

GOVERNANCE

Good corporate governance is central to the Woolworths Group's approach to enhance long-term shareholder value. The Woolworths Group Board and management are committed to policies and practices that meet high levels of disclosure and compliance.

The Woolworths Group has followed each of the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations throughout the reporting period. Further details are set out in the Corporate Governance Statement, which is available on the Woolworths Group website: www.woolworthsgroup.com.au

The members of the board of directors are set out below. Further information about their skills and experience is set out on pages 27 to 29.



Left to right: Holly Kramer, Kathee Tesija, Richard Dammerly (Chief Legal Officer and Company Secretary), Gordon Cairns (Chairman), Jillian Broadbent, Michael Ullmer, Brad Banducci (CEO), Siobhan McKenna and Scott Perkins.

DIRECTOR	MEMBER OF:				
	BOARD	AUDIT, RISK, MANAGEMENT & COMPLIANCE COMMITTEE	PEOPLE PERFORMANCE COMMITTEE	SUSTAINABILITY COMMITTEE	NOMINATION COMMITTEE
Gordon Cairns	●	●	●	●	●
Brad Banducci	●	-	-	-	-
Jillian Broadbent	●	●	-	●	●
Holly Kramer	●	-	●	●	●
Siobhan McKenna	●	●	●	-	●
Scott Perkins	●	●	●	●	●
Kathee Tesija	●	-	-	-	●
Michael Ullmer	●	●	-	●	●

● Chairman of board/committee.
● Member of board/committee.

BOARD SKILLS AND EXPERIENCE

The board's diverse range of skills, experience and backgrounds supports the effective governance and robust decision-making of the Group. The board has determined that collectively its directors have extensive experience across the key desired areas listed below.

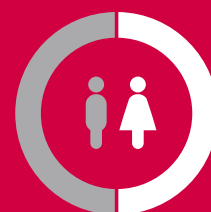
An assessment of the optimum mix of these skills and experience takes place regularly, taking into account the strategic positioning of the Group. Following its most recent review, the board identified that access to greater specialist operating experience in digital, data and technology, and regulatory and public policy would complement the functioning of the board and the Group's strategic focus in those areas.

SKILL/ EXPERIENCE	SUMMARY	COMBINED
Retail Markets	Retail knowledge and experience of customer-led transformation in the food, drinks or general merchandise sectors.	
Governance	Experience and a commitment to exceptional corporate governance standards.	
Strategy	Experience defining strategic objectives, assessing business plans and driving execution in large, complex organisations.	
Corporate Responsibility, Health & Safety	Commitment to social responsibility and sustainability initiatives and experience monitoring programs for proactive management of workplace safety, mental health and physical wellbeing.	
Digital, Data and Technology	Expertise and experience in adopting new technologies or implementing technology projects, digital disruption, leveraging digital technologies or understanding the use of data and data analytics.	
Financial Acumen	Understand financial drivers of the business, and experience implementing or overseeing financial accounting, reporting and internal controls.	
People and Culture	Experience monitoring a company's culture, overseeing people management and succession planning, and setting remuneration frameworks.	
Regulatory and Public Policy	Expertise identifying and managing legal, regulatory, public policy and corporate affairs issues.	
Risk Management	Experience anticipating and identifying key risks to the organisation and monitoring the effectiveness of risk management frameworks and controls.	

LEGEND

● Extensive ● Moderate ● Low

BOARD DIVERSITY



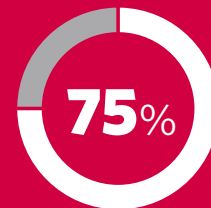
● Female 50%
● Male 50%

BOARD TENURE



● 0-2 years 62.5%
● 2-4 years 12.5%
● 4-6 years 25.0%

BOARD GLOBAL EXPERIENCE



International business experience and exposure to different political, cultural, regulatory and business environments

1
PERFORMANCE
HIGHLIGHTS2
BUSINESS
REVIEW3
DIRECTORS'
REPORT4
FINANCIAL
REPORT5
OTHER
INFORMATION

BOARD OF DIRECTORS



GORDON CAIRNS
MA (Hons)

INDEPENDENT CHAIRMAN

Appointed:

1 September 2015

Background and experience:

Gordon has extensive Australian and international experience as a Chairman, director and senior executive. He has over 30 years' of food and retail experience, including his time as Chief Executive Officer of Lion Nathan, and as a senior manager in marketing, operations and finance roles with PepsiCo, Cadbury and Nestle.

Other roles:

Chairman of Origin Energy (Chairman since October 2013, director since 2007) and a director of Macquarie Group and Macquarie Bank (since November 2014).

Previously Chairman of David Jones (March 2014 to August 2014) and Rebel Group, and a director of Westpac Banking Corporation (July 2004 to December 2013).



BRAD BANDUCCI
MBA, LLB, BComm (Acc)

MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER

Appointed:

26 February 2016

Background and experience:

Brad was appointed Managing Director of Woolworths Food Group in March 2015 and Managing Director and Chief Executive Officer of the Group in February 2016.

Prior to this appointment, he was Director of the Group's Drinks business between 2012 and March 2015. Brad joined the Group in 2011 after the acquisition of the Cellarmasters Group, a direct wine retail and production company. He was Chief Executive Officer of Cellarmasters from 2007 to 2011. Prior to this, he was the Chief Financial Officer and Director at Tyro Payments and a Vice President and Director with The Boston Consulting Group, where he was a core member of their retail practice for 15 years.



JILLIAN BROADBENT, AO
BA (Maths & Economics)

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed:

28 January 2011

Background and experience:

Jillian has extensive experience in corporate banking and finance in both Australia and internationally, primarily with Bankers Trust Australia.

Other roles:

Chair of the Board of Swiss Re Life & Health Australia and the Clean Energy Finance Corporation, and Chancellor of the University of Wollongong.

Previously, a member of the Board of the Reserve Bank of Australia (1998 to 2013) and a director of ASX, Coca-Cola Amatil, Special Broadcasting Service Corporation (SBS), Qantas Airways, Westfield Property Trusts and Woodside Petroleum.



HOLLY KRAMER
BA (Hons), MBA

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed:

8 February 2016

Background and experience:

Holly has over 20 years' experience in general management, marketing and sales, including roles at the Ford Motor Company (in the US and Australia), Pacific Brands and Telstra.

She was Chief Executive Officer of Best & Less, a subsidiary of South African retail group Pepkor.

Other roles:

Director of AMP (since October 2015) and Deputy Chair of Australia Post.

Previously director of Nine Entertainment Corporation (May 2015 to February 2017).



SIOBHAN MCKENNA
B.Ec (Hons), MPhil

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed:
8 February 2016

Background and experience:

Siobhan has a background in strategy and public policy within the digital and media sectors.

She was a Commissioner of the Australian Productivity Commission, a Chairman and Board Member of NBN Co Limited and a partner of McKinsey & Company.

Other roles:

Director of Amcil (since March 2016) and Group Director, Broadcasting, News Corp Australia.

Previously, a director of Ten Network Holdings (2012 to March 2017).



SCOTT PERKINS
BCom, LLB (Hons)

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed:
1 September 2014

Background and experience:

Scott has extensive Australian and international experience as a leading corporate adviser on strategy, mergers and acquisitions and capital markets matters.

He held senior executive leadership positions at Deutsche Bank from 1999 to 2013. These included Managing Director and Head of Corporate Finance for Australia and New Zealand, membership of the Asia Pacific Corporate and Investment Bank Management Committee and Chief Executive Officer of Deutsche Bank New Zealand.

Other roles:

Director of Origin Energy (since 1 September 2015), and Brambles (since 1 June 2015).



KATHRYN (KATHEE) TESIJA BSRMM
(Fashion Merchandising)

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed:
9 May 2016

Background and experience:

Kathee has extensive retail experience in the US market, particularly in merchandising and supply chain management.

She concluded her 30-year executive career with Target Corporation in the US in 2015. During this time she was Chief Merchandising and Supply Chain Officer and Executive Vice President, where she led the merchandising and supply chain functions, a role she held since 2008. She continued her involvement in Target as a Strategic Advisor until 2016.

Kathee is a US resident.

Other roles:

Director of Verizon Communications, Inc. (since 2012), and a senior advisor and consultant for Simpactful, a retail consulting agency in the US.



MICHAEL ULLMER
BSc (Maths) (Hons),
FCA, SF Fin

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed:
30 January 2012

Background and experience:

Michael has extensive experience in the accounting and banking sectors.

He was the Deputy Group Chief Executive at National Australia Bank (NAB) from October 2007 until he stepped down from the Bank in August 2011. He joined NAB in 2004 as Finance Director.

Prior to NAB, Michael was Chief Financial Officer and then Group Executive for Institutional and Business Banking at Commonwealth Bank of Australia. Before that he was a Partner at Accounting Firms KPMG (1982 to 1992) and Coopers & Lybrand (1992 to 1997).

Other roles:

Director of Lendlease (since December 2011).

GROUP EXECUTIVE COMMITTEE

Establishing the right team culture within the Woolworths Group is a key element of the Customer 1st strategy. Under the new Group purpose of "we create better experiences together", the Group Executive team is working together to create better experiences for our customers, team and communities every day.

BRAD BANDUCCI



"Improving VOC scores across all our businesses."

AMANDA BARDWELL



"Reaching 10 million Rewards customers."

DAVE CHAMBERS



"Supporting our local communities during the Kaikoura Earthquake."

RICHARD DAMMERY



"Supporting the Equitable Briefing Policy for diversity in the legal community."

NATALIE DAVIS



"Calling 20,000 customers from our VOC program to listen and improve."

