

## 6.2 EMPLOYEE BENEFITS (CONTINUED)

### 6.2.2 Share-based payments (continued)



#### SIGNIFICANT ACCOUNTING POLICIES

##### Share-based payments

The grant date fair value of equity-settled share-based payments is recognised as an expense proportionally over the vesting period, with a corresponding increase in equity.

The fair value of instruments with market-based performance conditions (e.g. TSR) is calculated at the date of grant using a Monte Carlo simulation model. The probability of achieving market-based performance conditions is incorporated into the determination of the fair value per instrument.

The fair value of instruments with non-market-based performance conditions (e.g. EPS, sales per trading SQM, ROFE) and service conditions and retention rights is calculated using a Black-Scholes option pricing model.

The amount recognised as an expense over the vesting period is adjusted to reflect the actual number of instruments that vest except where forfeiture is due to failure to achieve market-based performance conditions.

### 6.2.3 Share schemes

The total shares purchased during the year were 491,884 (2018: 528,764) at an average price per share of \$29.66 (2018: \$26.94), comprised of purchases under the Employee Share Purchase Plan and the Non-executive Directors' Equity Plan. No additional expense is recognised in relation to these shares as they are acquired out of salary sacrificed remuneration.

#### Employee Share Purchase Plan (SPP)

The SPP provides permanent full-time and part-time employees who are Australian tax residents and are aged 18 years or over with the opportunity to purchase shares from pre-tax income via salary sacrifice. The Group pays the associated brokerage costs.

#### Non-executive Directors' Equity Plan (NEDP)

The NEDP allows Non-executive Directors to acquire share rights through a pre-tax fee sacrifice plan.

### 6.2.4 Retirement plans

#### Defined benefit plans

The Company sponsors a defined benefit plan, the Woolworths Group Superannuation Plan (WGSP or the Plan), that provides superannuation benefits for employees upon retirement. The defined benefit plan is closed to new members. The assets of the WGSP are held in a sub-plan within AMP SignatureSuper that is legally separated from the Group. The WGSP invests entirely in pooled unit trust products where prices are quoted on a daily basis.

The WGSP consists of members with defined benefit entitlements and defined contribution benefits. The plan also pays allocated pensions to a small number of pensioners. The following disclosures relate only to the Group's obligation in respect of defined benefit entitlements.

The Group contributes to the WGSP at rates as set out in the Trust Deed and Rules and the Participation Deed between the Group and AMP Superannuation Limited. Members contribute to the WGSP at rates dependent upon their membership category. The plan provides lump sum defined benefits that are defined by salary and period of membership.

An actuarial valuation was carried out at both reporting dates by Mr Nicholas Wilkinson, FIAA, Willis Towers Watson. The principal actuarial assumptions used for the purpose of the valuation are as follows:

	2019 %	2018 %
Discount rate	2.9	3.8
Expected rate of salary increase	2.5	2.5
Rate of price inflation	2.0	2.0

