



6 April 2018

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

Letter from Chairman and CEO - Interim Dividend

Attached is a letter from Woolworths' Chairman and Chief Executive Officer that was mailed to shareholders with their interim dividend statements today.

ENDS

SHAREHOLDER NEWSLETTER

WOOLWORTHS GROUP

Dear Shareholder

We wanted to update you on our progress in our transformation to deliver sustainable levels of growth to drive long term shareholder value.

We have made good progress across our key priorities, including:

- Voice of Customer (VOC) scores continue to improve across the Group
- New format renewal store with digital innovations launched in Marrickville Metro
- Strong sales growth from Dan Murphy's and BWS in a competitive market and another strong half from ALH Hotels
- Steve Donohue appointed as MD, Endeavour Drinks
- BIG W performing in line with turnaround plan
- Pick up rolled out to over 1,000 Australian Food sites and improvements in the online shopping and delivery experience.

As we move into the second half, our emphasis is to continue to transform our business and to build on the momentum from the first half. We want to deliver a consistently good experience for our customers and team and leverage end-to-end process redesign and technology to improve our underlying productivity.

In Australian Food, we will begin to cycle the strong second half sales recovery in F17, which may see a moderation in the sales growth rate, and F18 will continue to be a year of investment for New Zealand Food.

We will continue to focus on delivering against the BIG W turnaround plan, but there remains much more to do with improving stock flow a particular area of focus for the second half.

And finally, delivering on our change agenda in the second half, especially our accelerated strategic investments in IT, Digital and Data, is key to our transformation.

We are also focused on our ambitious program of Corporate Responsibility including our Responsible Sourcing Project. This is an important piece of work for how we manage the human rights of workers in our supply chain; an issue that we take very seriously as a business, and is of increasing importance to our shareholders as highlighted at our last AGM. An update is set out overleaf.

We thank you for your support as a shareholder of Woolworths Group and hope you continue to pick Woolies for all of your shopping needs.



Gordon Cairns
CHAIRMAN



Brad Banducci
CHIEF EXECUTIVE OFFICER



**HY18 Comparable
Australian Food sales**

↑4.9%

**HY18 EBIT
from continuing operations**

\$1,430M

↑9.9% vs HY17

Dividend per share

43C

↑26.5% vs HY17

**Basic Earnings per share
from continuing operations**

69.7C

↑13.7% vs HY17

DIVIDEND REINVESTMENT PLAN UPDATE

In April 2016, the Group introduced a 1.5% discount on the dividend reinvestment plan. We said at the time that the purpose of the discount was to provide some funding flexibility to the business. At this time, the Board has decided the discount will not apply to the October 2018 final dividend and for the foreseeable future.

CORPORATE RESPONSIBILITY UPDATE

COMMITMENT

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We will focus on a best practice compliance system according to the Global Social Compliance Program. We will collaborate with peak organisations to improve workers' lives. **Supporting the United Nations Sustainable Development Goal 8 (SDG 8).**

Our Commitment to Human Rights

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

Responsible sourcing creates better places to work, improves quality, retains and develops workers and is mutually beneficial for our supplier partners and ultimately our customers. We have made pleasing progress in a Group-wide review of our responsible sourcing practices and are on track to deliver our updated program by the end of the financial year. Our achievements in FY18 include:

- Update of Responsible Sourcing policy
- Re-design of our supplier risk assessment process and supplier management protocols.

Our new Responsible Sourcing policy defines the due diligence processes that we will apply to make sure that all of our global

supply partners respect the rights of their workers. It is based on the United Nations Guiding Principles on Business and Human Rights. The policy also affirms our commitment that workers across our global upstream supply chain should have access to appropriate mechanisms to speak up and voice their concerns, and have access to an effective remedy if it is identified that our operations have caused or contributed to adverse impacts.



Clear Governance

We have developed an organisational structure and accountability to embed human rights management into our business. This will be monitored through continuous tracking by team members across the Group. Governance oversight of human rights management is provided by the Board's Sustainability Committee.

LOOKING AHEAD

We will continue to seek further improvement so that we can achieve our 2020 target. Future milestones include:

Roll out updated responsible sourcing program with a focus on training and education.

Build industry collaboration and partnerships through hosting regular retail roundtable meetings. These multi stakeholder discussions will be focussed on shared industry issues and solutions relating to human rights management in the Australian retail sector.

Drive continuous improvement in medium to high risk facilities.

ELECTRONIC INFORMATION

Please consider receiving online shareholder communications.

Shareholders who receive our online communications enjoy the benefits of quick and convenient communications including notifications of company results announcements and special offers. By signing up for online communications you also help reduce the significant costs of paper and postage.

THE WOOLWORTHS GROUP LIMITED SHARE REGISTER IS MANAGED BY LINK MARKET SERVICES LIMITED

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To receive shareholder communications electronically simply log on to Link's Investor Centre at www.linkmarketservices.com.au and follow the prompts. You will need your SRN or HIN.

Important dates

02 MAY 2018
Q3 FY18 Sales Announcement

20 AUG 2018
FY18 Full Year Earnings Announcement

05 OCT 2018
Payment date for Final Dividend

21 NOV 2018
AGM 2018 - Sydney