JAMES GOTH



"Working towards phasing out plastic bags across our businesses."

PAUL GRAHAM



"Achieving a step-change in team safety across the Group."

STEVE GREENTREE



"Delivering health star ratings to over 80% of our own brand products."

JOHN HUNT



"Upgrading over 1,100 legacy self-service checkouts in supermarkets."

CARYN KATSIKOGIANIS



"Training and empowering 27,000 service team members."

DAVID MARR



"Improving working capital outcomes across our businesses."

CLAIRE PETERS



"Embracing the Woolies culture to better serve our customers every day."

MARTIN SMITH



"Creating more convenience for our customers with BWS Click & Collect."

COLIN STORRIE



"Creating value for our shareholders with strategic business transactions."

BRAD BANDUCCI
**MANAGING DIRECTOR AND CHIEF
EXECUTIVE OFFICER**

Biography available in Board of Directors, refer to page 28.

AMANDA BARDWELL
MANAGING DIRECTOR WOOLIESX

WooliesX includes Woolworths Digital, E-Commerce, Customer Loyalty and Customer Services. Amanda joined the Woolworths Group in 2001 and during her time has worked across both the Supermarket and Drinks businesses. Amanda has held positions in both general management and specialist senior executive roles across omni-channel retailing, e-commerce, marketing, buying, private label, and business development. Amanda has an MBA from University of New South Wales and a Bachelor of Business from the University of Technology Queensland and was awarded a Chief Executive Women Scholarship to INSEAD.

DAVE CHAMBERS
MANAGING DIRECTOR PEL

Dave is an experienced retailer and has been with the Woolworths Group for over 30 years. During this time Dave has held a number of senior roles stretched across store, area and divisional management. Prior to taking up the role of Managing Director in 2011, he was General Manager of New Zealand Supermarket Operations from 2008. Dave is also on the Trustee Board of the New Zealand Business and Parliament Trust.

RICHARD DAMMERY
**CHIEF LEGAL OFFICER AND COMPANY
SECRETARY**

Richard joined Woolworths Group in 2014 from Minter Ellison where he was a senior corporate partner. He has over 20 years' experience practising law, and has held a number of general counsel and commercial general management roles. Richard holds a BA (Hons) and LLB from Monash University, an MBA from the University of Melbourne, a PhD from University of Cambridge, and he is a Fellow of the Australian Institute of Company Directors.

NATALIE DAVIS
CHIEF CUSTOMER TRANSFORMATION OFFICER

Natalie joined the Woolworths Group in 2015 as Director Customer Transformation for Food Group. Prior to that Natalie was a Partner at McKinsey & Co, where she worked in the UK and Australia for 15 years advising on strategy and commercial transformation. Natalie led the McKinsey Women's Initiative in Asia and was a member of the global McKinsey Women leadership team. Natalie holds an MBA from INSEAD France, and Bachelor of Commerce and Law degrees with Honours, from the University of Sydney.

JAMES GOTH
DIRECTOR OF CORPORATE DEVELOPMENT

Prior to joining Woolworths Group in 2014, James was a partner at management consultancy The Boston Consulting Group (BCG). At BCG, James managed the firm's Sydney office and was leader of the Australian retail practice and the Asian strategy practice. Prior to this James was an economic policy advisor in the Department of Prime Minister and Cabinet during the Hawke and Keating governments. James completed a bachelor's degree with Honours in Economics and Law from the University of Sydney, as well as a Masters of Business Administration from INSEAD.

PAUL GRAHAM
CHIEF SUPPLY CHAIN OFFICER

Paul has spent a significant part of his career living and working in the Asia Pacific region as well as the United Kingdom, Australia and North America. Before joining the Woolworths Group in 2016, Paul was Global COO and CEO for Europe, Middle East and Africa for DHL Supply Chain covering 65 countries, some 170,000 people and \$32 billion in revenue. Paul has also been a board member of one of Australia's largest wholesale and grower produce companies, Executive Chairman of a large multi billion dollar global marketing services business headquartered in the UK and has served on various government and university advisory boards. He was awarded the Public Service Medal by the government of Singapore for services to the logistics industry in 2014.

STEVE GREENTREE
**MANAGING DIRECTOR FOODCO,
FUEL AND METRO**

Steve has had an extensive retail career of over 35 years with the Woolworths Group. During his time Steve has held a number of senior roles within Woolworths Group including Director of Business Development, Chief Operations Officer of Australian Supermarkets and Petrol, Director Woolworths Liquor Group, General Manager of Marketing and State Management roles for Australian Supermarkets.

JOHN HUNT
CHIEF INFORMATION OFFICER

Originally from Cape Town, John spent over 25 years at Woolworths (Pty) Ltd in South Africa where he held a range of senior IT and core retail leadership roles, including CIO and Senior Executive for Food Planning and Value chain. A retailer through and through, John is passionate about how information technology is used in enabling the business to support both the front line team members as well as ensuring our customers have the best shopping experience. John joined the Woolworths Group in February 2017.

CARYN KATSIKOGIANIS
CHIEF PEOPLE OFFICER

Caryn has over 20 years' experience within HR roles and began her career in the Woolworths Group in 2004. Since joining the Group, she has held a number of senior HR roles

across our business, including BIG W, Supply Chain, Supermarkets, Corporate Support and Food Group. Caryn also held the role of General Manager Business Transformation during this time. Originally from South Africa, Caryn holds a Bachelor of Commerce degree from the University of South Africa.

DAVID MARR
CHIEF FINANCIAL OFFICER

David joined Woolworths Group in 2011 as General Manager of Finance for Woolworths Supermarkets followed by Deputy CFO from November 2013. Prior to joining the Group, David was Supply Chain Director – Non Food at Tesco plc, UK, and previously UK Commercial Finance Director for almost three years. David has held a number of senior roles within leading Australian companies including Finance Director then Sales Director at Southcorp Limited, Sales Director – Destination at Foster's and Chief Financial Officer Australian Pharmaceutical Industries.

CLAIRE PETERS
**MANAGING DIRECTOR WOOLWORTHS
SUPERMARKETS**

Claire is an experienced retailer with over 22 years' experience. Claire started her retail career in the UK working for grocery retailer, Tesco. During this time she held a variety of senior roles including Regional Retail Director; Managing Director, Large Stores; and Commercial Director, Healthcare & Baby, Beauty and Toiletries. In March 2014 Claire moved to Thailand to take up COO responsibilities for Tesco Thailand. Claire holds a BSC Hons in Economics & Sociology from the University of Loughborough UK. Claire joined the Woolworths Group in June 2017.

MARTIN SMITH
MANAGING DIRECTOR OF ENDEAVOUR DRINKS

Martin Smith has had an extensive career in Retail spanning more than 45 years. Martin came to Australia in 1970 where he joined the Woolworths Group in an operational capacity, leaving in 1987. Martin rejoined Woolworths Group in 1999 working with AIW and later Dan Murphy's as General Manager from 2008 to 2015. Martin brings significant knowledge, experience and operational excellence to the role of Managing Director, having held senior roles with FAL, Wesfarmers as well as an Independent Supermarket Chain.

COLIN STORRIE
GROUP PORTFOLIO DIRECTOR

Colin Storrie has over 20 years' experience in senior finance roles in listed companies, investment banking and government. Prior to Colin's most recent appointment, he joined the Woolworths Group as Deputy Chief Financial Officer in 2015. Colin has also held Group Treasurer, Deputy Chief Financial Officer and Chief Financial Officer positions at both Qantas Airways Ltd and AMP Ltd. He has held a number of listed and non-listed director roles and is currently an independent non-executive director of UNICEF Australia Ltd, AIG Australia Ltd and North Queensland Airports.

Directors' Statutory Report

This report is given by the directors in respect of Woolworths Limited (the 'Company') and the entities it controlled at the end of, or during the financial period ended 25 June 2017 (together referred to as the 'Group').

PRINCIPAL ACTIVITIES

The Group operates primarily in Australia and New Zealand, with 3,746 stores and approximately 202,000 employees at year end. The principal activities of the Group during the year were retail operations across:

- **Australian Food:** operating 995 Woolworths Supermarkets and three Thomas Dux stores
- **Endeavour Drinks:** operating 1,517 under Dan Murphy's and BWS brands and two Summergate stores. Woolworths Group also operates Cellarmasters, Langtons and winemarket.com.au online platforms
- **New Zealand Food:** operating 184 Countdown Supermarkets as well as a wholesale operation which supplies a further 65 stores
- **BIG W:** operating 185 BIG W stores
- **Hotels:** operating 329 hotels, including bars, dining, gaming, accommodation and venue hire operations
- **Petrol:** operating 531 canopies. Petrol is reported as a discontinued operation

Woolworths Group also has online operations for its primary trading divisions.

THE DIRECTORS AND MEETINGS OF DIRECTORS

The table below sets out the directors of the Company, and the number of board and committee meetings held and attended by directors, during the financial period ended 25 June 2017.

DIRECTOR	BOARD MEETINGS		AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE		PEOPLE PERFORMANCE COMMITTEE		SUSTAINABILITY COMMITTEE		NOMINATION COMMITTEE	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
Non-executive Directors										
G M Cairns	11	11	5	5	5	5	5	5	1	1
J R Broadbent	11	11	5	5	-	-	5	5	1	1
H S Kramer	11	11	-	-	5	5	5	5	1	1
S L McKenna	11	11	5	5	5	5	-	-	1	1
S R Perkins	11	11	5	5	5	5	5	5	1	1
K A Tesija	11	11	-	-	-	-	-	-	1	1
M J Ullmer	11	11	5	5	-	-	5	5	1	1
Executive Director										
Brad Banducci	11	11	-	-	-	-	-	-	-	-

(A) Number of meetings eligible to attend (excludes circular resolutions and sub-committee meetings).

