

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

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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?



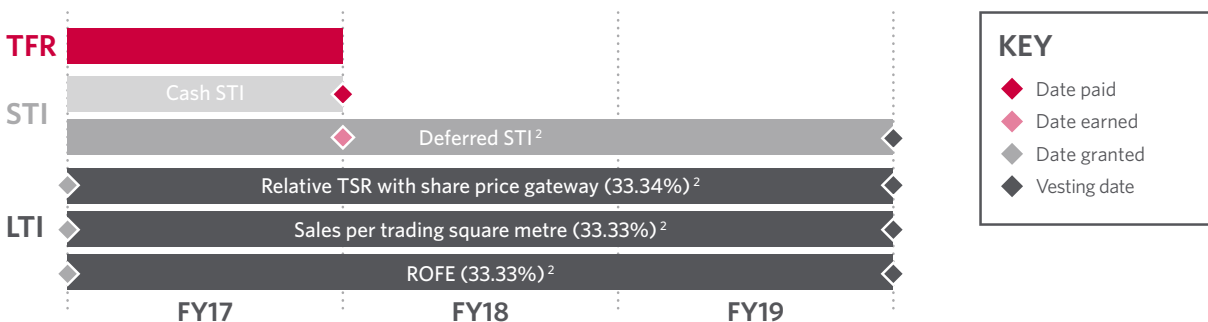
How is remuneration structured?

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.

OBJECTIVE	Attract and retain the best talent	More skewed to performance related remuneration ("at risk") during transformation	
		Reward current year performance	Reward long term sustainable performance
REMUNERATION COMPONENT	Total Fixed Remuneration (TFR)	Short Term Incentive (STI)	Long Term Incentive (LTI)
PURPOSE	TFR is set in relation to the external market and takes into account: <ul style="list-style-type: none"> size and complexity of the role individual responsibilities experience and skills 	STI ensures appropriate differentiation of pay for performance and is based on business and individual performance outcomes	LTI ensures alignment to long-term overall company performance and is consistent with: <ul style="list-style-type: none"> strategic business drivers long-term shareholder return
DELIVERY	Base salary, superannuation and car allowance	Annual cash payment	Performance rights (vesting after three years, subject to performance)
FY17 APPROACH	Target TFR positioning is Median of Comparator Group Comparators: ASX25 plus additional reference as required to major national and international retailers	STI Performance Measures¹ <ul style="list-style-type: none"> Sales (20%) EBIT (20%) Working Capital (20%) Customer Satisfaction (20%) Safety (20%) 	LTI Performance Measures <ul style="list-style-type: none"> Relative TSR with a share price gateway (33.34%) Sales per trading square metre (33.33%) Return on Funds Employed (ROFE) (33.33%)

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 Dammery 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 Dammery	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 Storie: Target – 100% of Base Salary • All other Executive KMP : Maximum – 125% of TFR; Colin Storie: Maximum – 200% of Target 																							
Performance¹ measures	The performance measures are aligned for all Executive KMP with the exception of Colin Storie. Sales (20%), EBIT (20%), Working Capital (20%), Customer Satisfaction (20%), Safety (20%). Individuals, with the exception of Colin Storie, 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.																							
Deferred STI	CEO: 50% deferral of STI into share rights for two years. Other Executive KMP: 25% deferral of STI into share rights for two years (with the exception of Colin Storie).																							
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)	The LTI % opportunity is aligned for all Executive KMP: <ul style="list-style-type: none"> • Grant value is 200% of TFR. 																							
Performance measures and targets	<ol style="list-style-type: none"> 1. 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. 2. Sales per trading square metre (SQM) (Food Group and Endeavour Drinks) (33.33%). 3. Return on Funds Employed (ROFE) (33.33%). 																							
Vesting schedule	<table border="1"> <thead> <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> </thead> <tbody> <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> </tbody> </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 Storie's STI performance measures were specific to the portfolio businesses. For FY18, Mr Storie'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.

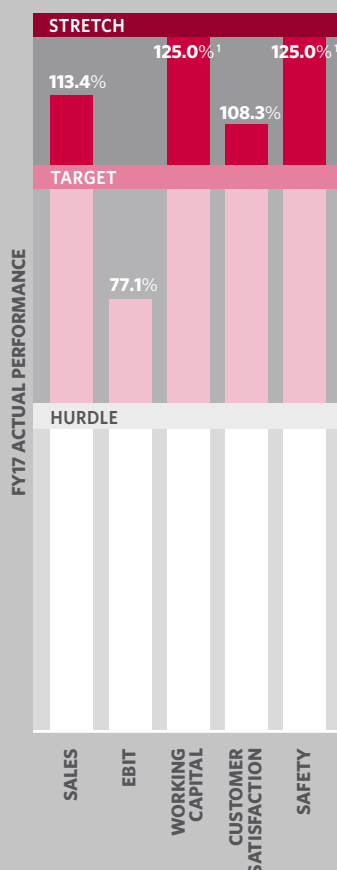
2.1 Overview of FY17 remuneration framework (continued)

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.

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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.

LEGEND

■	Total Fixed Remuneration
■	Relocation and other benefits
■	STI cash
■	Deferred STI share rights
■	Retention share rights
■	Share rights
■	LTI share rights

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.

Brad Banducci MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

(\$000s)

	TARGET REMUNERATION	2,501	1,250	168	573	4,492
FY17						
	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.

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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	Granted 1 July 2011 and lapsed 1 July 2016:	Vesting outcome
	<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%. 	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 Storie 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.