPE

	FEMALE	MALE	TOTAL
Full-time	25,682	32,397	58,079
Part-time	52,204	31,104	83,308
Casual	31,372	28,763	60,135
Total	109,258	92,264	201,522

Workplace metrics (continued)

HEADCOUNT BY REGION

REGION	FEMALE	MALE	TOTAL
ACT	1,324	1,504	2,828
NSW	31,978	27,870	59,848
NT	1,052	873	1,925
QLD	22,817	17,383	40,200
SA	5,964	5,924	11,888
TAS	2,747	2,099	4,846
VIC	23,266	21,389	44,655
WA	9,575	6,837	16,412
NZ	10,235	8,195	18,430
China	292	171	463
Bangladesh	4	17	21
Thailand	4	2	6
Total	109,258	92,264	201,522

WORKFORCE BY AGE

AGE BAND	FEMALE	MALE	TOTAL
<25	36,646	38,111	74,757
25-<35	22,222	24,727	46,949
35-<45	18,211	14,234	32,445
45-<55	17,760	8,916	26,676
55-<65	12,305	5,172	17,477
>65	2,114	1,104	3,218
Total	109,258	92,264	201,522

TURNOVER BY REGION

	TOTAL NUMBER CEASED EMPLOYMENT			% LABOUR TURNOVER		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
ACT	350	417	767	27%	29%	28%
NSW	6,824	7,058	13,882	21%	25%	23%
NT	380	395	775	37%	46%	41%
QLD	5,941	5,367	11,308	26%	30%	28%
SA	1,234	1,436	2,670	21%	24%	22%
TAS	456	456	912	16%	22%	19%
VIC	4,740	5,429	10,169	20%	25%	23%
WA	2,277	2,029	4,306	24%	30%	26%
NZ	2,809	2,943	5,752	25%	33%	28%
China	106	60	166	36%	36%	36%
Bangladesh	0	4	4	0%	22%	20%
Thailand	0	2	2	0%	104%	35%
Total	25,117	25,596	50,713	23%	27%	25%

TURNOVER BY AGE

AGE BAND	TOTAL NUMBER CEASED EMPLOYMENT			% LABOUR TURNOVER		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
<25	12,664	13,211	25,875	33%	33%	33%
25-<35	5,703	7,211	12,914	26%	29%	27%
35-<45	2,860	2,682	5,542	16%	19%	17%
45-<55	2,166	1,436	3,602	12%	16%	13%
55-<65	1,270	766	2,036	11%	15%	12%
>65	454	290	744	22%	27%	24%
Total	25,117	25,596	50,713	23%	27%	25%

NEW HIRES BY REGION

REGION	TOTAL NEW HIRES		
	FEMALE	MALE	TOTAL
Australian Capital Territory	399	485	884
New South Wales	7,831	7,710	15,541
Northern Territory	453	401	854
Queensland	6,010	5,022	11,032
South Australia	1,353	1,370	2,723
Tasmania	432	431	863
Victoria	4,752	5,161	9,913
Western Australia	2,382	2,173	4,555
New Zealand	2,514	2,957	5,471
China	78	37	115
Bangladesh	1	1	2
Thailand	2	1	3
Total	26,207	25,749	51,956

NEW HIRES BY AGE

AGE BAND	TOTAL NEW HIRES		
	FEMALE	MALE	TOTAL
<25	14,831	16,010	30,841
25-<35	5,457	5,764	11,221
35-<45	3,044	2,268	5,312
45-<55	2,066	1,097	3,163
55-<65	770	531	1,301
>65	39	79	118
Total	26,207	25,749	51,956

PARENTAL LEAVE¹

We continue to offer paid parental leave to eligible Australian-based employees, which includes six weeks paid parental leave, two weeks' return-to-work bonus and up to 104 weeks unpaid parental leave. All employees are eligible if they have completed six months of continuous service prior to taking the leave or if they qualify as an eligible casual employee.

	2018		2017	
	ON PARENTAL LEAVE IN PERIOD	TEAM MEMBER STILL EMPLOYED ²	ON PARENTAL LEAVE IN PERIOD	TEAM MEMBER STILL EMPLOYED ²
Female	4,373	4,225	4,834	4,621
Male	38	32	23	20
Total	4,411	4,257	4,857	4,641

1 This is extracted from the Workplace Gender Equality Agency (WGEA) report with an extraction date of 1/1/2018 and is for Australian based team members only.