(B) Number of meetings attended.

Directors also attend meetings of committees of which they are not a member. This is not reflected in the table above. Details of the experience, qualifications and other listed company directorships of each of the directors are set out on pages 28 to 29.

COMPANY SECRETARIES

RICHARD DAMMERY

Richard Dammery was appointed Chief Legal Officer and Company Secretary in September 2014. His full biography is available on page 31 of this report.

MARCIN FIREK

Marcin Firek was appointed Company Secretary in January 2017. Prior to this, he was Company Secretary and a corporate lawyer in a number of large listed companies. Marcin holds a BEc LLB from Macquarie University, and he is a Fellow of the Governance Institute of Australia.

ENVIRONMENTAL REGULATION

The Group operations are subject to a range of environmental regulations under the law of the Commonwealth of Australia and its states and territories. The Group is also subject to various state and local government food licensing requirements, and may be subject to environmental and town planning regulations incidental to the development of shopping centre sites. The Group has not incurred any significant liabilities under any environmental legislation.

DIRECTORS' AND OFFICERS' INDEMNITY/INSURANCE

- (i) The Constitution of the Company provides that the Company will indemnify to the maximum extent permitted by law, any current or former director, secretary or other officer of the Company or a wholly owned subsidiary of the Company against:
- (a) any liability incurred by the person in that capacity; (b) legal costs incurred in defending, or otherwise in connection with proceedings, whether civil, criminal or of an administrative or investigatory nature in which the person becomes involved because of that capacity; and (c) legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties.
- (ii) Each director has entered into a Deed of Indemnity, Access and Insurance which provides for indemnity against liability as a director, except to the extent of indemnity under an insurance policy or where prohibited by statute. The Deed also entitles the director to access company documents and records, subject to undertakings as to confidentiality, and to receive directors' and officers' insurance cover paid for by the Company.
- (iii) During or since the end of the financial period, the Company has paid or agreed to pay a premium in respect of a contract of insurance insuring officers and any persons who are officers in the future and employees of the Company and its subsidiaries, against certain liabilities incurred in that capacity. Disclosure of the total amount of the premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.

NON-AUDIT SERVICES

During the year, Deloitte Touche Tohmatsu, the Company's auditors, have performed certain other services in addition to their statutory duties. The board is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth) or as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks or rewards. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 6.4 to the financial statements.

OTHER INFORMATION

The following information, contained in other sections of this Annual Report, forms part of this Directors' Report:

- Operating and Financial Review Details on pages 2 to 25 inclusive in the Annual Report;
- Details of dividends, including the Dividend Reinvestment Plan (DRP) and shares issued as a result of DRP, as outlined in Note 4.2 and Note 4.3 to the financial statements;
- Significant changes in the state of affairs as outlined in Note 5.1 and Note 6.5 to the financial statements;
- Matters subsequent to the end of the financial period as outlined in Note 6.5 to the financial statements;
- Directors' interests in shares and performance rights as set out in Table 5.2 and 5.3 of the Remuneration Report. These remain unchanged as at 1 August 2017;
- Performance rights granted during the year and subsequent to year end as outlined in Note 6.2 to the financial statements;
- Remuneration Report from page 34 to 51; and
- Auditor's independence declaration on page 52.

This Report is made in accordance with a Resolution of the Directors of the Company on 23 August 2017.



Gordon Cairns
Chairman



Brad Banducci
Managing Director and Chief Executive Officer

Remuneration Report

Introduction from the Chair of the People Performance Committee



Dear Shareholder,

On behalf of my Board colleagues, I'm pleased to share with you our Financial Year 2017 remuneration outcomes, which we believe reflect management's performance for the year and are also aligned to shareholder returns.

During the year, we changed the name of this committee from People Policy to People Performance in order to reflect the Board and management's significant shift in thinking regarding the centrality of people, performance and culture in driving long-term success at Woolworths Group.

FY17 has been an important year for Woolworths Group team members, as it marked the first full year of our transformation journey. This required significant investment in resources to stabilise and turnaround the trajectory of our business performance. Part of this investment was in our people. We made substantial changes to the remuneration structure to incentivise and reward all team members and to create alignment around both leading indicators and financial outcomes.

One key change was to the Short Term Incentive (STI) plan. We removed the Group performance gateway and set five key performance measures with targets at each level of the business. This ensured that all team members, from top executives to store managers, were aligned to a common effort but were rewarded for their achievement of business results largely within their own control. The result was that leaders throughout our business had greater motivation and engagement in the transformation journey.

This report shares with you the remuneration outcomes for the year, which the Board believes were in line with business performance. STI outcomes across the five measures for Executive Key Management Personnel (KMP) were just above target. The FY12 Long Term Incentive (LTI) plan did not vest, as it did not meet the required performance hurdles.

As we are still early in our journey, there are no significant remuneration changes planned for FY18. For the FY18 grant of the Transformation Incentive Plan (TIP), the performance measures will remain the same, and we have set challenging three year targets which reflect our continued focus on turning Woolworths Group into a world class, customer driven business.

Holly Kramer

Chair – People Performance Committee

The main objective of the People Performance Committee is:

to provide advice and assistance to the Board in relation to people management, remuneration policies and remuneration decisions for Executive KMP and the direct reports of the Chief Executive Officer (CEO).

During FY17 the Committee:

- Oversaw the rollout of the new transformation-aligned remuneration framework.
- Regularly reviewed business performance and projected remuneration outcomes to ensure that the new framework was driving the appropriate business outcomes and behaviours.
- Oversaw the development of refreshed core values and ways of working reinforcing the move towards being a purpose-driven organisation.

The Committee's priorities and actions for FY18 are:

To undertake a review of the remuneration strategy for implementation in FY19 as the business transitions to the next phase of our transformation journey.

The report has been prepared and audited against the disclosure requirements of the *Corporations Act 2001* (Cth).

Remuneration Report 2017

Table of Contents

1 KEY QUESTIONS

2 EXECUTIVE KMP REMUNERATION

2.1	Overview of FY17 remuneration framework	38
2.2	How performance is linked to STI outcomes	39
2.3	What we paid Executive KMP in FY17 – further detail	40
2.4	FY18 outlook	42
2.5	Other share right awards	42
2.6	Five year performance perspective	43
2.7	Terms of Executive KMP service agreements	43

3 NON-EXECUTIVE DIRECTORS' ARRANGEMENTS

3.1	Non-executive Directors' remuneration policy and structure	44
3.2	Non-executive Directors' minimum shareholding requirement	44

4 GOVERNANCE

4.1	Role of the People Performance Committee (PPC)	45
4.2	Use of remuneration advisors	45
4.3	Securities Trading Policy	45

5 KMP STATUTORY DISCLOSURES

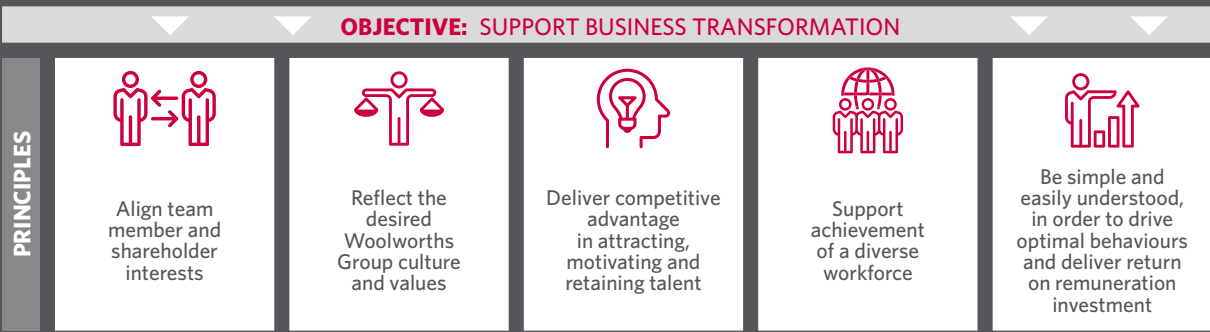
5.1	KMP remuneration table	46
5.2	Executive KMP share right movements	48
5.3	KMP share movements	49
5.4	Share rights outstanding for Executive KMP at 25 June 2017	50

MANAGEMENT DEFINITIONS

The Remuneration Report outlines Woolworths Group's remuneration framework and the outcomes for the year ended 25 June 2017 for the Executive Key Management Personnel (KMP). Executive KMP have the authority and responsibility for planning, directing and controlling the activities of Woolworths Group.

