

Our approach to corporate responsibility and sustainability

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

As any business should, Woolworths gives priority to issues that are material to the business and which align with our strategic pillars. The Destination Zero safety strategy and the Corporate Responsibility Strategy 2016-2020 provide the direction and focus for practices, policies and investment.

GOVERNANCE, THE BOARD AND DIRECTORS

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

The Woolworths Board Sustainability Committee, which meets at least quarterly, reviews performance on issues of Safety and Health, Sustainability and Community Investment.

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

http://www.woolworthsgroup.com.au/page/Who_We_Are/Directors_and_Management/Board_of_Directors/

The relevant Committees are covered in:

http://www.woolworthsgroup.com.au/page/Who_We_Are/Committees_of_the_Board/

More information is in the corporate governance statement:

http://www.woolworthsgroup.com.au/page/Who_We_Are/Corporate_Governance/

RISK MANAGEMENT FRAMEWORK

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

MATERIALITY

Woolworths will soon launch the 2016-2020 Corporate Responsibility Strategy. To prepare this, we had an independent assessment conducted to identify our key material sustainability issues.

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

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

RANK	WOOLWORTHS LIMITED MATERIAL SUSTAINABILITY ISSUES
1	Supplier relationships, communication and collaboration
2	Employee conditions, wellbeing and communications
3	End-to-end reduction of waste
4	Labour rights in the supply chain
5	Low price and value for money model
6	Environmentally responsible sourcing
7	Energy and emissions
8	Understanding and responding to customer needs
9	Product quality, safety, availability and range
10	Partners in the community

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

The issues were classified as either 'Material', of 'High Stakeholder Interest', of 'High Woolworths Interest' or none of these.

The Materiality Assessment identified the following Group-wide Material Sustainability Issues in the adjacent table.

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

SENIOR MANAGEMENT

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

TRANSPARENCY AND REPORTING

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

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

We also participate in the Dow Jones Sustainability Indices (DJSI), a global index that tracks the financial performance of leading sustainability-driven companies. We continue to benchmark strongly against our peers in the food and staples retailing industry.

DJSI	2012	2013	2014	2015	2016
Overall score	76	77	76	77	73
Economic dimension	79	79	82	77	74
Environmental dimension	78	80	76	76	73
Social dimension	70	73	69	77	72

ANTI-CORRUPTION

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

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

POLITICAL DONATIONS

Woolworths prepares for legislative and regulatory reforms through direct engagement with political parties in Australia and New Zealand. Our policy is that any political contributions require Board approval. Woolworths adheres to all relevant political disclosure laws and regulations and strives to make contributions in a bipartisan manner.

This year, no political contributions were made in Australia. In New Zealand, we did not make political donations or attend any political functions.

PRIVACY POLICY

We're committed to meeting the Australian Privacy Principles for the fair handling of Personal Information, which sets standards for the collection, use and disclosure, access, storage and destruction of personal information that we collect as part of our business operations.

Our respect for our customers' right to privacy of their personal information is paramount. We have policies and procedures to ensure that all personal information, no matter how or where it's obtained, is handled sensitively, securely, and in accordance with the Australian Privacy Principles. See woolworthsgroup.com.au/page/Privacy_Policy/ for our privacy policy.