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ASX Market Announcements Office
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Update on Woolworths Group supply chain industrial action

Please see attached an announcement for release to the market.

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Update on Woolworths Group supply chain industrial action

Woolworths Group today provides an update on the ongoing industrial action in relation to the enterprise agreements at three distribution centres in Victoria and one distribution centre in NSW.

Woolworths Group has been engaging in good faith in negotiations with the United Workers Union (UWU) for over four months. The UWU negotiations remain unresolved. The UWU commenced indefinite strike action at the four sites on 21 November, with the strike action now extending to 12 days.

The UWU is seeking pay increases at these sites in excess of 25% over three years, materially above inflation, at a time when Woolworths Group is actively working to keep food and groceries affordable for customers facing ongoing cost-of-living pressures.

The UWU is also demanding there be 'no enforceable performance standard or rate' which would preclude Woolworths Group's ability to manage productivity. The use of labour standards to manage productivity is common practice in supply chains globally and in Australia.

While each site is negotiating its own separate enterprise agreement (EA), Woolworths Group has put forward several offers with competitive pay that is above local market rates, and well above the Storage Services Award. The latest offers would take hourly rates at these sites to approximately 40% above the award.

The Shop, Distributive and Allied Employees' Association (SDA) also represents a number of the team members at the affected sites. The SDA has recently endorsed an offer by Woolworths Group to resolve the EA negotiations at one of the affected sites, the Melbourne South Regional DC (MSRDC).

Following that endorsement, Woolworths Group has made extensive enquiries of the team members at the MSRDC and a majority has expressed their desire to return to work. However, Woolworths Group has been unable to re-open the site due to UWU picketing the site and refusing to give any assurance of safe passage for those team members who wish to work.

To minimise the customer impact from this industrial action, Woolworths Group has deployed a range of contingency plans including building inventory at stores, leveraging the wider distribution network and some suppliers delivering direct to stores. However, due to the extended disruption, some Woolworths Supermarkets in Victoria, ACT and NSW are experiencing stock flow limitations on some lines, impacting product availability of ambient, chilled and freezer lines for customers.

Since the start of the industrial action, Australian Food sales have been negatively impacted by approximately \$50 million to date (up to 2 December). Until the industrial action is resolved, a further impact to sales is expected. The full financial impact at this stage is unknown. It will be dependent on the duration and extent of the ongoing industrial action across the affected sites, and the time taken to rebuild inventory ahead of the Christmas trading period. This one-off impact was not factored into the forecast earnings range provided for Australian Food for H1 F25 in October.

Woolworths Group remains committed to resolving the action as soon as possible and will continue to work hard to minimise the impact to customers and team. Woolworths Group will provide further updates as appropriate.

Woolworths Group CEO, Amanda Bardwell said: "We sincerely apologise to all of our customers for the inconvenience caused by the inconsistency of supply across some product lines in some of our stores in Victoria, southern NSW and ACT. We are working hard to try and improve the situation and would like to thank our customers for their understanding and for treating our teams with respect."