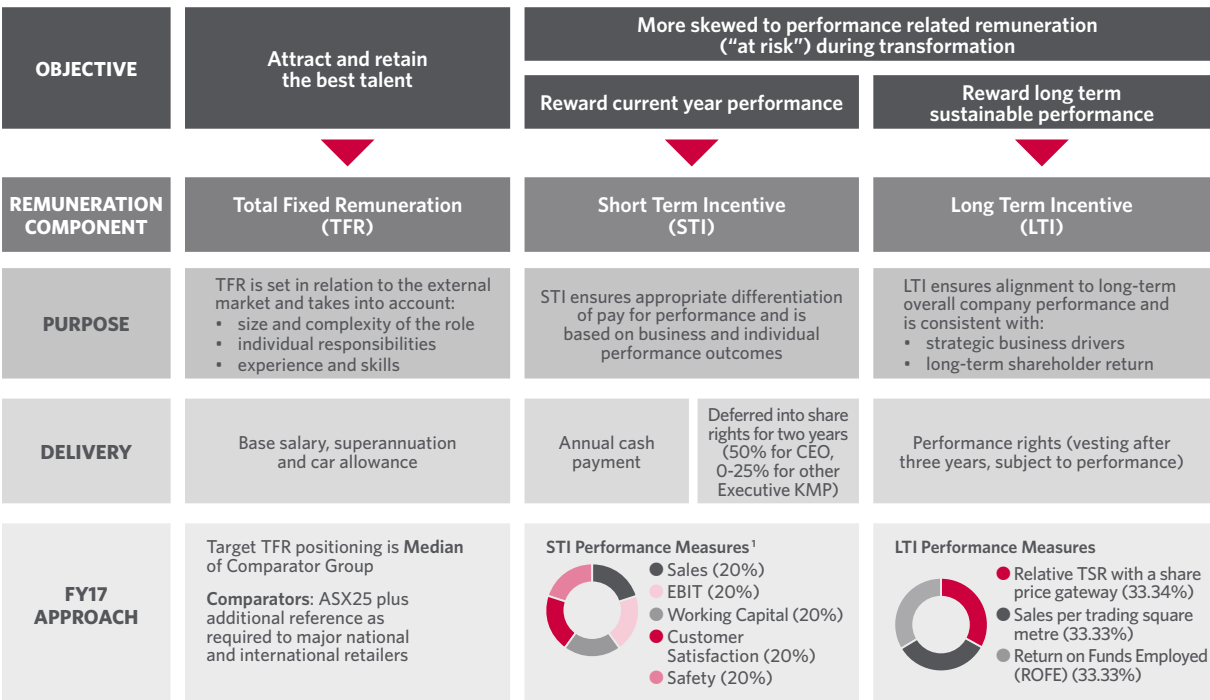
1 KEY QUESTIONS

What is our remuneration objective and guiding principles?



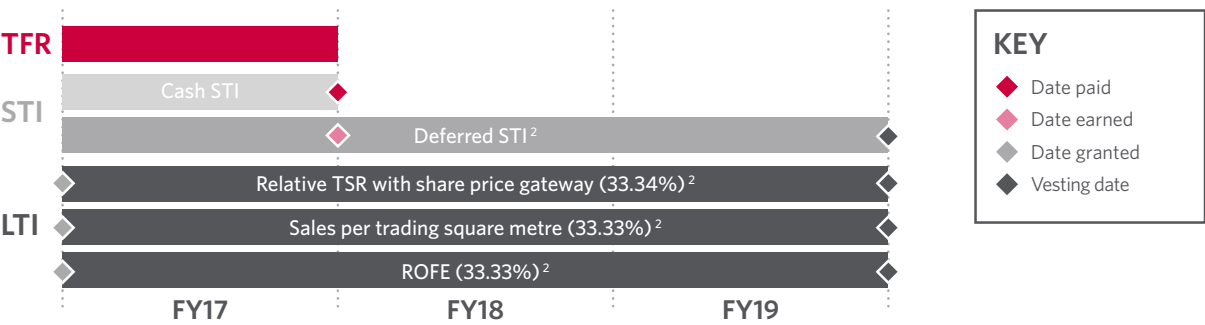
How is remuneration structured?

Woolworths Group's FY17 remuneration strategy focuses on delivery of the transformation of the business. The diagram below provides an overview of the different remuneration components within the framework.



When is remuneration earned and received?

The remuneration components are structured to reward executives progressively across different timeframes. The diagram below shows the period over which FY17 remuneration is delivered and when the awards vest.



1 With the exception of Mr Storrie who had specific performance measures relating to the Portfolio businesses for FY17.
2 Deferred STI is not subject to any further performance conditions other than continued employment. LTI is subject to performance conditions.

What is the remuneration mix for Executive KMP?

The remuneration mix for Executive KMP is weighted towards variable remuneration to ensure a significant focus on achieving our transformation objectives.

CEO: 75% of the CEO's remuneration is performance-based pay and 62.5% of his remuneration is delivered as share rights.

Other Executive KMP: 75% of their remuneration is performance-based pay and 56.25% of their remuneration is delivered as share rights.

LTI is granted at face value¹ and Executive KMP have minimum shareholding requirements.

CEO		Performance Dependent			
Total Fixed Remuneration (25%)	Target STI (25%)	Maximum LTI (50%)			
	Cash (12.5%)	Deferred (12.5%)	Relative TSR with share price gateway (16.68%)	Sales per trading square metre (16.66%)	ROFE (16.66%)
Other Executive KMP ²		Performance Dependent			
Total Fixed Remuneration (25%)	Target STI (25%)	Maximum LTI (50%)			
	Cash (18.75%)	Deferred (6.25%)	Relative TSR with share price gateway (16.68%)	Sales per trading square metre (16.66%)	ROFE (16.66%)

1 Face value represents the volume weighted average price (VWAP) of Woolworths Limited shares traded in the five days up to and including the grant date.

2 With the exception of Mr Storrie.

How much did you pay your Executive KMP in FY17?

The table below presents the remuneration paid to, or vested for, Executive KMP in FY17.

EXECUTIVE KMP	EARNED, PAID TO, OR VESTED IN FY17					TOTAL \$
	TOTAL FIXED REMUNERATION ¹ \$	RELOCATION AND OTHER BENEFITS \$	CASH STI ² \$	VESTED FY12 LTI \$	OTHER SHARE RIGHTS VESTED \$	
Brad Banducci Group CEO, Managing Director, Woolworths Food Group	2,500,804	0	1,509,750	n/a	461,181	4,471,735
Richard Dammary Chief Legal Officer and Company Secretary	849,054	25,490 ³	698,534	n/a	202,516	1,775,594
David Marr Chief Financial Officer	1,210,304	0	1,095,626	0	336,187	2,642,117
Claire Peters ⁴ Managing Director, Woolworths Supermarkets	70,804	80,766	531,975	n/a	51,792	735,337
Martin Smith Managing Director, Endeavour Drinks	788,637	0	656,330	0	n/a	1,444,967
Colin Storrie ⁵ Group Portfolio Director	823,785	0	825,000	n/a	243,878	1,892,663

1 Total Fixed Remuneration includes the deemed premium for Directors' and Officers' Indemnity insurance.

2 Cash STI is the portion of FY17 STI paid as cash. This represents 50% of the FY17 STI for the CEO, and 75-100% of the FY17 STI for other Executive KMP.

3 Non-recurring relocation benefits and associated fringe benefits tax concluded in July 2016.

4 Ms Peters commenced employment on 13 June 2017. She received relocation benefits of \$80,766 and a cash sign on payment of \$531,975 being compensation for the cash STI she forfeited in FY17 from her previous employer. As part of her LTI arrangements, 1,997 of the share rights awarded to her vested on 19 June 2017. Refer to section 2.5 for further detail.

5 Mr Storrie became an Executive KMP effective 1 July 2016. For FY17 his STI was calculated on base salary (not TFR), his STI performance measures were specific to the portfolio businesses and his STI was not subject to deferral. For FY18, Mr Storrie's remuneration arrangements will align with other Executive KMP.

What equity was granted for FY17?

The table below presents the equity granted to Executive KMP for FY17.

EXECUTIVE KMP	EQUITY GRANTED FOR FY17 AT FACE VALUE			TOTAL \$
	FY17 LTI ¹ \$	FY17 DEFERRED STI ² \$	SHARE RIGHTS REPLACING FORFEITED AWARDS \$	
Brad Banducci	5,000,000	1,509,750	n/a	6,509,750
Richard Dammary	1,696,500	232,845	n/a	1,929,345
David Marr	2,419,000	365,209	n/a	2,784,209
Claire Peters ³	1,300,000	n/a	2,153,095	3,453,095
Martin Smith	1,484,000	218,777	n/a	1,702,777
Colin Storrie	1,696,500	n/a	n/a	1,696,500

1 Subject to performance conditions and due to vest 1 July 2019.

2 Not subject to any further performance conditions except continued employment and will be granted in FY18.

3 Equity granted to Ms Peters represent an agreed proportion of her STI and unvested equity that was forfeited following her resignation from her previous employer. Refer to section 2.5 for further detail.

Remuneration Report

2 EXECUTIVE KMP REMUNERATION

2.1 Overview of FY17 remuneration framework

As communicated in the FY16 Remuneration Report, the Board undertook a comprehensive review of the company-wide remuneration framework. As a result, changes for FY17 were made to:

- Ensure alignment with the transformation strategy
- Reinforce a culture of accountability
- Ensure Executive KMP (and other senior executives) are appropriately motivated
- Incorporate best practice where appropriate.

The following table outlines the FY17 Executive KMP remuneration framework and highlights any changes for FY18.