2 Team members in this category are considered to have either returned from parental leave during the period, or remain on parental leave at period end.



Workplace metrics (continued)

SAFETY AND HEALTH PERFORMANCE

SAFETY AND HEALTH COMMITTEE

Safety and health is represented at all levels of the organisation.

The Woolworths Group Board and management continues its commitment to laying a strong foundation for the management and oversight of safety and health throughout Woolworths Group. Sound safety and health governance processes and practices provide us all with the opportunity to actively participate in creating our safety and health culture and are a critical element in achieving Woolworths Group's aspirational goal of achieving 'Destination ZERO'.

These forums include safety reporting to our monthly board meetings, a quarterly Board Sustainability Committee and a monthly agenda item at the Business Executive Committee. The forums review the effectiveness of the business implementation of the Safety, Health and Wellbeing vision, principles, policy, standards, strategy and initiatives, risk processes, resources, information, compliance and assurance.

Each Business has a Safety and Health Committee that meets monthly to review safety and health. In addition to this, there are site based Safety and Health Committees comprised of management and team members.

BUSINESS	% OF WORKFORCE IN COMMITTEES
Supermarkets	6.49%
Supply Chain	3.22%
BIG W	11.58%
Metro	3.94%
Endeavour Drinks	41.71%
Corporate	4.50%
Woolworths New Zealand	14.87%
ALH Hotels	16.82%
Woolworths Group¹	10.42%

¹ Fuel is excluded.

BUSINESS RESULTS FOR 2018

BUSINESS UNITS	BUSINESS LTIFR RESULTS			BUSINESS TRIFR RESULTS FOR 2018		
	PER MILLION HRS	PER 200,000 HRS	% FEMALE	PER MILLION HRS	PER 200,000 HRS	% FEMALE
Supermarkets	7.15	1.43	60%	13.43	2.69	63%
Supply Chain	13.37	2.67	22%	30.31	6.06	20%
BIG W	4.38	0.88	78%	8.35	1.67	80%
Metro	3.31	0.66	43%	9.46	1.89	55%
Endeavour Drinks	6.12	1.22	50%	12.24	2.45	49%
Corporate	0.90	0.18	33%	1.80	0.36	33%
Woolworths New Zealand	9.57	1.91	N/A	13.15	2.63	N/A
ALH Hotels	13.07	2.61	57%	22.63	4.53	56%
Woolworths Group¹	7.74	1.55	56%	14.16	2.83	56%

¹ Fuel is excluded.



WOOLWORTHS GROUP LIMITED LTIFR FOR FY2016-2018

KPI	2016 ¹	2017 ¹	2018
LTIFR (Million hours worked)	10.25	9.09	7.74
LTIFR (200,000 hours worked)	2.05	1.82	1.55
% change on previous year	-14.72%	-11.34%	-14.87%

1 Previous year numbers have been updated to reflect any delayed reporting.

WOOLWORTHS GROUP LIMITED TRIFR FOR FY2016-2018

KPI	2016 ¹	2017 ¹	2018
TRIFR (million hours worked)	19.44	17.16	14.16
TRIFR (200,000 hours worked)	3.89	3.43	2.83
% change on previous year	-15.44%	-11.73%	-17.46%

1 Previous year numbers have been updated to reflect any delayed reporting.

	2018
Occupational Disease Rate (200,000 hours) ²	0.85

2 Excludes Fuel, ALH Hotels and Woolworths NZ.

WORK RELATED FATALITIES

Tragically, there have been two fatalities in the last year:

- a patron at the Sail and Anchor pub in WA passed away after he fell from a first story balcony in July 2017
- a security guard contractor at our Countdown store in Papakura passed away after being assaulted by a suspected shoplifter outside the store in May 2018.

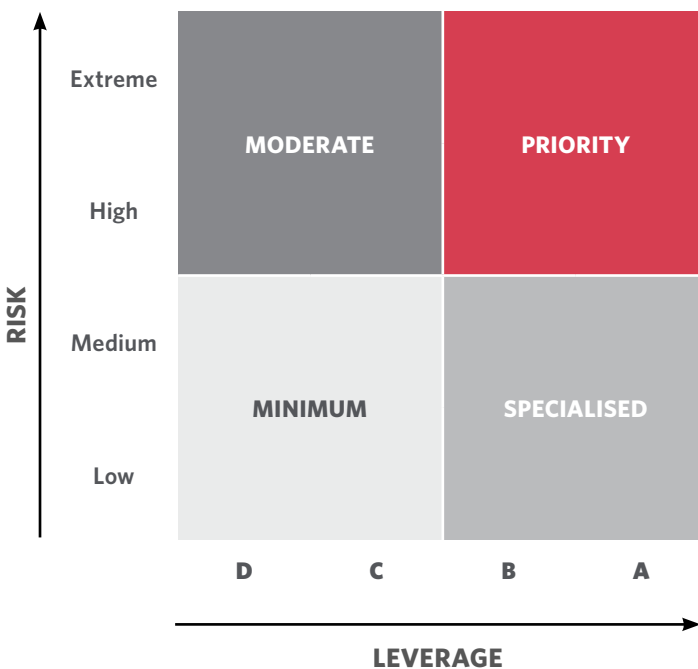
Employee work related fatalities	0
Contractor fatalities	1
Customer/Visitor fatalities	1

Workplace metrics (continued)

RESPONSIBLE SOURCING RISK SEGMENTATION

While Woolworths Group operations and supply chains are complex, our aim is to ensure that human rights are respected and understood. For us, responsible sourcing is not about auditing all suppliers in scope of the Standards; it is about taking a targeted and informed approach in sectors where there are known risks and where we have limited visibility.

To this end, we will conduct an annual supplier risk assessment. This assessment is based on a number of factors including country risk, third-party social compliance data and the nature of the supplier arrangement. Based on this assessment, suppliers will be categorised into four risk segments and this segmentation will determine the activities suppliers are required to complete in order to verify compliance with the Standards.



A **risk-based** and **leverage-driven** approach helps to **prioritise supplier engagements** by likelihood of influence supported by information on inherent sourcing risks to **optimise program impacts**.

METHODOLOGY

RISK	LEVERAGE
50% Inherent country risks from public domain data (e.g. World Bank, Global Slavery Index, Transparency International, etc.)	25% Length of business relationship
50% ELEVATE audit data	40% \$ spend amongst peer suppliers in each business unit
	35% \$ spend trend over the past 3 years

During the FY18 we conducted 130 Woolworths Ethical Audits.

ETHICAL AUDIT STATUS (PER SITE)

Conditionally approved	78%
Approved	18%
At risk	4%

CORRECTIVE ACTION PLAN SEVERITY (PER NON-CONFORMANCE)

Major	767
Minor	198
Critical	45

Corporate Governance

GOVERNANCE, THE BOARD AND DIRECTORS

Corporate governance is at the core of Woolworths Group's 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 Group 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

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.

DOING THE RIGHT THING

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 team members and trade partners to use when normal escalation methods have been exhausted or are inappropriate.

POLITICAL DONATIONS

Woolworths Group 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 Group 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 Group 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 has been prepared in accordance with the GRI Standards: Core option. More information can be found in the GRI Index starting on page 68.

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 are a signatory to the United Nations Global Compact (UNGC). The Index on page 67 shows our approach to the UNGC core values.