COMPONENT	FY17 APPROACH																							
REMUNERATION POSITIONING																								
Market position	Median for TFR and 75 th percentile for total remuneration where outstanding performance is delivered.																							
Comparators	ASX25 plus additional reference as required to major national and international retailers.																							
SHORT TERM INCENTIVE																								
Opportunity	<ul style="list-style-type: none">All other Executive KMP: Target – 100% of TFR; Colin Storrie: Target – 100% of Base SalaryAll other Executive KMP : Maximum – 125% of TFR; Colin Storrie: Maximum – 200% of Target																							
Performance ¹ measures	<p>The performance measures are aligned for all Executive KMP with the exception of Colin Storrie. Sales (20%), EBIT (20%), Working Capital (20%), Customer Satisfaction (20%), Safety (20%).</p> <p>Individuals, with the exception of Colin Storrie, can receive between 0% and 125% of the Group STI outcome based on their individual performance. This is subject to the Maximum STI Opportunity set out above.</p>																							
Deferred STI	<p>CEO: 50% deferral of STI into share rights for two years.</p> <p>Other Executive KMP: 25% deferral of STI into share rights for two years (with the exception of Colin Storrie).</p>																							
Change for FY18	Move from the use of Total Recordable Injury Frequency Rate (TRIFR) as the Safety measure to a more holistic safety measure including customer safety.																							
TRANSFORMATION LONG TERM INCENTIVE																								
Opportunity (grant value)	<p>The LTI % opportunity is aligned for all Executive KMP:</p> <ul style="list-style-type: none">Grant value is 200% of TFR.																							
Performance measures and targets	<ol style="list-style-type: none">Relative TSR with a share price gateway (33.34%).<ul style="list-style-type: none">The comparator group is the ASX30 excluding metals and mining companies.The performance targets are: Gateway: Share price equal to or greater than \$20.8482 (10 day VWAP up to and including 1 July 2016). Minimum: 50th percentile, Target: 60th percentile, Stretch: 90th percentile.Sales per trading square metre (SQM) (Food Group and Endeavour Drinks) (33.33%).Return on Funds Employed (ROFE) (33.33%).																							
Vesting schedule	<table><tr><th rowspan="2">FY17 LTI PERFORMANCE</th><th colspan="3">% OF PERFORMANCE SHARE RIGHTS TO VEST²</th></tr><tr><th>RELATIVE TSR %</th><th>SALES PER TRADING SQM %</th><th>ROFE %</th></tr><tr><td>Below minimum</td><td>0</td><td>0</td><td>0</td></tr><tr><td>At minimum</td><td>11.68</td><td>11.66</td><td>11.66</td></tr><tr><td>At target</td><td>16.68</td><td>16.66</td><td>16.66</td></tr><tr><td>At or above the stretch</td><td>33.34</td><td>33.33</td><td>33.33</td></tr></table>	FY17 LTI PERFORMANCE	% OF PERFORMANCE SHARE RIGHTS TO VEST ²			RELATIVE TSR %	SALES PER TRADING SQM %	ROFE %	Below minimum	0	0	0	At minimum	11.68	11.66	11.66	At target	16.68	16.66	16.66	At or above the stretch	33.34	33.33	33.33
FY17 LTI PERFORMANCE	% OF PERFORMANCE SHARE RIGHTS TO VEST ²																							
	RELATIVE TSR %	SALES PER TRADING SQM %	ROFE %																					
Below minimum	0	0	0																					
At minimum	11.68	11.66	11.66																					
At target	16.68	16.66	16.66																					
At or above the stretch	33.34	33.33	33.33																					
Term, allocation method and award vehicle	Three year performance/vesting period awarded at face value based on the five-day VWAP up to and including 1 July 2016, as share rights.																							
Disclosure of performance targets	Due to commercial sensitivity, the sales per trading sqm and ROFE LTI targets will be published following the end of the performance period.																							
Change of control	The Board has discretion to determine whether some or all of the unvested performance share rights held by Executive KMP (and/or any other LTI Plan participant) will vest, remain “on foot” or lapse, having regard to all relevant circumstances.																							
Change for FY18	FY18 TSR Gateway: Share price equal to or greater than \$25.3865 (10 day VWAP up to and including the effective date of grant of 1 July 2017).																							

1 For FY17 Mr Storrie's STI performance measures were specific to the portfolio businesses. For FY18, Mr Storrie's remuneration structure will align with other Executive KMP.

2 Straight-line vesting between each performance level (above minimum performance). Each performance measure operates independently and will be tested separately.

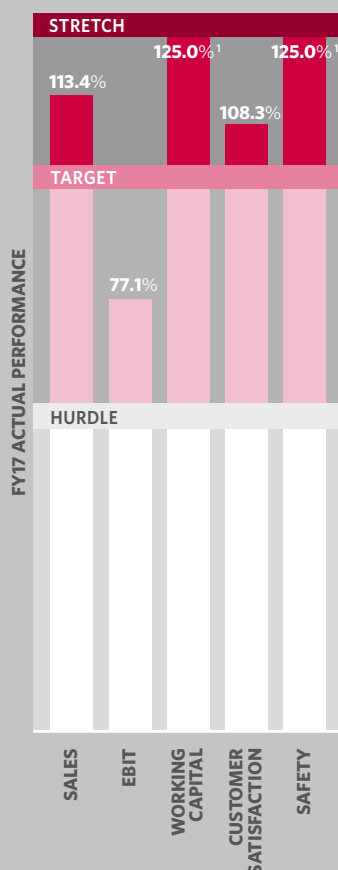
2.1 Overview of FY17 remuneration framework (continued)

COMPONENT	FY17 APPROACH
OTHER	
Hedging policy	Individuals cannot hedge Woolworths Limited equity that is unvested or subject to restrictions.
Clawback	The Board may determine that any unvested share rights will lapse or be forfeited in certain circumstances such as in the case of fraud, wilful misconduct or dishonesty.
Minimum shareholding requirements	Group CEO: Equal to 100% base salary over a three-year period. Executive KMP: Equal to 50% base salary over a five-year period (effective from their appointment or the introduction of the policy, whichever is the later).
Dividends	Shares equivalent to the value of dividends foregone during the period between grant and vesting are provided at the time of vesting. No dividend equivalents are provided on awards (or portion thereof) which do not vest.

2.2 How performance is linked to STI outcomes

Reflective of Group performance, the FY17 STI outcome is just above target for the Executive KMP:

109.8%
of target

**SALES**

We delivered strong sales in FY17 across Australian Food and Endeavour Drinks. The sales momentum in Australian Food was driven by investment in price and service over the past 18 months as well as the ramp-up of our supermarket renewals program. Sales performance for the Group was between target and stretch for FY17.

HURDLE: \$53.8B TARGET: \$54.9B **STRETCH: \$56.0B** ACTUAL RESULT FY17: \$55.5B

EARNINGS BEFORE INTEREST AND TAX (EBIT)

EBIT performance was above hurdle but below target for FY17. EBIT in Australian Food was driven by a turnaround in sales and an improvement in stock loss, offset somewhat by competitive pricing in the market and higher team incentives. Our Petrol and Hotels businesses delivered strong EBIT growth and Endeavour Drinks grew broadly in line with sales. Offsetting these results were substantial trading challenges in BIG W.

HURDLE: \$2.44B TARGET: \$2.53B **STRETCH: \$2.66B** ACTUAL RESULT FY17: \$2.48B

WORKING CAPITAL

The performance of working capital was above stretch for FY17 and was predominantly the result of a significant improvement in inventory management across the Group with good improvement in average inventory days achieved in most businesses.

HURDLE: -1.4 DAYS¹ TARGET: -1.8 DAYS¹ **STRETCH: -2.6 DAYS¹** ACTUAL RESULT FY17: -5.1 DAYS¹

¹ Improvement in working capital days.

CUSTOMER SATISFACTION

We measure customer satisfaction through our Voice of Customer (VOC) program. This program is run by an external provider and surveys thousands of our customers each month on seven key store-controllable measures. Stores are able to see immediate customer feedback on their stores through a VOC portal. In FY17 we have achieved significant improvements in our VOC score as a result of our continued focus on the customer, achieving results between target and stretch.

HURDLE: 75% TARGET: 77% **STRETCH: 80%** ACTUAL RESULT FY17: 78%

SAFETY

The inclusion of safety in our incentive program for FY17 has refocused our safety efforts and led to a step change improvement in safety outcomes across the Group. During FY17 we focused on both physical safety and the physiological safety of our teams. Safety across the Group has improved significantly in FY17 resulting in performance at stretch. We have seen a 20% improvement in our Total Recordable Injury Frequency Rate (TRIFR) and a 29% improvement in our Lost Time Injury Frequency Rate (LTIFR).

HURDLE: 14.7 TRIFR TARGET: 14.1 TRIFR **STRETCH: 13.0 TRIFR** ACTUAL RESULT FY17: 12.9 TRIFR

¹ STI outcome capped at stretch for each measure.

Remuneration Report

2.3 What we paid Executive KMP in FY17 – further detail

The following pages compare the target and actual remuneration earned during FY17 and FY16 for the current Executive KMP. Amounts include:

- Total fixed remuneration received
- Relocation and other benefits received
- Cash STI received as a result of business and individual performance (versus the cash target STI value)
- Share rights that vested during the year at face value (versus the maximum initial award face value) for each plan.

This information differs to the statutory remuneration disclosures presented in Section 5.1 (the main differences are outlined in footnotes^{1,2} associated with the following tables).

FY16 remuneration outcomes have been restated to exclude share rights that vested on 1 July 2016 and to include share rights that vested on 1 July 2015 in line with the respective financial reporting period as presented in Section 5.2.

The only Executive KMP with LTI due to vest in FY17 were David Marr and Martin Smith. This LTI plan lapsed in full.

LEGEND

Total Fixed Remuneration

Relocation and other benefits

STI cash

Deferred STI share rights

Retention share rights

Share rights

LTI share rights

Brad Banducci							MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER		(\$000s)	
FY17	TARGET REMUNERATION	2,501		1,250		168	573	4,492		
	ACTUAL REMUNERATION	2,501		1,510		111	351	4,473		
FY16	TARGET REMUNERATION	1,741		846		242	550	3,379		
	ACTUAL REMUNERATION	1,741		219	440	2,400				

The 'FY16 Target remuneration' and 'FY16 Actual remuneration' amounts for Mr Banducci include his remuneration for his role as MD Woolworths Food Group up to 25 February 2016, and as Group CEO thereafter.