Glossary

TERM	MEANING
Carbon dioxide equivalent (CO₂-e)	A standard measure used to compare the emissions from various greenhouse gases based on their global warming potential. For example, one tonne of methane emissions is equivalent to 21 tonnes of carbon dioxide emissions.
EBIT	Earnings Before Interest and Tax - total earnings before provisions are deducted. This measures a company's performance and is often used in preference to net profit as it excludes the effects of borrowings and tax benefits and adjustments.
Forest Stewardship Council (FSC)	FSC is an independent, not-for-profit organisation which promotes responsible management of the world's forests. Refer to fsc.org or fscaustralia.org.au
Lost Time Injury (LTI) and Lost Time Injury Frequency Rate (LTIFR)	A lost time injury (LTI) is recorded against the date of the original incident after an employee loses a full shift from work; this may be some time after the incident. The formula for Lost Time Injury Frequency Rate (LTIFR) is the number of LTIs in a 12 month period divided by hours worked in a 12 month period multiplied by 1,000,000.
MWh	Megawatt hours is a unit of measurement for electricity use, referring to the amount of electricity needed to supply power to 1,000 homes for one hour.
National Greenhouse and Energy Reporting Act 2007 (NGER)	NGER establishes a national framework for Australian corporations to report greenhouse gas emissions, reductions, removals and offsets, and energy consumption and production. Refer to climatechange.gov.au/reporting/publications
Scope 1 emissions	Direct greenhouse gas emissions from sources owned or controlled by the company, such as combustion facilities (e.g. generators) and combustion of fuels in company-owned or company-controlled transport (e.g. cars and trucks).
Scope 2 emissions	Indirect greenhouse gas emissions from the generation of purchased electricity, heat, cooling or steam. Purchased electricity is defined as electricity that is bought or otherwise brought into the organisational boundary of the entity.
Scope 3 emissions	Other indirect greenhouse gas emissions that are a consequence of a company's activities, but that arise from sources that other entities own or control. Scope 3, like Scope 2, is a category of indirect emissions and covers all other indirect emissions from sources that are not owned or controlled by a company, but that occur as a result of its activities. Examples include emissions from waste disposal to landfill.
Sustainable Development Goals (SDG)	17 global goals set by the United Nations in 2015 to define global sustainable development priorities and aspirations for the planet.
Total Recordable Injury (TRI) and Total Recordable Injury Frequency Rate (TRIFR)	At Woolworths Group, a Total Recordable Injury (TRI) is the sum of the total number of fatalities, lost time injuries, restricted work injuries and medical treatment injuries within a given period. The formula for Total Recordable Injury Frequency Rate (TRIFR) is the addition of the number of Fatalities, Lost Time Injuries, Restricted Work Injuries, and Medical Treatment Injuries in a 12 month period divided by hours worked in a 12 month period multiplied by 1,000,000.

United Nations Global Compact

PRINCIPLES	ACTIONS	PAGE
Human Rights		
Principle 1 Protection of Human Rights	Responsible Sourcing framework	42-43
Principle 2 No Complicity in Human Rights Abuse	Responsible Sourcing framework	42-43
Labour		
Principle 3 Freedom of Association and Collective Bargaining	Responsible Sourcing framework Freedom of association and Union Engagement	42-43 59
Principle 4 Elimination of Forced and Compulsory Labour	Responsible Sourcing framework	42-43
Principle 5 Abolition of Child Labour	Responsible Sourcing framework	42-43
Principle 6 Elimination of Discrimination	Diversity and equal opportunity	14-19, 22-23, 58
Environment		
Principle 7 Precautionary Approach	No explicit reference to precautionary approach Approach to risk management	65
Principle 8 Environmental Responsibility	Planet	24-37
Principle 9 Environmentally Friendly Technologies	Technology addressing climate change, water conservation, transport and packaging	24-37
Anti-Corruption		
Principle 10 Work against Corruption	Anti-corruption	65

1
 PERFORMANCE
 HIGHLIGHTS

2
 PEOPLE

3
 PLANET

4
 PROSPERITY

5
 SUSTAINABILITY
 METRICS



Global Reporting Initiative

DISCLOSURE NUMBER	DISCLOSURE TITLE	REFERENCE
GENERAL DISCLOSURES		
102-1	Name of the organization	Front cover
102-2	Activities, brands, products, and services	2018 annual report
102-3	Location of headquarters	76
102-4	Location of operations	Contents
102-5	Ownership and legal form	2018 annual report
102-6	Markets served	2018 annual report
102-7	Scale of the organization	2018 annual report
102-8	Information on employees and other workers	58-64
102-9	Supply chain	40-43
102-10	Significant changes to the organization and its supply chain	GRI Index
102-11	Precautionary Principle or approach	GRI Index
102-12	External initiatives	12-23, 24-37, 38-55, 65, 67
102-13	Membership of associations	12-23, 24-37, 38-55, 65
102-14	Statement from senior decision-maker	2
102-16	Values, principles, standards, and norms of behaviour	3
102-40	List of stakeholder groups	8-9
102-41	Collective bargaining agreements	56-59
102-42	Identifying and selecting stakeholders	8-9
102-43	Approach to stakeholder engagement	8-9, 65
102-44	Key topics and concerns raised	8-9, 65
102-18	Governance structure	2018 annual report, 65
102-45	Entities included in the consolidated financial statements	2018 annual report
102-46	Defining report content and topic Boundaries	65, GRI Index
102-47	List of material topics	8-9
102-48	Restatements of information	GRI Index
102-49	Changes in reporting	GRI Index
102-50	Reporting period	Contents
102-51	Date of most recent report	Jun-17
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	76
102-54	Claims of reporting in accordance with the GRI Standards	GRI Index
102-55	GRI content index	68-70, GRI Index
102-56	External assurance	71-74