Mr Banducci had 16,912 retention share rights that vested in FY17. The share rights were awarded as part of a retention strategy during the early stages of the transformation of the business. The share rights were subject to continued employment and effective individual performance.

Richard Dammery						CHIEF LEGAL OFFICER & COMPANY SECRETARY		(\$000s)	
FY17	TARGET REMUNERATION	849	25	636	286	1,796			
	ACTUAL REMUNERATION	849	25	699	203	1,776			
FY16	TARGET REMUNERATION	831	469	525	177	2,002			
	ACTUAL REMUNERATION	831	469	133		1,433			

Mr Dammery had 8,908 retention share rights that vested in FY17. The share rights were awarded as part of a retention strategy during the early stages of the transformation of the business. The share rights were subject to continued employment and effective individual performance.

Mr Dammery's FY17 STI target and maximum were increased to align with other Executive KMP.

Mr Dammery's relocation benefits concluded in July 2016. The amounts shown above for FY16 and FY17 comprise the relocation benefits provided and the associated fringe benefits tax.

1 In relation to both FY17 and FY16 total fixed remuneration data, no adjustment has been made for the movement in the Executive KMP's annual leave liability balance for the relevant financial year, or salary sacrifice superannuation cash contributions.

2 All share rights granted and vested are valued using a face value methodology, whereas the statutory disclosures in section 5.1 use a fair value methodology.

2.3 What we paid Executive KMP in FY17 – further detail (continued)**David Marr** CHIEF FINANCIAL OFFICER

(\$000s)

FY17	TARGET REMUNERATION	1,210	907	442	116	2,675
	ACTUAL REMUNERATION	1,210	1,096	336		2,642

FY16	TARGET REMUNERATION	1,185	1,143	188		2,516
	ACTUAL REMUNERATION	1,185	170			1,355

Mr Marr had 16,219 retention share rights that vested in FY17. The share rights were awarded as part of a retention strategy during the early stages of the transformation of the business. The share rights were subject to continued employment and effective individual performance.

Claire Peters MANAGING DIRECTOR, WOOLWORTHS SUPERMARKETS

(\$000s)

FY17	TARGET REMUNERATION	71	81	532	52	736
	ACTUAL REMUNERATION	71	81	532	52	736

Ms Peters received relocation benefits of \$80,766 and a cash sign on payment of \$531,975 in FY17. The relocation benefits will continue until June 2018. She received a cash sign on payment as compensation for the FY17 cash STI she forfeited from her previous employer. She also received share rights as compensation for equity forfeited. Consistent with the vesting schedule for this forfeited equity, 1,997 of these share rights vested in FY17. Refer to section 2.5 for further details.

Martin Smith MANAGING DIRECTOR, ENDEAVOUR DRINKS

(\$000s)

FY17	TARGET REMUNERATION	789	598	51		1,438
	ACTUAL REMUNERATION	789	656			1,445

FY16	TARGET REMUNERATION	670	369	91		1,130
	ACTUAL REMUNERATION	670	83			753

Mr Smith received TFR increases for FY17 and FY18 in the annual remuneration review to better align with the market.

Colin Storrle GROUP PORTFOLIO DIRECTOR

(\$000s)

FY17	TARGET REMUNERATION	824	750	208		1,782
	ACTUAL REMUNERATION	824	825	244		1,893

Mr Storrle had 9,325 retention share rights that vested in FY17. The share rights were awarded as part of a retention strategy during the early stages of the transformation of the business. The share rights were subject to continued employment and effective individual performance.

Remuneration Report

2.3 What we paid Executive KMP in FY17 – further detail (continued)

LTI Outcomes:

The FY12 LTI plan did not vest on 1 July 2016 as it did not meet the performance hurdles required. This is in line with the Relative TSR and EPS performance over the relevant performance period.

FY12 LTI	<p>Granted 1 July 2011 and lapsed 1 July 2016:</p> <ul style="list-style-type: none"> The LTI performance hurdle was not met and therefore no performance share rights vested under the FY12 LTI Plan Relative TSR performance over the plan period (against a 51st percentile hurdle) was at the 27.5th percentile Cumulative EPS¹ performance over the plan period (against an 8% hurdle) was negative 8.8%. 	Vesting outcome
		Nil
		Nil

¹ Before significant items.

2.4 FY18 outlook

The PPC and the Board have reviewed the reward framework for the Executive KMP and determined that it will continue to operate in FY18 with no significant changes other than the two changes described in Section 2.1 on page 38. There will be:

- No changes to the Total Fixed Remuneration for Executive KMP, with the exception of Mr Smith
- No change to LTI and STI targets and maximums for Executive KMP with the exception of Mr Storrie's remuneration which will align to the current Executive KMP structure.

2.5 Other share right awards

Retention share rights

No retention share rights were granted in FY17 to any Executive KMP. At this time, the Board does not intend to grant any further retention share rights. The only remaining retention awards were awarded in prior years and will vest in FY18 for David Marr (16,912 share rights) and Colin Storrie (9,855 share rights).

Retention awards have only been made in the past where the Board determined there was a significant retention risk. These targeted retention incentives were intended to ensure stable leadership and continuity during times of difficult business performance. These share rights vest at the end of a specified period, provided that the executive remains employed by the Woolworths Group at the vesting date.

Share rights for Claire Peters, Managing Director, Woolworths Supermarkets

Claire Peters was appointed following a global search. She was a senior executive with Tesco with considerable STI and unvested equity that was forfeited following her resignation. To secure her relocation to Australia, the PPC approved arrangements to compensate her for an approved portion of these forfeited incentives.

Woolworths Group assessed the STI and each individual tranche of equity below for the likelihood of vesting. Target performance was assumed for the FY17 STI (the performance was above target), FY14 performance shares and non-performance related shares. These incentives were replaced with share rights to the same value and with the same vesting dates.

A discount was applied to the value of the FY15 and FY16 performance shares, which were replaced with the grant of the FY17 Transformation Incentive.

Vesting of each tranche of share rights is subject to Claire's continued employment with Woolworths Group over the vesting period, and, for the Transformation Incentive, achievement of performance hurdles.

CLAIRE PETERS – SHARE RIGHTS IN RESPECT OF FORFEITED EQUITY AND CASH	TOTAL FACE VALUE (\$)
Non-performance related shares ¹	1,377,248
FY14 performance shares ¹	243,872
STI FY17 deferred ¹	531,975
FY15 & FY16 performance shares ²	1,300,000
Total share rights	3,453,095
STI FY17 forfeited (paid in cash)	531,975
TOTAL	3,985,070

¹ Delivered in share rights, matching the original vesting schedule and not subject to any further performance conditions other than continued employment.

² Delivered as participation in FY17 Transformation Incentive Plan and subject to performance conditions.

2.6 Five year performance perspective

The following table represents the business performance outcomes over a five-year period which is aligned to the STI and LTI outcomes for Executive KMP.

FINANCIAL YEAR		FY13	FY14	FY15	FY16	FY17
Basic EPS ¹ – Total Group	(cents per share)	190.4	196.5	195.2	110.2	119.4
Total dividend	(cents per share)	133	137	139	77	84
Share price (closing)	(\$)	32.81	35.66	27.39	20.56	25.36
TSR ²	(%)	30.9	12.9	(18.5)	(22.6)	26.8
STI outcome (average)	(% of maximum)	85.5	91.3	0	0	114.2 ³
LTI (average)	(% vested)	87.5	46.25	No LTI	No LTI	0

1 Before significant items.

2 TSR represents the total shareholder return over the year, which includes changes in the share price as well as dividends and other capital returns that are assumed to be reinvested into Woolworths Limited shares.

3 Based on the average STI outcome for Executive KMP, including individual performance modifiers. FY17 outcomes are a percentage of target, including individual performance modifiers, consistent with the approach for FY17. For comparative purposes the FY17 STI outcome as a percentage of maximum is 84.8%.

2.7 Terms of Executive KMP service agreements

All Executive KMP are employed on service agreements that detail the components of remuneration paid but do not prescribe how remuneration levels are to be modified from year to year. The agreements do not provide for a fixed term, although the service agreements may be terminated on specified notice. The notice period is 12 months for the CEO and six months for all other Executive KMP. Below is a summary of the termination provisions for Executive KMP.

TERMINATION BY COMPANY

Where the notice period is worked:

- Total fixed remuneration is paid in respect of and for the duration of the notice period.

Where the notice period is paid in lieu:

- Total fixed remuneration in respect of the notice period (and, if appropriate, a reasonable estimate of STI) is paid as a lump sum.

In both circumstances:

- The extent to which STI and LTI arrangements remain in place will be treated in accordance with the relevant rules for the award.

If termination is for cause:

- Only accrued leave and unpaid total fixed remuneration for days worked is paid.
- STI and LTI are forfeited.

TERMINATION BY EXECUTIVE KMP

Where the notice period is worked:

- Total fixed remuneration is paid in respect of and for the duration of the notice period.

Where the notice period is paid in lieu:

- Total fixed remuneration in respect of the notice period is paid as a lump sum.

In both circumstances, where the Executive KMP has resigned:

- For the CEO, cash STI will not be payable; for Other Executive KMP, STI is treated in accordance with the relevant rules for the award.
- Unvested deferred STI and LTI are treated in accordance with the relevant rules for the award, and will typically be forfeited unless the Board determines otherwise.

In addition, and upon further payment (where required), the Company may invoke a restraint period of up to 12 months following separation, preventing Executive KMP from engaging in any business activity with competitors.