DISCLOSURE NUMBER	DISCLOSURE TITLE	REFERENCE
MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its Boundary	8-9, 12-23, 24-37, 38-55, GRI Index
103-2	The management approach and its components	3, 8-9, 65, 2020 Strategy, GRI Index
103-3	Evaluation of the management approach	2018 annual report, 12-23, 24-37, 38-55, 65, GRI Index
ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	2018 annual report
ANTI-CORRUPTION		
205-3	Confirmed incidents of corruption and actions taken	GRI Index
ANTI-COMPETITIVE BEHAVIOUR		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	GRI Index
ENERGY		
302-1	Energy consumption within the organization	24-37, 56-59, GRI Index
302-2	Energy consumption outside of the organization	24-37, 56-59, GRI Index
302-3	Energy intensity	24-37, 56-59, GRI Index
302-4	Reduction of energy consumption	24-37, 56-59, GRI Index
EMISSIONS		
305-1	Direct (Scope 1) GHG emissions	24-37, 56-59, GRI Index
305-2	Energy indirect (Scope 2) GHG emissions	24-37, 56-59, GRI Index
305-3	Other indirect (Scope 3) GHG emissions	24-37, 56-59, GRI Index
305-4	GHG emissions intensity	24-37, 56-59, GRI Index
305-5	Reduction of GHG emissions	24-37, 56-59, GRI Index
EFFLUENTS AND WASTE		
306-2	Waste by type and disposal method	26-29, 56-59, GRI Index
306-3	Significant spills	GRI Index
ENVIRONMENTAL COMPLIANCE		
307-1	Non-compliance with environmental laws and regulations	GRI Index
EMPLOYMENT		
401-1	New employee hires and employee turnover	58-64
401-3	Parental leave	58-64, GRI Index
LABOUR/MANAGEMENT RELATIONS		
402-1	Minimum notice periods regarding operational changes	GRI Index
OCCUPATIONAL HEALTH AND SAFETY		
403-1	Workers representation in formal joint management-worker health and safety committees	58-64
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	20-21, 58-64, GRI Index

Global Reporting Initiative (continued)

DISCLOSURE NUMBER	DISCLOSURE TITLE	REFERENCE
TRAINING AND EDUCATION		
404-2	Programs for upgrading employee skills and transition assistance programs	16-17
DIVERSITY AND EQUAL OPPORTUNITY		
405-1	Diversity of governance bodies and employees	58-64
405-2	Ratio of basic salary and remuneration of women to men	58-64
NON-DISCRIMINATION		
406-1	Incidents of discrimination and corrective actions taken	58-64, GRI Index
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	40-43, 58-64, GRI Index
CHILD LABOUR		
408-1	Operations and suppliers at significant risk for incidents of child labour	40-43, GRI Index
FORCED OR COMPULSORY LABOUR		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	40-43, GRI Index
HUMAN RIGHTS ASSESSMENT		
412-1	Operations that have been subject to human rights reviews or impact assessments	40-43, 58-64, GRI Index
PUBLIC POLICY		
415-1	Political contributions	65
CUSTOMER HEALTH AND SAFETY		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	GRI Index
MARKETING AND LABELING		
417-1	Requirements for product and service information and labeling	GRI Index
CUSTOMER PRIVACY		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	65, GRI Index

Assurance report



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INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF WOOLWORTHS GROUP LIMITED IN RELATION TO 2018 SUSTAINABILITY REPORT

We have undertaken a limited assurance engagement on the application of Global Reporting Initiative ('GRI') information and other criteria contained in Woolworths Group Limited's ('Woolworths') 2018 Sustainability Report as detailed in the table below (the 'Subject Matter'), in order to state whether anything has come to our attention that would cause us to believe that the Subject Matter has not been reported, in all material respects, in accordance with the reporting criteria described in the table below ('Reporting Criteria').

SUBJECT MATTER AND REPORTING CRITERIA

The Subject Matter and Reporting Criteria for our limited assurance engagement for the year ended 30 June 2018 is as follows:

SUBJECT MATTER	REPORTING CRITERIA
<p>GRI Standards disclosures</p> <p>GRI Standards disclosures prepared in accordance with the 'Core' requirements of the GRI Standards as set out in the GRI Index on pages 68-70.</p>	<p>GRI Standards and related information, publicly available at GRI's global website at www.globalreporting.org</p>
<p>Selected Indicator Data</p> <p>The following selected sustainability indicator data for 2018 included within the 2018 Sustainability Report for the specific standard disclosure requirements of the GRI Standards ('Selected Indicator Data'):</p> <ul style="list-style-type: none"> • Energy (302-1, 302-2, 302-3 and 302-4) on pages 24-37 and 56-59 • Emissions (305-1, 305-2, 305-3, 305-4 and 305-5) on pages 24-37 and 56-59 • Effluents and waste (306-2) on pages 26-29 and 56-59 • Employment (401-1 and 401-3) on pages 58-64 • Occupational Health & Safety (403-2) on pages 20-21 and 58-64 • Non-discrimination (406-1) on page 58-64 	<p>Relevant GRI Standards and Woolworths' definitions, and approaches as described in the GRI Index on pages 68-70, and on Woolworths' website at www.woolworthsgroup.com.au</p>

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Assurance report (continued)

Sustainability Targets

The following FY2018 performance data included within Woolworths' Sustainability Targets and commitments as contained in the People, Planet and Prosperity sections within the 2018 Sustainability Report:

- People: Team members & Board diversity
- Planet: Food saved for meals & Stores with upgraded hybrid or HFC free refrigeration systems
- Prosperity: Own brand products undergone a nutritional renovation, Woolworths own brand products with a health star rating & Cash donations.

Woolworths' definitions, and approaches as described in the People, Planet and Prosperity sections of Woolworths' 2018 Sustainability Report and on Woolworths website at www.woolworthsgroup.com.au

WOOLWORTHS' RESPONSIBILITIES

The Directors of Woolworths are responsible for the preparation and presentation of the 2018 Sustainability Report which includes the Subject Matter in accordance with the Reporting Criteria. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter in the Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate reporting criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

OUR RESPONSIBILITIES

Our responsibility is to express a limited assurance conclusion as to whether we have become aware of any matter causing us to believe that the Subject Matter has not been prepared, in all materials respects, in accordance with the Reporting Criteria.

We conducted our procedures to provide our limited assurance conclusion in accordance with Australian Standards on Assurance Engagements ASAE 3000 '*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*' (ASAE 3000), issued by the Australian Auditing and Assurance Standards Board. The procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Subject Matter, whether due to fraud or error. In making these risk assessments, we consider internal control relevant to Woolworths' preparation of the Sustainability Report as it relates to the Subject Matter in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of Woolworths' internal controls.

ASSURANCE WORK PERFORMED

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, and agreeing or reconciling with underlying records.

The procedures that we performed were based on our professional judgement and included:

- Review of Woolworths' processes relating to stakeholder identification, engagement and responsiveness, including an assessment of stakeholder engagement outcomes and how this process and the outcomes have been presented in the 2018 Sustainability Report.
- Review of Woolworths' process to identify and determine material issues to be included in the 2018 Sustainability Report with examination of underlying assessments and evidence on a sample basis.
- Interviews with a selection of Woolworths' executives and senior management, including Woolworths' Sustainability management team concerning the overall governance structure, corporate sustainability strategy and policies used for managing and reporting sustainability performance across the business.



Assurance report (continued)

- In respect of the Sustainability Targets and Selected Indicator Data:
 - interviews with a selection of Woolworths' management responsible for the Sustainability Targets and Selected Indicator Data to understand the compilation and review processes.
 - applying analytical and other review procedures including assessing relationships between the reported information and other financial and non-financial data.
 - examination of evidence for a small number of transactions or events.
 - analysing and inspecting on a sample basis, the key systems, processes and procedures and controls relating to the collation, validation, presentation and approval process of the information included in the Report.
 - reviewing underlying evidence on a sample basis to corroborate that the information is prepared and reported in line with the relevant Reporting Criteria.
- Comparison of the content of Woolworths' 2018 Sustainability Report against the criteria for a GRI self-declaration

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Woolworths' subject matter has been prepared, in all material respects with the criteria.

INHERENT LIMITATIONS

Non-financial information, including the Subject Matter may be subject to more inherent limitations than financial information, given both its nature and the methods used for determining, calculating and sampling or estimating such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The Subject Matter should be read in the context of Woolworths' Reporting Criteria as set out in the 2018 Sustainability Report.