Remuneration Report

3 NON-EXECUTIVE DIRECTORS' ARRANGEMENTS

3.1 Non-executive Directors' remuneration policy and structure

Non-executive Director fees are paid from an aggregate annual fee pool of \$4,000,000, as approved by shareholders at the AGM on 18 November 2010. Total Board and committee fees paid during FY17 were \$2,655,001 (see Section 5.1).

Non-executive Directors do not receive variable pay and no Directors' fees are paid to Executive Directors. The table below provides a summary of Board and committee fees for FY17:

WOOLWORTHS LIMITED BOARD AND COMMITTEE FEES	FY17	
	CHAIR (\$)	MEMBER (\$)
Woolworths Limited Board	703,371	234,459
Audit, Risk Management and Compliance Committee (ARMCC)	54,525	27,265
People Performance Committee (PPC)	54,525	27,265
Sustainability Committee (SC)	36,349	18,176
Nomination Committee	Nil	Nil

There has been no increase in Non-executive Directors' base fees since September 2013. Following a review against the market, the Woolworths Limited Board (in the absence of Mr Cairns) determined to increase the Woolworths Limited Board Chair fee to \$770,000, effective 1 September 2017.

No changes are proposed to other Non-executive Directors' base or committee fees in FY18.

3.2 Non-executive Directors' minimum shareholding requirement

Non-executive Directors are required to hold a minimum number of shares with a value equal to or greater than one year's base fee within three years of their appointment. The shares or share instruments may be held personally or by a close family member either directly, within a self-managed superannuation fund or by a family trust or private company.

As of the financial year end, all Non-executive Directors hold, or are on track to hold, the required minimum number of shares within three years of their appointment. Details of the current shareholdings for Non-executive Directors as at 25 June 2017 are provided in section 5.3.

4 GOVERNANCE

4.1 Role of the People Performance Committee (PPC)

The PPC, which operates under its own Charter and reports to the Board, is chaired by Holly Kramer. The Charter, which the Board reviews annually, was updated in May 2017 resulting in a change in the name of the committee from People Policy to People Performance. This change reflects the Board and management's significant shift in thinking regarding the centrality of people, performance and culture in driving long term success at the Woolworths Group.

A copy of the PPC Charter is available on the company's website: www.woolworthsgroup.com.au

4.2 Use of remuneration advisors

Where appropriate, the Board and the PPC consult external remuneration advisors. When such external remuneration advisors are selected, the Board considers potential conflicts of interest. Advisors' terms of engagement regulate their access to, and (where required) set out their independence from, members of Woolworths Group management.

The requirement for external remuneration advisors' services is assessed annually in the context of matters the PPC needs to address. External advisors' advice is used as a guide, but do not serve as a substitute for directors' thorough consideration of the relevant matters.

The Board and PPC engaged remuneration advisors Ernst & Young during the year, and received remuneration and market practice advice and information in relation to STIs, LTIs, remuneration of Executive KMP and remuneration of Non-executive Directors.

No remuneration recommendations, as defined by the *Corporations Act 2001* (Cth), were made by remuneration advisors.

4.3 Securities Trading Policy

The Securities Trading Policy was reviewed in 2015 and the revised version was released to the ASX in August 2015.

Under the policy, senior executives may not enter into any derivative (including hedging) transaction that will protect the value of either unvested securities or vested securities that are subject to a disposal restriction, issued as part of the LTI plan. Compliance with the policy is a condition of participation in the LTI plan.

Remuneration Report

5 KMP STATUTORY DISCLOSURES

5.1 KMP remuneration table

The table below sets out the remuneration of the KMP of Woolworths Group and its subsidiaries during the financial periods ended 25 June 2017 and 26 June 2016.

KMP	TENURE AS KMP (FROM-TO)	FINANCIAL YEAR	SHORT-TERM BENEFITS			SUB TOTAL \$
			SALARY AND FEES \$	CASH INCENTIVE ¹ \$	NON-MONETARY AND OTHER BENEFITS ² \$	
Non-executive Directors (NED)						
G M Cairns – Board Chair	01/09/15	FY17	703,371	–	804	704,175
		FY16	586,143	–	856	586,999
J R Broadbent	28/01/11	FY17	279,900	–	804	280,704
		FY16	267,783	–	856	268,639
H S Kramer	08/02/16	FY17	307,160	–	804	307,964
		FY16	116,815	–	856	117,671
S L McKenna	08/02/16	FY17	288,989	–	804	289,793
		FY16	110,758	–	856	111,614
S R Perkins ⁶	01/09/14	FY17	325,338	–	804	326,142
		FY16	302,163	–	856	303,019
K A Tesija ⁷	09/05/16	FY17	304,459	–	804	305,263
		FY16	37,654	–	856	38,510
M J Ullmer	30/01/12	FY17	307,160	–	804	307,964
		FY16	306,452	–	856	307,308
Executive Director/KMP						
B L Banducci	01/05/12	FY17	2,514,456	1,509,750	804	4,025,010
		FY16	1,731,191	–	856	1,732,047
Executive KMP						
R J E Dammery	01/09/14	FY17	865,927	698,534	26,294	1,590,755
		FY16	818,874	–	469,967	1,288,841
D P Marr	26/11/13	FY17	1,159,129	1,095,626	804	2,255,559
		FY16	1,169,161	–	856	1,170,017
C E Peters ^{8,9}	13/06/17	FY17	74,410	531,975	81,570	687,955
M R Smith	29/06/15	FY17	811,255	656,330	804	1,468,389
		FY16	654,415	–	856	655,271
C G Storrie ¹¹	01/07/16	FY17	800,939	825,000	804	1,626,743
Former Non-executive Directors and Executive KMP						
R G Waters ⁸ – Board Chair	28/01/11– 01/09/15	FY16	117,229	–	856	118,085
C Cross ⁸	30/01/12– 23/11/15	FY16	125,596	–	856	126,452
C J Hrdlicka ⁸	10/08/10– 08/02/16	FY16	158,712	–	856	159,568
A D D Mackay ⁸	30/01/12– 23/10/15	FY16	97,448	–	856	98,304
G O'Brien – Executive KMP ⁸	04/04/11– 26/02/16	FY16	1,652,054	–	856	1,652,910
Total		FY17	8,742,493	5,317,215	116,708	14,176,416
		FY16	8,252,448	–	482,807	8,735,255

1 Represents the cash component of the FY17 STI, of which Mr Banducci received 50% and other Executive KMP received 75%-100% in cash.

2 Non-monetary and other benefits include the deemed premium in respect of the Directors' and Officers' Indemnity insurance and where applicable, non-recurring relocation benefits and associated fringe benefits tax.

3 The fair value of share rights with the relative TSR performance measure is calculated at the date of grant using a Monte Carlo simulation model, taking into account the impact of the TSR condition whilst the fair value of other share rights are calculated using a Black-Scholes option pricing model. Prior to FY17, the right holders were not entitled to dividends during the vesting period. The value disclosed is the portion of the fair value of the share rights recognised as an expense in each reporting period.

4 For FY16 a portion of the share-based payment expense was credited back to profit or loss due to a failure to satisfy the relevant non-market vesting conditions.

POST EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE-BASED PAYMENTS ^{3,4}	TOTAL \$	% OF REMUNERATION RELATED TO PERFORMANCE 'AT RISK' ⁵
SUPERANNUATION \$	LONG SERVICE LEAVE \$	VALUE OF EQUITY \$		
19,616	-	-	723,791	-
19,308	-	-	606,307	-
19,616	-	-	300,320	-
19,308	-	-	287,947	-
19,616	-	-	327,580	-
8,629	-	-	126,300	-
19,616	-	-	309,409	-
8,485	-	-	120,099	-
19,616	-	-	345,758	-
19,308	-	-	322,327	-
15,300	-	-	320,563	-
2,739	-	-	41,249	-
19,616	-	-	327,580	-
19,308	-	-	326,616	-
34,167	37,352	1,778,296	5,874,825	56%
114,623	179,458	322,277	2,348,405	14%
34,167	12,404	670,304	2,307,630	59%
35,000	13,913	220,172	1,557,926	14%
29,583	17,986	1,251,857	3,554,985	66%
30,000	26,306	438,882	1,665,205	26%
-	894	1,187,777	1,876,626	N/A ¹⁰
34,167	26,197	533,658	2,062,411	58%
35,000	51,743	(3,538)	738,476	N/A ¹⁰
69,058	21,202	784,299	2,501,302	64%
4,827	-	-	122,912	-
9,204	-	-	135,656	-
12,300	-	-	171,868	-
6,746	-	-	105,050	-
446,000	-	-	2,098,910	-
334,138	116,035	6,206,191	20,832,780	-
790,785	271,420	977,793	10,775,253	-

5 Represents the sum of the cash incentive and share-based payments divided by the total remuneration reflecting the percentage of remuneration 'at risk' for the respective financial year.

6 Mr Perkins was a Director of Hydrox Holdings Pty Ltd in FY16 and received additional fees of \$16,114.

7 Ms Tesija received an Overseas Directors' allowance of \$10,000 per eligible flight during the current and prior financial year.

8 Amounts represent the payments relating to the period during which the individuals were KMP, unless otherwise stated.

9 Refer to section 2.5 for further details on Ms Peters' remuneration.

10 Percentage not applicable given the time in the role or the share-based payment expense was negative for the relevant period.

11 Mr Storrie became an Executive KMP on 1 July 2016 and his remuneration package has been disclosed for the entire financial year. He is not subject to STI Deferral in FY17.

Remuneration Report

5.2 Executive KMP share right movements

The table below summarises the movements during the year in holdings of share right interests in Woolworths Limited for current Executive KMP. A share right entitles the holder to one ordinary fully paid Woolworths Limited share.