USE OF OUR REPORT

Our assurance report has been prepared solely for the directors of Woolworths'. We disclaim any assumption of responsibility for any reliance on this report or on the Subject Matter to which it relates, to any person other than the directors of Woolworths or for any purpose other than that for which it was prepared.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the relevant ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQC 1, and accordingly Deloitte Touche Tohmatsu maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements

MATTERS RELATING TO ELECTRONIC PRESENTATION OF INFORMATION

Our limited assurance engagement included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of the Report after the date of this assurance statement.

Assurance report (continued)

CONCLUSION

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Woolworths':

- GRI Standards disclosures as set out in the GRI Index, are not prepared, in all material respects, in accordance with the 'Core' requirements of the GRI Standards; and
- Selected Indicator Data, is not prepared, in all material respects, in accordance with the specific standard disclosure requirements of the relevant GRI Standards and Woolworths' definitions, and approaches as described in the GRI Index.
- Sustainability Targets Data, is not prepared, in all material respects, in accordance with the Woolworths' definitions, and approaches as described in the People, Planet and Prosperity section of Woolworths' 2018 Sustainability report and on Woolworths' website at www.woolworthsgroup.com.au.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Paul Dobson
Partner

Sydney, 20 August 2018

Store analysis

FIVE YEAR STORE AND TRADING AREA ANALYSIS

YEAR ENDED 24 JUNE 2018 STORES (NUMBER)	2018 FULL YEAR	2017 FULL YEAR	2016 FULL YEAR	2015 FULL YEAR	2014 FULL YEAR
Continuing operations					
NSW & ACT	317	312	303	292	282
QLD	234	234	237	230	225
VIC	249	244	242	234	224
SA & NT	79	80	84	82	80
WA	98	94	94	92	89
TAS	31	31	32	31	31
Australian Supermarkets	1,008	995	992	961	931
New Zealand Supermarkets	181	184	184	177	171
Total Supermarkets	1,189	1,179	1,176	1,138	1,102
Thomas Dux	-	3	5	9	11
Freestanding Liquor (incl. Dan Murphy's)	398	387	373	359	349
Attached Liquor	560	550	544	527	509
ALH Retail Liquor Outlets	585	580	569	557	544
Summergeate	2	2	2	2	-
Woolworths Petrol ¹	-	-	-	513	499
Caltex/Woolworths Petrol	-	-	-	-	131
Total Food, Petrol & Endeavour Drinks Group	2,734	2,701	2,669	3,105	3,145
BIG W	183	185	186	184	182
Hotels (includes clubs)	323	329	331	330	329
EziBuy (Unallocated)	-	-	5	5	4
Home Timber & Hardware (retail)	-	-	-	-	28
Masters	-	-	-	-	49
Total continuing operations	3,240	3,215	3,191	3,624	3,737
Discontinued operations					
Woolworths Petrol	534	531	527	-	-
Home Improvement	-	-	106	102	-
Total Group	3774	3,746	3,824	3,726	3,737
Wholesale customer stores (continuing operations)					
Super Value and Fresh Choice	69	65	64	60	59
Home Timber & Hardware wholesale	-	-	-	-	475
Statewide Independent Wholesale	220	220	220	220	220
Total continuing operations	289	285	284	280	754
Discontinued operations (Home Timber & Hardware wholesale)	-	-	349	452	-
Total wholesale customer stores	289	285	633	732	754
Trading area (sqm)²					
Australian Food	2,281,866	2,252,709	2,229,714	2,143,082	-
Endeavour Drinks Group	460,841	446,083	430,691	413,409	-
New Zealand Supermarkets	405,274	415,970	417,966	397,889	-
BIG W	1,046,333	1,055,838	1,061,413	1,051,159	-

1 In 2014 three distribution centres were included in store numbers.

2 As a result of separating the trading performance of Australian Food & Petrol and Endeavour Drinks Group, we are now disclosing separate trading area for Australian Food and Endeavour Drinks Group. FY15 trading area has been restated on the same basis and is no longer comparable to previously reported data.



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WOOLWORTHS GROUP SUSTAINABILITY

Alex Holt
General Manager, Quality, Health & Sustainability
Fiona Walmsley
Senior Manager, Group Sustainability



We are constantly innovating to meet changing needs.

We look for ways to improve every day - better for our customers, team and communities.

We create
better
experiences
together

that better people's lives.

It's both the retail experiences and the experiences we make possible in customers' lives.

We work seamlessly as one team, leveraging our strength as a Group.

WOOLWORTHS GROUP