		OPENING BALANCE NO.	SHARE RIGHTS GRANTED AS REMUNERATION		SHARE RIGHTS VESTED ²		SHARE RIGHTS LAPSED ³ NO.	CLOSING BALANCE NO.
			NO.	\$ ¹	NO.	\$		
B L Banducci	FY17	122,680	241,220	4,769,723	(21,330)	461,181	-	342,570
	FY16	93,895	53,233	686,351	(24,448)	658,661	-	122,680
R J E Dammary	FY17	55,888	81,845	1,666,091	(8,908)	202,516	-	128,825
	FY16	28,866	32,022	466,905	(5,000)	132,778	-	55,888
D P Marr	FY17	170,020	116,702	2,375,664	(16,219)	336,187	(4,550)	265,953
	FY16	101,567	74,844	1,369,650	(6,391)	170,126	-	170,020
C E Peters ⁴	FY17	-	145,587	3,140,868	(1,997)	51,792	-	143,590
M R Smith	FY17	28,741	71,593	1,457,395	-	-	(2,000)	98,334
	FY16	20,862	10,979	141,556	(3,100)	82,521	-	28,741
C G Storrie	FY17	19,180	81,845	1,666,091	(9,325)	243,878	-	91,700
Total	FY17	396,509	738,792	15,075,832	(57,779)	1,295,554	(6,550)	1,070,972
	FY16	245,190	171,078	2,664,462	(38,939)	1,044,086	-	377,329

In addition to the share rights that vested and lapsed in FY17, no share rights held by Executive KMP were forfeited during the year.

- 1 Share rights granted as remuneration is the total fair value of share rights granted during the year determined by an independent actuary. This will be recognised in employee benefits expense over the vesting period of the share right, in accordance with Australian Accounting Standards.
- 2 The value of share rights vested during the year is calculated based on the VWAP of Woolworths Limited shares traded in the five days prior to and including the date of vesting. All share rights that could have vested during the financial year, vested at 100% with the exception of Mr Banducci, where his Deferred STI for FY14 vested at 77.5%.
- 3 The number of share rights which lapsed as a result of failure to meet performance hurdles relates to the FY12 LTIP.
- 4 Ms Peters was granted 145,587 share rights to replace the awards she forfeited from her previous employer. As at balance date, 1,997 of these share rights had vested consistent with the vesting schedule for her forfeited equity. Refer to section 2.5 for further detail.

5.3 KMP share movements

The table below summarises the movements during the year of interests in shares of Woolworths Limited held by current Executive KMP.

	SHAREHOLDING AT 26 JUNE 2016 NO.	SHARES ISSUED UNDER DRP NO.	SHARES RECEIVED ON VESTING OF SHARE RIGHTS NO.	SHARES PURCHASED NO.	SHAREHOLDING AT 25 JUNE 2017 NO.
Non-executive Directors					
G M Cairns	8,700	383	-	11,640	20,723
J R Broadbent	65,138	-	-	-	65,138
H S Kramer	3,249	-	-	3,193	6,442
S L McKenna	4,750	78	-	5,600	10,428
S R Perkins	7,000	197	-	7,000	14,197
K A Tesija	2,660	-	-	2,320	4,980
M J Ullmer	20,000	-	-	-	20,000
Executive Director/KMP					
B L Banducci	32,308	-	21,330	-	53,638
Executive KMP					
R J E Dammary	6,694	439	8,908	-	16,041
D P Marr	19,687	1,012	16,219	28	36,946
C E Peters ¹	-	-	1,997	-	1,997
M R Smith	29,614	-	-	-	29,614
C G Storrie ²	611	-	9,325	-	9,936

1 Ms Peters was granted 145,587 share rights to replace the awards she forfeited from her previous employer. As at balance date, 1,997 of these share rights had vested consistent with the vesting schedule for her forfeited equity. Refer to section 2.5 for further detail.

2 Mr Storrie held shares prior to his appointment effective 1 July 2016.

Remuneration Report

5.4 Share rights outstanding for Executive KMP at 25 June 2017

The table below sets out the grants and outstanding number of share rights for current Executive KMP.

No amounts were paid or are payable by the recipient on receipt of the share rights and there are no outstanding vested share rights as at 25 June 2017.

EXECUTIVE KMP	GRANT DATE ¹	PERFORMANCE PERIOD START DATE	NO. OF RIGHTS AT 25 JUNE 2017	EXERCISE DATE ²
B L Banducci	07/12/12	01/07/12	11,588	31/08/17
	13/12/13	01/07/13	24,386	31/08/18
	17/10/14	01/07/14	12,143	31/08/17
	20/11/15	01/07/15	53,233	31/08/18
	24/11/16	01/07/16	241,220	31/08/19
			342,570	
R J E Dammery	17/10/14	01/07/14	18,866	31/08/17
	20/11/15	01/07/15	28,114	31/08/18
	28/10/16	01/07/16	81,845	31/08/19
			128,825	
D P Marr	07/12/12	01/07/12	9,000	31/08/17
	13/12/13	01/07/13	18,024	31/08/18
	29/04/14	01/07/13	35,964 ⁵	31/08/18
	17/10/14	01/07/14	27,638	31/08/17
	14/07/15	01/07/15	16,912	01/07/17
	20/11/15	01/07/15	41,713	31/08/18
	28/10/16	01/07/16	116,702	31/08/19
			265,953	
C E Peters ⁶	29/09/16	29/09/16	12,515	17/07/17
	29/09/16	29/09/16	6,618	27/05/18
	29/09/16	29/09/16	20,425	20/07/18
	29/09/16	29/09/16	20,839	12/05/19
	29/09/16	29/09/16	62,717	31/08/19
	29/09/16	29/09/16	20,476	27/05/20
			143,590	
M R Smith	07/12/12	01/07/12	5,119	31/08/17
	29/04/14	01/07/13	6,989 ⁵	31/08/18
	17/10/14	01/07/14	3,654	31/08/17
	20/11/15	01/07/15	10,979	31/08/18
	28/10/16	01/07/16	71,593	31/08/19
			98,334	
C G Storrie	01/03/16	01/03/16	9,855	01/03/18
	28/10/16	01/07/16	81,845	31/08/19
			91,700	

The minimum value of share rights is assessed as nil and has not been specifically detailed in the table above on the basis that no share rights will vest if the performance criteria are not satisfied.

1 Grant date is the offer acceptance date.

2 With the exception of retention and buyout share rights, exercise of all other share rights will occur the day after the full year results are announced to the market. This may occur before 31 August in each respective year if the performance hurdles are met as outlined in section 2.

3 The maximum value of award to vest represents the total maximum value of employee benefits expense, as based on the value at grant date that would be recorded if all share rights which remain outstanding at 25 June 2017 satisfied all relevant vesting conditions.

4 The fair value of share rights with the relative TSR performance measure is calculated at the date of grant using a Monte Carlo simulation model, taking into account the impact of the TSR condition whilst the fair value of other share rights are calculated using a Black-Scholes option pricing model. Prior to FY17, the right holders were not entitled to dividends during the vesting period. The value disclosed is the portion of the fair value of the share rights recognised as an expense in each reporting period.

MAXIMUM VALUE OF AWARD TO VEST (\$) ³	FAIR VALUE PER PERFORMANCE RIGHT ⁴				
	TSR	SALES PER TRADING SQM	ROFE	EPS	RETENTION
212,292	\$14.04	-	-	\$22.60	-
475,771	\$13.46	-	-	\$25.56	-
261,196	\$13.24	-	-	\$29.78	-
686,351	\$9.51	-	-	\$19.66	-
4,769,723	\$11.48	\$23.92	\$23.92	-	-
6,405,333					
405,808	\$13.24	-	-	\$29.78	-
362,483	\$9.51	-	-	\$19.66	-
1,666,091	\$11.75	\$24.66	\$24.66	-	-
2,434,382					
164,880	\$14.04	-	-	\$22.60	-
351,648	\$13.46	-	-	\$25.56	-
889,570	\$19.08	-	-	\$30.39	-
594,493	\$13.24	-	-	\$29.78	-
410,623	-	-	-	-	\$24.28
537,820	\$9.51	-	-	\$19.66	-
2,375,664	\$11.75	\$24.66	\$24.66	-	-
5,324,698					
291,975	-	-	-	-	\$23.33
154,398	-	-	-	-	\$23.33
476,515	-	-	-	-	\$23.33
486,174	-	-	-	-	\$23.33
1,207,511	\$10.28	\$23.74	\$23.74	-	-
477,705	-	-	-	-	\$23.33
3,094,278					
93,780	\$14.04	-	-	\$22.60	-
172,873	\$19.08	-	-	\$30.39	-
78,598	\$13.24	-	-	\$29.78	-
141,556	\$9.51	-	-	\$19.66	-
1,457,395	\$11.75	\$24.66	\$24.66	-	-
1,944,202					
200,549	-	-	-	-	\$20.35
1,666,091	\$11.75	\$24.66	\$24.66	-	-
1,866,640					

5 This represents a subsequent grant of Deferred STI and LTIP and was made under the same terms and conditions of the main grant during the same year. This was done to align actual remuneration mix with targeted remuneration mix.

6 Ms Peters commenced her position 13 June 2017. Grant date is the offer acceptance date of 29 September 2016.

Auditor's Independence Declaration

Deloitte.

The Board of Directors
Woolworths Limited
1 Woolworths Way
Bella Vista
NSW 2153

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060
Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia
DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

23 August 2017

Dear Board Members

Woolworths Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Woolworths Limited.

As lead audit partner for the audit of the financial statements of Woolworths Limited for the financial year ended 25 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



A V Griffiths
Partner
Chartered Accountants